



Government of the Republic of Zambia
**Ministry of Green Economy and
Environment**



ZAMBIA CARBON MARKET FRAMEWORK

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GLOSSARY

Term	Definitions
Acquiring Party	Country government receiving authorised mitigation outcomes, ITMOs, and uses them for purposes of NDC compliance.
[A6] [Mitigation] Activity	The Article 6 (A6) mitigation activity (e.g., projects, programs, or other actions) described in the MADD that can generate mitigation outcomes
Activity Proponent (AP)	The public or private entity that is the developer or owner of the mitigation activity and/or has the legal right to the mitigation outcomes.
Authorisation	The host Party's decision to make mitigation outcomes eligible for transfer to another country or for other mitigation purposes, based on the Article 6.2 guidance
Corresponding Adjustment (CA)	The requirement under Article 6 that both countries involved in any transferred mitigation outcomes adjust their reported emissions (or other metric) for purposes of NDC compliance; the acquiring party subtracts the amount of the transfer to adjust their reported emissions, while the host country adds the amount of the transfer to adjust their reported emissions.
Crediting Period	The period of years, for which the mitigation activity may have ITMOs issued, attributable to the mitigation activity, based on its performance as documented in the activity's monitoring report and as successfully verified by a DOE.
Designated Operational Entity (DOE)	An accredited third party that conducts validation and verification of mitigation activities under Article 6.2, 6.4, the Clean Development Mechanism or similar.
Internationally Transferred Mitigation Outcomes (ITMOs)	Mitigation outcomes that are authorised and transferred out of the host country, for use by another country towards their NDC, for use in other international mitigation systems (e.g., CORSIA for international aviation) or for use for other purposes (e.g., voluntary carbon markets)
Issuance	Creation of emission reduction units for an Activity in a registry account based the protocols or procedures of the relevant crediting mechanism or framework.
Mitigation Activity Design Document (MADD)	The formal documentation of an A6 activity, including detailed technical elements such as baselines, additionality, quantification of emission reductions, and a Monitoring, Reporting and Verification plan.
Mitigation Activity Identification Note (MAIN)	Documentation of the mitigation activity, prepared by the AP containing high-level description of the proposed mitigation activity, in an early design phase.
Mitigation Outcome Purchase Agreement (MOPA)	A legal contract for the purchase and transfer of mitigation outcomes authorised under the rules of Article 6.2 of the Paris Agreement.
Mitigation Outcomes (MO)	Emission reductions and emissions removals, measured in tonnes of carbon dioxide equivalent (tCO ₂ e), generated by a mitigation activity.

	MOs include emission reductions that may be i) transferred to acquiring parties and/or ii) (partially) counted towards the unconditional NDC of the transferring party.
Start date [of the mitigation activity]	Date on which the AP commits to making significant expenditures for the construction or modification of equipment of the mitigation activity (e.g. a wind turbine; minor expenses such as lease or purchase of land, cost of feasibility studies etc. do not qualify as significant). Where a contract is signed for such expenditures, the start date is the date of the signature of the contract. If the activity involves more than contracts or expenditures, then the start date is the forest of the respective dates.
Start Date [of the crediting period]	Start date of the period during which an A6 activity generate ITMOs. The start date of the crediting period shall be i) equal or after the start date of the A6 activity and ii) equal or after the date of authorisation, whatever is later. Retroactive issuance is not foreseen.
Registry	A database that records serialized carbon units and any other information specific to a carbon credit, including changes in ownership.
Transfer [of ITMOs]	The change of legal ownership of Mitigation Outcomes from one Party (current country with ownership) to another Party or another owner (e.g., an international airline under CORSIA).
Transferring Party	The country that hosts an activity that generates the mitigation outcomes that are transferred (also called “host” or “seller” country or party).
Validation	Systematic, independent, and documented process for the ex-ante evaluation of the contents of the mitigation activity design document by a DOE.
VCM project	A Voluntary Carbon Market (VCM) project is defined as an activity that issues carbon credits certified under a VCM standard (such as the Gold Standard, the Verified Carbon Standard, or similar) with the intention to sell credits e.g. on the voluntary carbon market.
Verification	Systematic, independent, and documented process for the ex-post evaluation of emission reductions according to the monitoring plan by a DOE.

1. OBJECTIVE AND SCOPE

1.1. INTRODUCTION

1. The Paris Agreement (PA) introduces international market mechanisms to unlock green investments for the collaborative achievement of the Nationally Determined Contributions (NDC) under Article 6 (A6), specifically Articles 6.2 and 6.4. The goal of these mechanisms is to increase private sector participation and to contribute to the global mitigation goals, which aim to limit global temperature rise to well below 1.5 degrees.
2. Zambia has submitted its NDC and in order to participate in the carbon markets, the PA architecture requires Zambia to take an active role in accounting for greenhouse gas emissions and emission reductions. To avoid double counting of emission reduction certificates, the PA requires host countries to add the emission reductions issued to the actual emissions levels, as reported in the host country's Biennale Transparency Report (BTR). This addition is called 'Corresponding Adjustment (CA)'.
3. Considering these design aspects, Parties to the UN Framework Convention on Climate Change (UNFCCC) can authorize the transfer of carbon credits – called Internationally Transferred Mitigation Outcomes (ITMOs) – for three uses:
 - a. NDC compliance by the acquiring party (i.e., the country that receives the ITMO transfer);
 - b. Compliance in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) by international airlines;
 - c. Counting towards net-zero or carbon neutral goals by buyers (in a country other than Zambia) in the Voluntary Carbon Market (VCM).
4. The international carbon market created by A6 of the PA offers opportunities for Zambia to collaborate with other countries, international organisations, and private sector entities to reduce its emissions beyond its unconditional NDC pledge (of -25% of 20.3 M tCO₂e by 2030). Within the framework of A6, countries that have high marginal abatement costs (i.e., acquiring parties) can engage in cooperative approaches with countries where marginal abatement costs are lower, like Zambia (i.e. a “transferring party”), by providing results-based co-funding for emissions-reducing mitigation activities that can demonstrate sustainable development co-benefits and promote transformational impact. Such transactions will enable Zambia's private sector to structure investments in emissions reductions that would otherwise not be implemented. The overall gain from the cooperation will allow both parties to increase their ambition to reduce greenhouse gas (GHG) emissions.
5. Trading carbon credits requires both, a common framework for decision making (the “governance framework”) and a clear set of guiding criteria and related indicators to assess, which mitigation activities are suitable according to the rules of the PA, and those, which should be prioritised for carbon trading based on the country's strategic needs. While the governance framework can build on existing institutional processes and may evolve over time, the governance framework must, at a minimum, clearly identify, which activities can be authorised to transfer mitigation outcomes and which should not be authorised.
6. The Article 6.2 guidance also requires that transferring parties apply Corresponding Adjustment (CA) for any transfers of ITMOs to avoid double counting of emissions

