



**Directive No. 1122/2025**

**Forest Carbon Trading Directive**

**December / 2025**

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### **Forest Carbon Trading Directive**

Whereas it is essential to recognize and incentivize forest developers, and to empower forest carbon credit owners to actively participate in carbon credit trading by ensuring their involvement in forest carbon credit trading generated through forest carbon credit programs and mitigation activities

The Ministry of Agriculture issues this Directive pursuant to Article 27 of the Forest Development, Conservation and Utilization Proclamation No. 1065/2018

#### **Part I** **General**

##### **1. Short Title**

This Directive may be cited as “**Forest Carbon Trading Directive No. 1122/2025**”.

##### **2. Definitions**

In this directive, unless the context otherwise requires:

- 1) “**Benefit Sharing Plan**” means a document that clearly outlines the distribution of benefits generated from forest carbon credit trading;
- 2) “**Forest Carbon Credit**” means a tradable unit representing one tonne of carbon dioxide equivalent emissions reduced or sequestered from the atmosphere, verified and issued in accordance with the Forest Carbon Credit Project or Jurisdictional Forest Carbon Credit Program;
- 3) “**Forest Carbon Credit Project**” means an entity registered to perform Mitigation Activity undertaken through specific, local initiatives with limited geographical boundaries in Ethiopia;
- 4) “**Jurisdictional Forest Carbon Credit Program**” means a government-led program that facilitates emission reductions or removals at the regional state or national program level in Ethiopia that is implemented by multiple actors within the jurisdiction;
- 5) “**Forest Carbon Credit Trading**” means purchasing or selling all rights, title, and legal benefits of, Forest Carbon Credits in accordance with a recognized national or international carbon trading mechanism;

- 6) **“Mitigation Activity”** means an activity carried out to reduce the emission of greenhouse gases into the atmosphere or to sequester them from the atmosphere;
- 7) **“Mitigation Outcome”** means an outcome obtained from an activity implemented to reduce the emission of greenhouse gases to the atmosphere or to sequester greenhouse gases from the atmosphere;
- 8) **“Proclamation”** means the Forest Development, Conservation and Utilization Proclamation No. 1065/2018;
- 9) **“Regulation”** means the Forest Development, Protection and Utilization Regulation No. 544/2024 made under Article 27 of the Forest Proclamation;
- 10) **“Verification”** means the ex-post evaluation and audit by the verifier of the collected data and report compiled by the forest carbon credit owner after the implementation of the mitigation activity;
- 11) **“Verification Body”** means an independent and accredited entity authorized to verify the accuracy, completeness, and credibility of mitigation activities or sequestered carbon registered under Forest Carbon Credit Projects, or Jurisdictional Forest Carbon Credit Programs, or both, in accordance with approved international forest carbon trading standards;
- 12) Definitions provided under Proclamation No.1065/2018 and Regulation No. 544/2016 shall apply to this Directive as appropriate;

### **3. Scope of Application**

This Directive shall apply to all entities engaged in the sequestration and trading of forest carbon credits within Ethiopia

### **4. Purpose**

The directive has the following purposes:

- 1) incentivise sustainable forest development, conservation, and utilisation
- 2) Enhance multi-stakeholder engagement for forest carbon credit trading
- 3) Ensure greater benefits from the global opportunities arising from forest carbon credit trading

## **Part II**

### **Mitigation Activities, Outcomes and Ownership**

#### **5. Eligible Mitigation Activities**

The following mitigation activities, which result in the enhancement of forest carbon stocks or the reduction and removal of forest-based carbon dioxide emissions, shall be eligible for the generation of forest carbon credits within Ethiopia:

- 1) reducing deforestation;
- 2) reducing forest degradation;
- 3) afforestation;
- 4) rehabilitation of degraded lands;
- 5) sustainable forest management; and
- 6) such other forest-related mitigation activities to be stipulated by the Ethiopian Forestry Development.

#### **6. Sources of Eligible Mitigation Outcomes:**

Eligible Mitigation Outcomes may arise from the following activities:

- 1) A registered Jurisdictional Forest Carbon Credit Program implemented at the national or sub-national level, which allows for Forest Carbon Credits to be calculated from, and attributed to, a defined sub-jurisdictional area, or
- 2) A registered Forest Carbon Credit Project.