reductions. This requires robust accounting and tracking of units created as a result of implementing mitigation activities.

1.2. OBJECTIVE & OUTLINE

7. The document defines the key elements required for making A6 operational. These include:
 - a. Evaluation criteria and indicators: Indicators are elaborated to assess whether A6 mitigation activities comply with the criteria of the Technical Sub-Committee on Climate Change (TSCCC) based on the key criteria of environmental integrity, ambition raising and Sustainable Development Goals (SDG).
 - b. Mitigation activity process: Detailed description of processes, rules and obligations on reporting of information between Activity Proponents (AP), Ministry for Green Economy and Environment (MGEE) and TSCCC, as well as the rights and obligations of all entities involved assuring an efficient and informed implementation of A6 in Zambia.
 - c. Registry: Decision 12a/ CMA3 requires transferring parties to either operate their own registry, or to use an existing registry. The TSCCC has decided that the registry shall be part of Zambia's national greenhouse gas inventory system to be incorporated by the Zambia Environmental Management Agency.
8. Zambia's Carbon Market Framework therefore includes the following contents:
 - a. Chapter 2 defines the institutional arrangements for managing carbon markets in Zambia.
 - b. Chapter 3 describes the three fundamental criteria that form the basis for the assessment of A6 mitigation activities.
 - c. Chapter 4 defines a set of indicators (derived from criteria in Chapter 3), to be used by decision makers in the assessment of proposed A6 activities. It establishes indicators for assessment at different stages of A6 activity development: general and simple indicators during the early development or "idea" phase and more complex and stringent indicators to be applied during the more advanced "design" phase.
 - d. Chapter 5 stipulates the Share of Proceeds (SOP) and fee structure to be regulated by government to host and operate Zambia's carbon market framework. There are fees for the submission of Mitigation Activity Identification Notes (MAIN) and Mitigation Activity Design Documents (MADD), as well as SOP for the issuance of ITMOs.
 - e. Chapter 6 provides rules and procedures for projects operating under the voluntary carbon market including i) the migration of voluntary carbon market projects to Article 6.2 as Article 6 mitigation activities, as well as ii) the operation of voluntary carbon market projects issuing Article 6-labelled carbon credits with Corresponding Adjustment.
 - f. Chapter 7 specifies the functions and obligations of Designated Operational Entities for the validation and verification of mitigation activities in Zambia.
 - g. Chapter 8 defines the procedures and functions of Zambia's carbon registry.
 - h. Chapter 9 finally defines the processes for APs and all governmental agencies implicated in the Zambian carbon markets.

- i. The annexes offer templates that could be used by the AP to submit their A6 ideas to the TSCCC (cf. Annex I and Annex III), templates of no-objection and authorisation letters (cf. Annex II and IV) and complementary information on the scope of the Carbon Market Framework (cf. Annex V-XI).
- 9. Please note, the following general terms apply:
 - a. "Shall" is used to indicate requirements to be followed;
 - b. "Should" is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
 - c. "May" is used to indicate what is permitted.

2. INSTITUTIONAL ARRANGEMENTS

10. This chapter summarizes the institutional arrangements for implementing carbon markets in Zambia. The arrangements are further illustrated in the Figure 1. below.

Please note, the figure emphasizes the national process for carbon project approval and rejections but does not illustrate the additional functions of the Ministry of Green Economy and Environment, for example, reporting to UNFCCC or the negotiation of Bilateral Agreements with interested acquiring parties.

11. An activity proponent that is implementing a mitigation activity and who desires an authorisation from the government to participate under Article 6.2:

- a. The AP may request a Letter of No Objection (LNO) from the Technical Subcommittee on Climate Change (TSCCC). The LNO indicates the preliminary and non-binding opinion of the TSCCC that the mitigation activity in principle may qualify for implementation, and MOs achieved as a result of the activity can be transferred to an Acquiring Party. The LNO may help the AP to de-risk the carbon project development process, as needed.

To request a LNO, the AP shall submit a MAIN to the A6 Secretariat. The MAIN must meet the relevant indicators (i.e. applicable at the MAIN level) as defined in Chapter 4. Annex I provides a MAIN template.

- b. To request for a Letter of Approval and Authorisation, the AP shall provide a MADD and a positive validation statement from a qualified and registered Designated Operational Entity (DOE), as specified in Chapter 7, to the A6 Secretariat.
- c. To request the issuance of ITMOs, the AP shall provide a monitoring report, in line with the Monitoring, Reporting and Verification (MRV) provisions, as defined in the MADD, as well as a positive verification statement from a qualified and registered DOE to the registry.

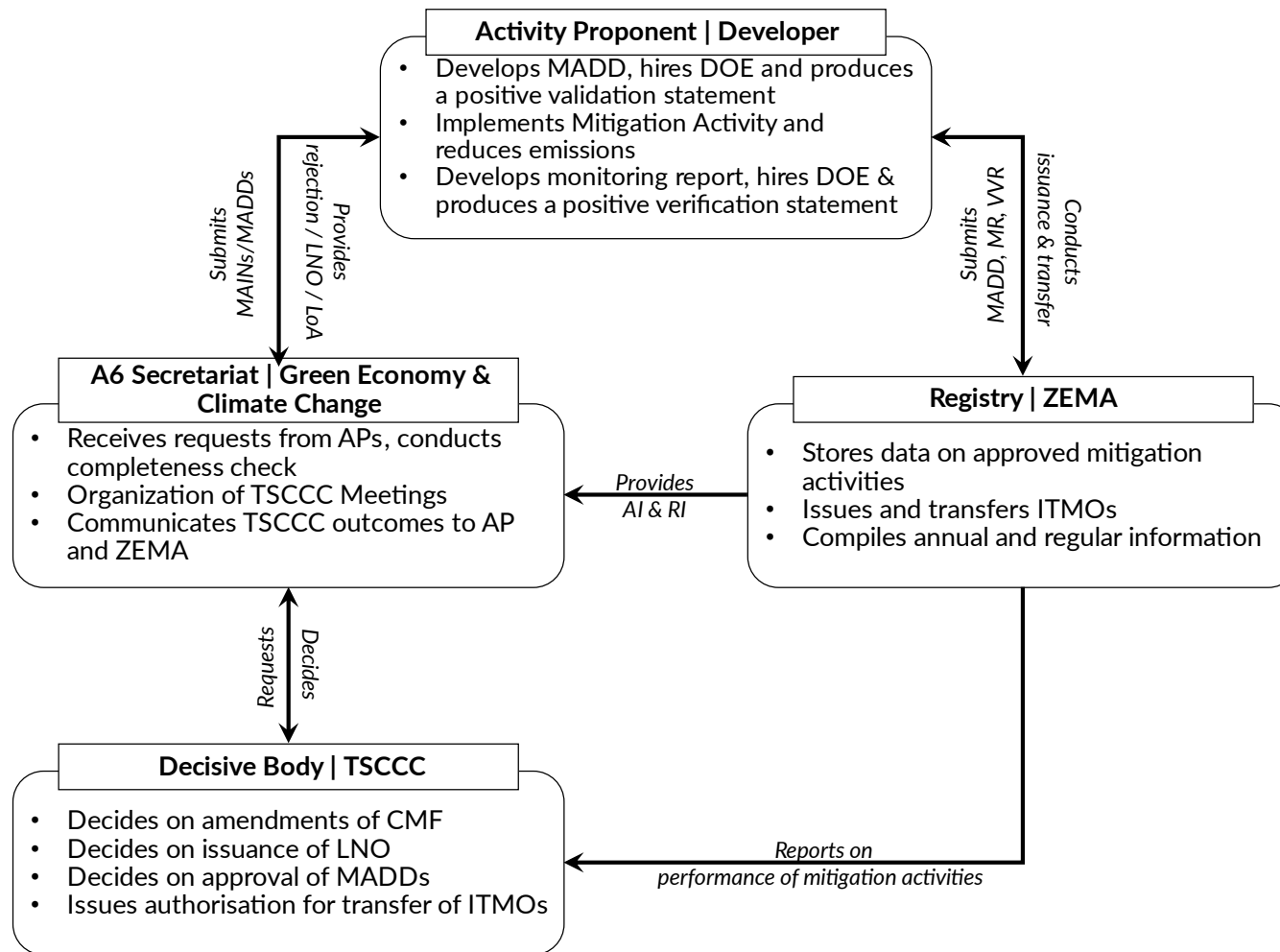
12. The Department of Green Economy and Climate Change of the Ministry of Green Economy and Environment will serve as the A6 Secretariat.

- a. The A6 Secretariat shall respond to queries from APs and provide guidance to APs (including capacity building activities) to ensure a conducive use of carbon markets as means for co-financing low carbon development in Zambia.
- b. The A6 Secretariat may receive MAINs from APs. These submissions shall be reviewed for completeness, and if found to be complete, submitted to the Technical Subcommittee on Climate Change for consideration.
- c. The A6 Secretariat may receive MADDs and Validation Reports from APs. These submissions shall be reviewed for completeness, and if found complete, submitted to the TSCCC for consideration.
- d. If the A6 Secretariat finds APs' submission incomplete, then the A6 Secretariat shall inform the AP on the lack of completeness in writing.
- e. The A6 Secretariat shall organize and facilitate meetings of the TSCCC and produce written minutes on the outcome on the TSCCC deliberations.
- f. Based on positive TSCCC recommendation on a MAIN submission, the A6 Secretariat shall provide a LNO (see Annex II) to the AP.

- g. Based on positive TSCCC recommendation on a MADD submission, the A6 Secretariat shall provide a Letter of Approval and Authorisation (LOAA, see Annex IV) to the AP.
 - h. Based on negative TSCCC recommendation on AP's submission, the A6 Secretariat shall inform the AP on the identified shortcomings of the submission.
 - i. The A6 Secretariat will establish and maintain a register of Zambian validation and verification expert organisations/individuals. These experts shall be implicated by DOEs in the validation and verification processes in Zambia and shall assure appropriate consideration of national circumstances and build national capacity. A template for the expert roster is included in Annex IX.
 - j. On receipt of the compiled data from ZEMA, the A6 Secretariat shall meet its annual and regular reporting obligations to UNFCCC.
13. The TSCCC shall make recommendations and take decisions on carbon markets and mitigation activities in Zambia.
- a. The TSCCC shall improve Zambia's CMF based on implementation experiences as well as any possible newest Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) negotiation outcomes.
 - b. The TSCCC shall assess the MAIN and MADD submissions as well as supporting materials and make recommendations on rejecting A6 mitigation activities or issuing possible LNOs and/or LOAAs.
 - c. The TSCCC will issue authorisation for ZEMA to proceed with the transfer of ITMOs to the account of the AP.
14. The Zambia Environmental Management Agency (ZEMA) will host the national carbon registry and assume related functions.
- a. The ZEMA shall store and manage data on mitigation activities, as provided by the AP and the A6 Secretariat. The data required is defined in Chapter 8.
 - b. The ZEMA shall conduct a quality control and completeness check of data received. This includes the assessment of emission factors and so-called activity data, as included in the MADDs and monitoring reports and a comparison with relevant data sets from the national GHG inventory.
 - c. Based on a LOAA issued by the A6 Secretariat, the ZEMA will include the mitigation activity in the list of authorised mitigation activities.
 - d. Based on a monitoring report and a positive verification report by a qualified and registered DOE, the ZEMA will issue ITMOs to the account of the AP.
 - e. Based on requests of transfer or cancelation by an AP, the ZEMA will transfer or cancel ITMOs, as requested.
 - f. Prior to every TSCCC meeting, the ZEMA will compile data on all authorised mitigation activities in Zambia and provide a summary to the TSCCC.
 - g. The ZEMA will compile relevant data and supply it to the A6 Secretariat, so that the A6 Secretariat can meet its initial, annual and regular reporting obligations to UNFCCC.