#### **7. The transfer of forest carbon credit ownership rights to a third party and financial benefits**

- 1) The Ethiopian Forestry Development shall,
  - a. transfer ownership rights of forest carbon credits generated under a Jurisdictional Forest Carbon Credit Program to a third party;
  - b. ensures that the benefits derived from forest carbon credit trading reach the relevant forest owners as stipulated in, and as defined in, the Forest Regulation and the Benefit Sharing Plan.
- 2) Notwithstanding sub-article 1(a) of this Article, the forest carbon credit owner retains the right to transfer ownership of the credits to a third party.

### **Part III**

## **Governance of Forest Carbon Credit Projects and Jurisdictional Forest Carbon Credit Programs**

### **8. Regarding Registration**

- 1) Any forest carbon credit project or Jurisdictional forest carbon credit program shall be registered and shall obtain a registration certificate before commencing operation
- 2) A forest carbon credit project may obtain a registration certificate only if it fulfils the following requirements:
  - 1) A project document that includes the project's location, a geo-referenced map, the project timeline, the project owner, the beneficiaries, and the participating stakeholders,
  - 2) A legal contract document concluded with the forest carbon credit owner.
  - 3) Submit a letter of support from regional bureaus legally authorized to administer the regional forest resources
  - 4) Submit a landholding certificate for the project implementation area
- 3) A Jurisdictional Forest Carbon Credit Program may obtain a registration certificate only if it fulfils the following requirements:
  - 1) A program document that includes the program's area of implementation, the program timeline, the program owner, the beneficiaries, and the participating stakeholders
  - 2) A benefit-sharing plan prepared with the consent of the beneficiaries to ensure maximum benefits for the forest carbon credit owner.
  - 3) Submit a letter of support from regional bureaus legally authorized to administer the regional forest resources
  - 4) The area of forest covered by the program

### **9. Cancellation of Registration**

- 1) A Forest Carbon Credit Project may be revoked, or a Regional Forest Carbon Credit Program may be terminated, under the following conditions:
  - 1) the endorsement was obtained through misrepresentation or fraud;

- 2) If insufficient information was submitted during project registration, or if new information comes to light indicating that relevant information was concealed
  - 3) the continued operation of the Forest Carbon Credit Project is or is likely to be injurious to the environment or human health;
  - 4) If the landholding is required for another superior national or regional interest
  - 5) If a breach occurs of any contractual obligation existing at the time of the forest carbon credit project's registration,
- 2) If a Forest Carbon Credit Project is cancelled or the Forest Carbon Credit Jurisdictional Program is discontinued:
- 1) The responsible entity shall maintain its residual monitoring and reporting obligations; and
  - 2) Forest Carbon Credits created and issued prior to the cancellation of the Forest Carbon Credit Project or discontinuance of the Jurisdictional Forest Carbon Program shall not be impacted unless they were obtained through misrepresentation or fraud.

#### **10. Information Disclosed for the Public and Confidentiality**

- 1) Information supporting the Forest Carbon Credit Project and Jurisdictional Forest Carbon Credit Program documents shall be available for public inspection during normal office hours at the offices of the Forest Carbon Credit Project or the Jurisdictional Forest Carbon Credit Program for the duration of such project or program.
- 2) Trade secrets may be protected in consultation with Ethiopian Forestry Development, where the Forest Carbon Credit owner can demonstrate that the information is a trade secret and confidential.
- 3) The provision under sub-article (2) of this Article regarding information constituting a trade secret shall not include information required to demonstrate the following:
  - 1) accounting methods;
  - 2) Benefit Sharing Plans and arrangements;
  - 3) the baseline scenario;
  - 4) the additional result from the Forest Carbon Credit Project or Jurisdictional Forest Carbon Credit Program; and
  - 5) estimation and monitoring of Forest Carbon Credits.

- 4) The Forest Carbon Credit Project or Jurisdictional Forest Carbon Credit program shall provide any information requested by the Ethiopian Forestry Development, including contractual and pricing information that may contain trade secrets.

#### **11. Document and Record Keeping**

The applicable Forest Owner shall ensure that all documents and records associated with a Mitigation Activity and resulting Mitigation Outcomes meet the following requirements:

- 1) Ensure that they are maintained and retained for a period of at least ten (10) years from the expiration date of the forest carbon credit's timeline.
- 2) kept in a secure place;
- 3) treated as commercially sensitive, if so designated; and
- 4) promptly retrievable and provided to the Ethiopian Forestry Development on reasonable notice.