FIGURE 1: INSTITUTIONAL ARRANGEMENTS





3. GENERAL CRITERIA GUIDING PARTICIPATION IN THE CARBON MARKETS

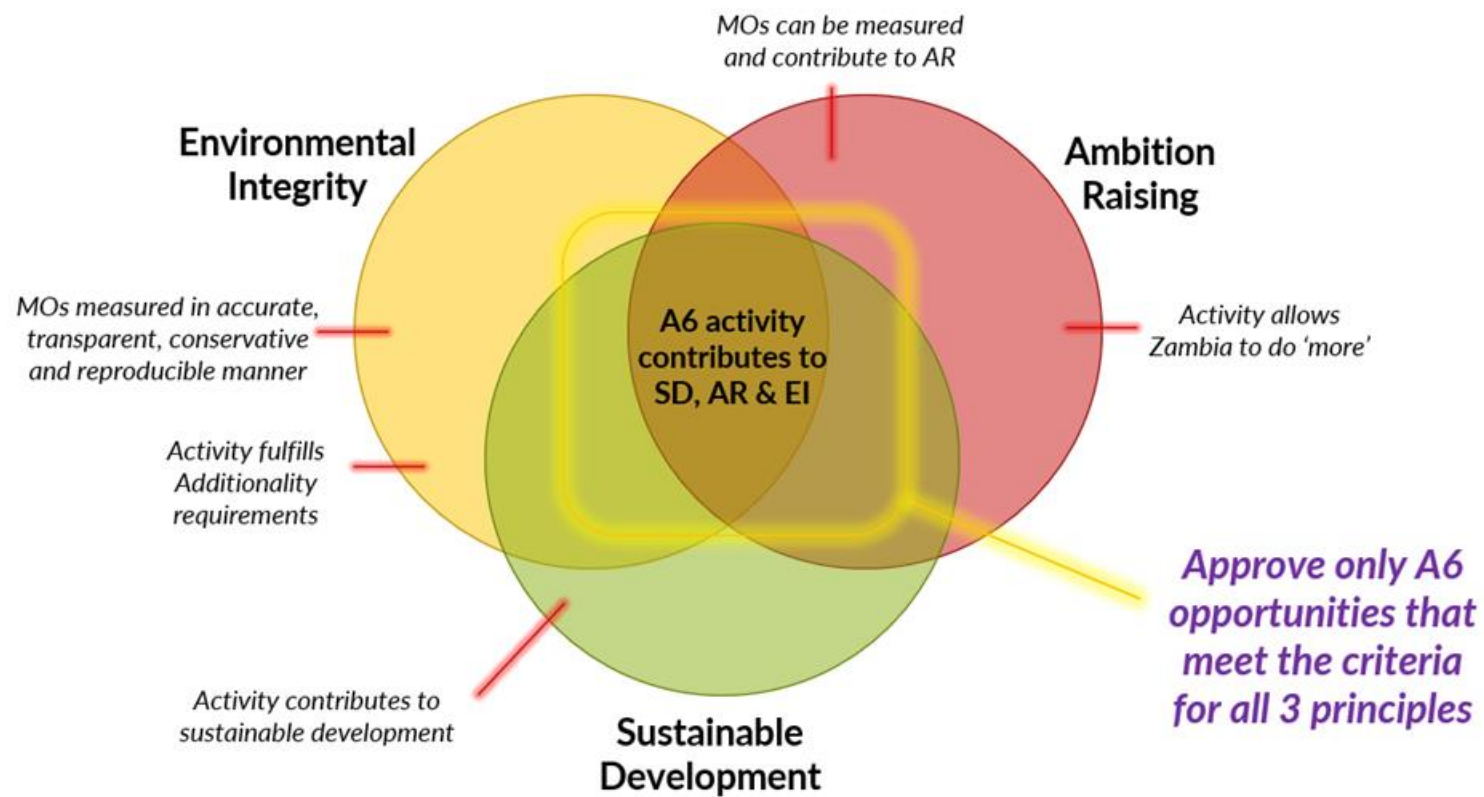
15. This chapter establishes the general criteria for the participation of activity proponents in the carbon markets. The criteria build on the Paris Agreement (PA) as well as the Glasgow Climate Pact.
16. The PA refers to the need to ensure Environmental Integrity (EI), Ambition Raising (AR) and promotion of Sustainable Development (SD). Article 6.1 recognizes that Parties may choose to pursue international cooperation to “promote sustainable development and environmental integrity”. Article 6.2 indicates that Parties “shall... ensure environmental integrity” in the context of international transfers of Mitigation Outcomes (MOs). The Glasgow Climate Pact in 2022 finalised what UNFCCC refers to as the “fundamental norms” intended to ensure international carbon markets are real, additional, and verifiable in delivering further reductions in greenhouse gas emissions.
17. Eligible mitigation activities shall fulfil all three criteria, as illustrated in Figure 2 below.

3.1. ENVIRONMENTAL INTEGRITY

18. Environmental integrity under Article 6 of the PA means that the use of international transfers does not result in higher global GHG emissions than if the NDC targets had been achieved only through domestic mitigation action, without international transfers.
19. Ensuring EI requires assessment of the stringency of A6 baselines compared to the NDC target.
20. Robust accounting of international transfers is a key prerequisite for ensuring environmental integrity. If the transfer of mitigation outcomes is not accounted for robustly, e.g., if emission reductions are double counted, global GHG emissions could increase as a result of the MO transfer.
21. Additionality is a core provision for environmental integrity in carbon markets. The demonstration and assessment of additionality ensures that emission reductions generated by an activity would not be achieved in the absence of revenue from the sale of carbon credits. Additionality ensures that carbon markets are contributing to additional climate mitigation rather than simply providing an additional revenue stream or reward for activities that would take place regardless. Buyers of carbon credits rely on additionality to know that their finance has catalysed real emission reductions.
22. The Article 6.2 guidance agreed at COP26 requires Parties to report, for each ‘cooperative approach’, on how the quality of mitigation outcomes has been ensured, including through “conservative reference levels, baselines set in a conservative way and below ‘business as usual’ emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage”. This guidance will be directly applicable for credits used in the voluntary carbon market, where they are authorised and correspondingly adjusted under Article 6.



FIGURE 2: ELIGIBLE MITIGATION ACTIVITIES NEED TO FULFIL GENERAL CRITERIA





3.2. RAISING AMBITION AND TRANSFORMATIONAL CHANGE

23. Raising ambition commonly refers to the idea that the comparative cost advantages from international cooperation should be used to stimulate an increase in ambition to reduce GHG emissions further. Ambition raising has different meaning for different Parties (for host countries, acquiring parties, and for developers). There are several ways that carbon trading could stimulate ambition raising, including, for example in the Article 6.2 approach, through meeting the Party's NDC and Long-term Low Emission Development Strategies (LT-LEDS), through its contribution to adaptation financing (i.e. through the payment of 'Share of Proceeds'), through ambitious or conservative baselines, through cancellation of units for the so-called 'Overall Mitigation in Global Emissions', through wider and inclusive participation and significant sustainable development co-benefits, through meeting the environmental integrity requirements, among others.
24. The A6 Rulebook requires A6 activities to report on their contribution to overall mitigation by cancelling a part of their MOs. Under the PA, voluntary cooperation under A6 is to allow Parties to increase their climate ambition, and to target sectors/technologies with high marginal abatement cost. At the mitigation activity level, multiple approaches have been developed and proposed for raising ambition, including by setting stricter baselines below Business as Usual (BAU), including the use of positive lists of technologies that are hard abatement options and introduce elements of technology transfer.
25. The criterion of transformational change for Article 6 cooperation refers to "a fundamental, sustained change of a system that ends high-carbon practices and contributes to a zero-carbon society, in line with the Paris Agreement goal to limit global warming to 1.5–2°C and the UN SD Goals" (Olsen, 2021).
26. Some of the features of the transformational change include system-wide impacts, driven by large-scale outcomes that reinforce zero-carbon practices, upscaled direct investments in low-carbon technologies, digitalisation, and digital payments etc. Mitigation activities can incorporate transformational ideas such as up-scaled crediting activities, the alignment with country-specific LT-LEDS and the use of dynamic baselines. (Olsen, 2021)

3.3. SUSTAINABLE DEVELOPMENT

27. A6 mitigation activities must contribute to SD and avoid negative environmental and social impacts. The guidance on Article 6.2 cooperative approaches for ITMO transactions in the Glasgow text mandates reporting of information about sustainable development in the initial report and in subsequent regular biennial transparency reports under the Enhanced Transparency Framework (ETF) (UNFCCC, 2021a). The decision mandates that developers shall provide information about how each mitigation activity contributes to the sustainable development objectives of the host Party, avoids negative impacts as well as respects human rights and other rights to health, indigenous people, women, local communities and others.
28. It is in a transferring party's (or host country's) interest to assess how mitigation activities are supporting national development objectives. As an example, Gold Standard (GS) requires projects to contribute positively to at least three SDGs including SDG 13. In early 2021, GS piloted a new SDG Impact tool. In 2023, the Subsidiary Body for Scientific and



Technological Advice (SBSTA) has decided to include the use of a mandatory SD tool into the activity cycle for Article 6.4.



4. INDICATORS FOR ASSESSING A6 MITIGATION ACTIVITIES

29. This chapter provides an overview on

- a. The assessment process (Chapter 4.1, early-stage assessment and comprehensive assessment based on complete documentation);
- b. Indicators to be met by mitigation activities requesting government's authorisation (chapter 4.2); and
- c. How to use the indicators (chapter 4.3).

4.1. ASSESSMENT PROCESS

30. The process for developing a mitigation activity has several steps, which are outlined in Figure 3 below. After the screening of design opportunities, the mitigation AP will progressively write and submit more advanced proposals. The initial concept is submitted as the MAIN¹ and the final proposal is submitted as the MADD². Between the initial design and final proposal, the methodology used to measure mitigation outcomes of the activity must be selected and validated by a Designated Operational Entity. Then, once authorisation is secured, the activity can be registered and implemented. Finally, after it is implemented, verification of mitigation outcomes (emissions reductions) and issuance and transfer of ITMOs can take place. The Guidelines for Selection and Evaluation herewith clarify two critical evaluation processes:

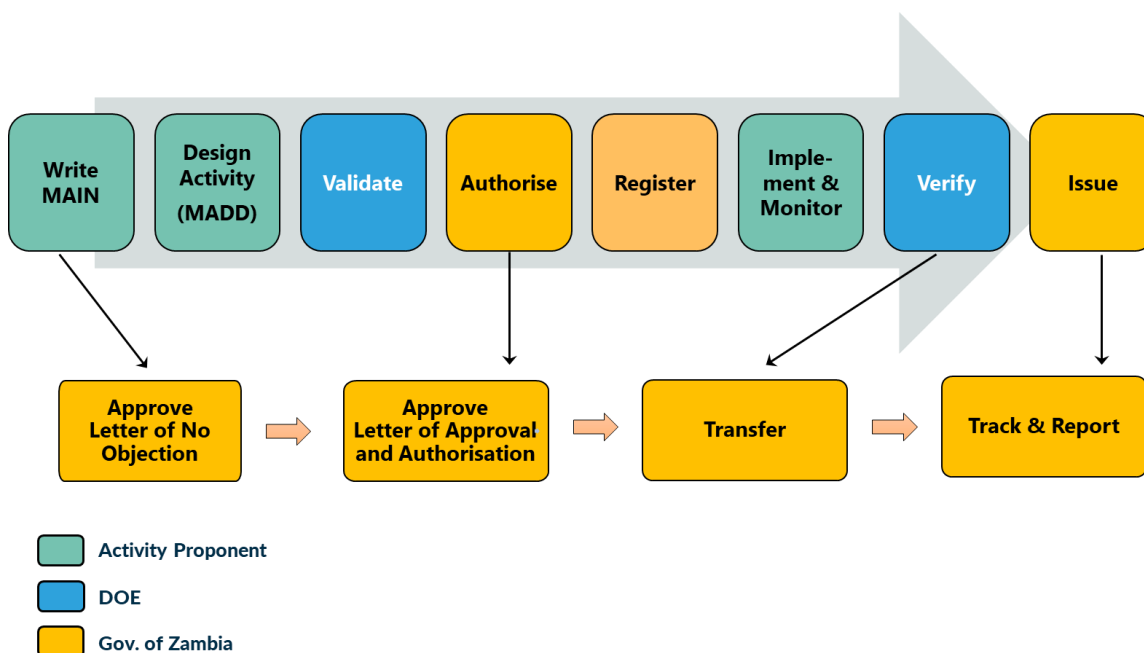
- a. **No-Objection.** At the concept phase, the AP shall submit the MAIN to the TSCCC for a first review based on the initial activity design. If the activity appears, in its initial assessment, to be aligned with the criteria for authorisation, the TSCCC will issue a LNO. This letter provides a signal to activity developers/proponents to continue their investment preparation activities but does not guarantee authorisation for transfer of Mitigation Outcomes (MOs).
- b. **Authorisation.** After the successful external validation of the MADD (based on a positive validation report), the AP shall submit the MADD and its validation report to the TSCCC for review. The TSCCC will carry out another assessment, which leads to a recommendation for approval, or a rejection of the authorisation. The approval of the proposal signals that the mitigation activity can be implemented, and MOs achieved as a result can be transferred to an acquiring party or another authorised entity as per the conditions of the CMF and as noted by the TSCCC.

¹ This is similar to a "project information note" or "project idea note" (PIN) for CDM projects.

² This is similar to a "project design document" (PDD) for CDM projects.



FIGURE 3: GENERIC A6 ACTIVITY DEVELOPMENT PROCESS



4.2. OVERVIEW ON INDICATORS AND THEIR STAGE OF APPLICATION

31. Considering the above two-phased approach, the indicators are stratified as follows:

- a. MAIN phase: In the MAIN, APs must explain how their proposed mitigation activity addresses the criteria of environmental integrity, ambition raising and promotion of sustainable development against 5 key indicators.
- b. MADD phase: As the AP continues to develop the mitigation activity, more data and information will become available to measure the activity's performance against the remaining indicators. The MADD will be assessed against 14 criteria, which must be successfully validated to receive implementation approval and transfer authorisation from the TSCCC. Some information, such as financial cash flow and resulting additionality assessment, needs to be refined during the development from MAIN to MADD. Such information shall be submitted twice, during MAIN and during MADD phases.

32. The table below provides an overview of which indicators shall be applied and submitted and at what assessment stage.

TABLE 1: OVERVIEW ON INDICATORS AND THEIR STAGE OF APPLICATION

N°	Description of Indicators for A6 selection criteria	Stage
Criterion 1: Environmental Integrity		
Indicator 1	The mitigation activity is not based on an excluded activity type	MAIN



Indicator 2	Additionality demonstrated through investment analysis and regulatory surplus	MAIN & MADD
Indicator 3	Activity baselines in compliance with NDC target	MADD
Indicator 4	Estimation of the required carbon price to achieve financial viability	MAIN & MADD
Indicator 5	Accounting for non-permanence risks	MADD
Indicator 6	Alignment with IPCC methodologies and best practices for GHG estimations	MADD
Indicator 7	Blending of financing sources	MADD
Indicator 8	Minimization of uncertainties of GHG estimations	MADD
Indicator 9	Leakage risks shall be minimized	MADD
Criterion 2: Sustainable Development		
Indicator 10	Contribution to SDGs	MAIN
Indicator 11	Obtain an EIA or Strategic EIA	MADD
Indicator 12	Asses ex-ante SD impacts	MADD
Indicator 13	SD as a monitoring parameter	MADD
Indicator 14	Agreed benefit sharing plan	MADD
Indicator 15	Comprehensive stakeholder consultations	MADD
Criterion 3: Ambition Raising		
Indicator 16	Contribution to transformational change	MAIN & MADD

33. The following table presents a list of indicators along with a justification and means of verification to guide the assessment of the Article 6 mitigation activities. The left column indicates whether the indicator should be covered at the MAIN or at the MADD stage. The right column proposes the means of verification.

TABLE 2: DRAFT LIST OF INDICATORS

ID	Stage	Description and Rationale for the Indicator	Means of Verification
Criterion 1: Environmental Integrity			
1- Eligible mitigation activity type i.e., alignment of mitigation activities with the NDC.	MAIN	<p>The A6 activity is based on an eligible activity type. The following mitigation activity types are excluded:</p> <ul style="list-style-type: none"> ❖ Mitigation activities which lead to a lock-in of fossil fuel technologies such as e.g., refurbishment of an oil boiler; ❖ Mitigation activities reducing HFC-23 or adipic N₂O, ❖ Nuclear power and 	Activity description in MAIN