#### **12. Retirement of Forest Carbon Credits**

- 1) Forest Carbon Credits shall be transferred, or the credit registration timetable retire, in accordance with the law and international practices.
- 2) The Registrar shall ensure that a retired Forest Carbon Credit is permanently removed from the marketplace and irrevocably labelled as 'retired' in all related records.
- 3) Records of retired Forest Carbon Credits shall be kept with the following information:
  - 1) the identity or address of the person or entity that used the Forest Carbon Credit;
  - 2) the date on which the Forest Carbon Credit was used;
  - 3) the number of Forest Carbon Credits used; and

### **PART IV**

#### **Roles and Responsibilities**

#### **13. Ministry of Agriculture:**

- 1) Shall implement the procedures necessary to ensure the effective implementation of this Directive; and
- 2) shall monitor the implementation and enforcement of this Directive; assess any challenges encountered during its implementation and establish appropriate corrective measures; and issue the necessary decisions

#### **14. Ethiopian Forestry Development**

Ethiopian Forestry Development shall have the following duties and responsibilities:

- 1) Develop manuals to facilitate the effective implementation of this Directive.
- 2) coordinate and conduct annual and periodic monitoring and evaluation activities to measure and assess the progress and performance of registered mitigation activities, forest carbon credit projects, and Jurisdictional forest carbon credit programs,
- 3) coordinate forest carbon-related issues across Ethiopia and lead Jurisdictional Forest Carbon Credit Programs
- 4) Provide technical support, conduct the registration of Forest Carbon Credit Projects, Jurisdictional Forest Carbon Credit Programs, and related Forest Carbon Credit Trading activities;
- 5) lead the measurement and reporting of Mitigation Outcomes from Jurisdiction Forest Carbon Credit Programs;
- 6) coordinate and conduct monitoring and evaluation activities of the registered forest carbon credit trading activities and results.
- 7) maintain a registry of all Forest Carbon Credit Trading projects in Ethiopia and convey a clear title to Forest Carbon Credits that have been transacted through Forest Carbon Credit Trading;
- 8) monitor the distribution of financial benefits from the sale or transaction of Forest Carbon Credits in accordance with the applicable Benefit Sharing Plan
- 9) enhance sectoral coordination and mobilization of stakeholders and promote public participation and awareness for effective facilitation and management of Forest Carbon Credit Trading;

#### **15. Forest Owner**

A forest owner shall have the following duties and responsibilities:

- 1) Prepare and implement Forest Carbon Credit Projects as a sole or joint
- 2) Designate a project executor when the owner is unable to implement the carbon credit trading project independently
- 3) provide information to support a Jurisdictional Forest Carbon Credit Program, as applicable;

- 4) provide evidence of ownership of the property involved in the Forest Carbon Credit Project, Jurisdictional Forest Carbon Credit Program, and Forest Carbon Credit Trading, as applicable;
- 5) prepare, sign, and implement contracts with a project executor for the purpose of Forest Carbon Credit Trading;
- 6) Issue the consent letter through the applicable regional government authority confirming its consent to participation in the Forest Carbon Credit Project, or Jurisdictional Forest Carbon Credit Program, or in both as applicable.

#### **16. Forest Carbon Credit Project**

A forest carbon credit project shall have the following duties:

- 1) for verification of the Mitigation Outcomes and measure forest carbon credits, provide all necessary data and parameters used for the quantification of Forest Carbon Credits in accordance with the approved methodology employed during project design,
- 2) establish and apply quality assessment and quality control procedures to manage data and information,
- 3) Establish a Forest Carbon Credit information system;
- 4) provide a monitoring plan in accordance with approved methodologies;
- 5) Provide any other relevant information requested by the Ethiopian Forestry Development
- 6) Each Forest Carbon Credit Project shall be required to submit an annual report on the status of the implementation of the Mitigation Activity to the Ethiopian Forestry Development, in accordance with the reporting format stipulated by the Ethiopian Forestry Development.
- 7) Issue the generated Forest Carbon Credits in accordance with international methodologies and standards

## **PART V**

### **Miscellaneous Provisions**

#### **17. Inapplicable Laws:**

No directive or customary practice that contradicts this Directive shall apply to matters stipulated in this Directive

#### **18. Effective date**

This Directive shall enter into force on the date it is approved by the Ministry of Agriculture, registered by the Ministry of Justice, and published on the official website of the issuing institution.

**December/2025,**

**Addis Ababa**

**Adisu Arega**

**Minister, Ministry of Agriculture**