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>❖ Large scale (i.e., > 20 MW) grid-connected dam hydro power.</p> <p>The lock-in of fossil fuels is defined as having remaining emissions by the 2050, which corresponds to the envisaged time for a global net-neutrality.</p> <p>Rationale: Even when reducing GHG emissions, mitigation measures that extend the lifetime of fossil fuel technologies are not in line with the PA objective.</p> <p>While being financially additional, HFC-23 and adipic N₂O activities are excluded, as these activities may lead to perverse incentives (cp. Commission Regulation (EU) no 55/2011, #7).</p> <p>Large scale dam hydro power plants are excluded from carbon finance because such activities may have severe negative environmental impacts and as hydropower, due to an increase of the variation of precipitation (cf. ERB, 2022, Spalding-Fecher, 2018), and because the Government of Zambia aims to diversify power sources.</p>	
2 - Additionality demonstrated through investment analysis and regulatory surplus	MAIN & MADD	<p>The A6 activity used financial analysis to demonstrate additionality² reflecting current and planned future policies (e.g., the introduction of a carbon tax etc.).</p> <p>❖ Investment Analysis: Article 6 cooperative activities can help provide accessible finance for climate mitigation activities that might not otherwise meet the risk and return expectations of investors, but are critical to achieve the emissions reductions and removals necessary to help stabilise the global temperature at 1.5°C. This could include nature-based solutions that are difficult to commercialise, for</p>	<p>MAIN Phase:</p> <ul style="list-style-type: none"> - Investment analysis in Excel file exhibits negative NPV and IRR below commercial lending rate for activity without carbon revenue. <p>MADD Phase:</p>

² **Additionality:** Some countries and project developers may prioritize low-cost mitigation opportunities that would have happened regardless of the existence of a carbon market. In these cases, the credit claimed for emissions reductions may not reflect the true impact of the activity. Additionality principle implies that the mitigation outcomes would not have occurred in the absence of the incentives created by the carbon credit revenues. This helps to ensure that the emissions reductions are real and not simply a result of business-as-usual activities.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>example. The investment analysis shall exhibit i) a negative net present value ³(NPV) and ii) an internal rate of return⁴ (IRR), which is below the commercial bank lending rate, as published by Bank of Zambia⁵. And</p> <p>❖ Regulatory Surplus: This implies proving that activities are additional to, and not required or enabled by, policies and measures that the host government has introduced.</p> <p>Rationale: The application of “barrier analysis”, “first of its kind” or similar is inadequate for the demonstration of additionality under the Paris Agreement.</p> <p>A negative NPV implies that the investor will lose money (w/o carbon finance e) over the lifetime of the investment.</p> <p>An IRR below a commercial lending rate (w/o carbon finance) indicates that the investor will lose money over the lifetime of the investment, if they have to finance the activity with a loan.</p> <p>Both indicators must be met to clearly demonstrate additionality.</p> <p>To reflect the unconditional Nationally Determined Contributions (uNDC) efforts, the activity must consider planned future policies.</p>	<ul style="list-style-type: none"> - Investment analysis in Excel file exhibits negative NPV and IRR below commercial lending rates; - Analysis of existing and planned future regulation in MADD.
3 - Activity baselines in compliance with NDC target	MADD	<p>The A6 activity employs a baseline, which is (a) below the transferring party’s uNDC target and (b) clearly below business as usual (e.g., best available technology, ambitious benchmark approach, historical emissions adjusted downward). To assess the relationship with the unconditional NDC, the AP may use a linear interpolation from current emissions (i.e., at the time of the</p>	<ul style="list-style-type: none"> - Baseline based on i) projected below BAU, or ii) best available technology, or iii) performance penetration

³ The NPV estimates the current value of an investment considering investment costs and discounted, future revenues and costs. A negative NPV implies that the investor would lose money over the lifetime of the investment.

⁴ The IRR estimates the internal return a project generates for the investor. If the IRR is below the lending rate, the investor would lose money, if he has to take a loan for financing the project.

⁵ Bank of Zambia publishes commercial bank lending rates here: <https://boz.zm>



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>activity start) to the emissions at the end of the NDC period (e.g., 2030).</p> <p>Rationale: Simple BAU scenarios assuming constant baseline GHG emission intensity may be inconsistent with an uNDC committing to a decrease of total and/or specific emissions.</p> <p>A single-year target value of the uNDC needs to be interpolated between activity start (e.g., 2023) and the end of the crediting period (e.g., 2030).</p>	<p>approach included in MADD;</p> <ul style="list-style-type: none"> - Description on baseline alignment with uNDC target included in MADD.
<p>4- Estimation of the required carbon price to achieve financial viability.</p> <p>(Not a go/no go requirement)</p>	MAIN & MADD	<p>The AP shall provide an estimate of the required carbon price to achieve financial viability. The required carbon price shall be calculated following the guidance provided by Annex VII.</p> <p>Rationale: The government of Zambia has committed to an unconditional NDC target and may decide against giving away “low hanging fruits”, i.e., authorizing activities with low abatement costs (cf. Annex VI).</p>	<p>MAIN Phase:</p> <ul style="list-style-type: none"> - Investment analysis in Excel file; <p>MADD Phase</p> <ul style="list-style-type: none"> - Investment analysis in Excel file.
5-Addressing non-permanence risks	MADD	<p>In case of a Land Use, Land Use Change, and Forestry (LULUCF) activity, the activity needs to take the risk of non-permanence into account by</p> <ul style="list-style-type: none"> ❖ Assuring a minimum activity longevity of 40 years (according to the most recent version of the Verified Carbon Standard (VCS); and ❖ Applying a non-permanence risk tool either from the Forest Carbon Partnership Facility, VCS or Gold Standard; and ❖ Applying a cap corresponding to the long-term average of carbon sequestration, as prescribed by the Gold Standard; and ❖ Monitoring of- and fully account for reversals. <p>Rationale: The issuance of permanent mitigation outcomes/carbon removal certificates for reversible forest carbon sinks is</p>	<ul style="list-style-type: none"> - Implementation on contracts document activity longevity; - Long term average is considered in MADD; - Non permanence risk tool is applied; - Monitoring plan includes the monitoring for loss events.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<i>partially assured through the uNDC achievement⁶, At the same time, A6 mitigation activity shall assure against-, and monitor loss event</i>	
6- Alignment with IPCC methodologies and best practices for GHG estimations	MADD	<p>The activity features GHG estimates that are consistent with IPCC GPG 2006 methodologies and the 2019 update.</p> <p>This shall be achieved by:</p> <ul style="list-style-type: none"> ❖ Using methodologies and tools from A6.4 works streams, where applicable; or ❖ Using CDM methodologies and tools; ❖ Using VCS and GS methodologies and tools; ❖ Developing GHG emission estimates in alignment with IPCC good practice guidance, approved by the transferring- and the acquiring parties. <p>Rationale: <i>The activity needs to estimate GHG emissions and related emission reductions in line with the IPCC good practice for national GHG inventories, which will assure consistency with the national GHG inventory and all related communications with UNFCCC including the NDC.</i></p>	<ul style="list-style-type: none"> - Choice of an appropriate methodology, documented in MADD; - In case of no approved methodology: Approval of GHG emission estimation approach from transferring and acquiring parties.
7- Blending of financing sources	MADD	<p>In the case of blending of financing sources: The relationship between the grant-equivalent financing already provided/pledged and the funding mobilized through ITMO transaction shall be clearly explained.</p> <p>Where activities use a combination of climate finance and carbon finance, the mitigations outcomes shall be attributed to climate and carbon finance based on the proportion of grant equivalent financing provided to cover the abatement cost of the activity.</p>	<ul style="list-style-type: none"> - Statement from equity, mezzanine and/or loan providers, wherever the provided funding qualifies as climate finance. - If yes: Attribution is

⁶ Similar to Joint Implementation, the risk of reversal is assured by national efforts to achieve the uNDC target for the LULUCF- and other sectors covered under the NDC. If a loss event occurs within the mitigation activity area, and if the transferring party has issued ITMOs for the carbon sinks in that area, then it must overcompensate the loss through other removals and/ or reduction of emissions. Otherwise, it will fail to deliver on its uNDC target.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>Rationale: The blending of climate finance with carbon finance may lead to a reduction of carbon price. This may reduce the volume of climate finance, which is then not available to fund other mitigation measures. Hence, blending climate finance and carbon finance has a negative effect on the reduction of emissions, which may compensate or overcompensate the ITMO volume. To avoid such setups, mitigation outcomes shall be attributed accordingly, if applicable.</p>	of MOs is done.
8- Minimization of uncertainties of GHG estimations	MADD	<p>Uncertainties in GHG estimations and calculations shall be identified and minimized.</p> <p>Rationale: Uncertainties associated with GHG estimations arise due to scientific uncertainty (e.g., the actual emission and/or removal process is not sufficiently understood), and estimation uncertainty (associated with quantification of GHG emissions).</p> <p>In the activity context, the systematic identification and minimization of GHG estimation uncertainties, as required by the IPCC GPG, increase accuracy, and assures transparency. The uncertainty assessment can also support an activity proponent to better understand the causes and thereby ways of improving the GHG inventory quality.</p>	<ul style="list-style-type: none"> - Identification of key uncertainties included in MADD; - Strategy of minimizing key uncertainties included in MADD.
9- Leakage risks shall be minimized	MADD	<p>Significant leakage risks shall be identified, monitored, and minimized and/or discount factors for crediting approach should be introduced.</p> <p>As a general provision, market leakage risk may be ignored.</p> <p>Rationale: The systematic identification and minimization of leakage risks in the GHG emission estimates increase accuracy and assures transparency.</p>	<ul style="list-style-type: none"> - Identification of significant leakage risks included in MADD; - If relevant: Strategy for leakage minimization and accounting is included in MADD.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>Significance shall be assessed following the tool for testing the significance of GHG emissions in A/R CDM project activities, CDM EB 31.</p> <p>Non-Nature Based Solutions shall apply another suitable approach to test for the significance.</p>	
Criterion 2: Sustainable Development			
10- Contribution to SDGs	MAIN	<p>The A6 activity shall document its contributions to the SDGs prioritized by the host country beyond SDG 13 and considering the host country's strategies for SDGs (including for SDG5 – Gender equality).</p> <p>Rationale: Taking SD seriously, sustainable development must not be constrained to impacts to SDG13 (e.g., adipic N2O or HFC-23 project-like impacts do not suffice). The documentation of SD impacts e.g., on SDGs, including possible negative impacts is required.</p>	Description of key SDG targets related to the activity for MAIN and checking Yes/No for contribution towards them by the activity
11- Obtain an EIA or Strategic EIA	MADD	<p>The mitigation activity shall obtain an Environmental Impact Assessment / Strategic Environmental Assessment: All A6 activity proponents are required by law to undertake an environmental impact assessment or strategic environmental assessment.</p> <p>As a result of the identification of various environmental and social impacts in the EIA, the activity proponents are required to have safeguards in place to reduce/mitigate the impacts and provide monitoring reports to follow-up on the same during the project lifecycle.</p> <p>Rationale: It is a legal requirement in Zambia (EMA Act No. 12 of 2011) that all activity developers of the industrial facility or plant, agricultural scheme, business or undertaking to carry out an environmental impact assessment and submit report to ZEMA for approval.</p>	A decision letter or a letter of no objection - depending on the activity type - obtained by Zambia Environmental Management Agency (ZEMA).



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<i>In addition, the mitigation activity that could have an adverse effect on environmental management or on the sustainable management and utilisation of natural resources shall conduct a strategic environmental assessment of the draft policy, programme or plan and present a strategic environmental assessment report to the Agency, for approval.</i>	
12- Asses ex-ante SD impacts	MADD	<p>The mitigation activity to include the expected quantitative and qualitative SD impacts using an internally acknowledged tool from below list:</p> <ol style="list-style-type: none"> 1. Sustainable Development tool for the mechanism established by Article 6.4; 2. Gold Standard SDG Impact Assessment Tool 3. VERRA Sustainable Development Verified Impact Standard 4. Verra Climate, Community & Biodiversity Standards <p>Rationale: Considering that mitigation measures generate mitigation outcomes, but these are then transferred to outside of Zambia, the true benefits are the mitigation activity's contribution to sustainable development. Consequently, mitigation measures are required to document their expected impacts and developmental co-benefits.</p>	SD impacts are assessed using an internationally acknowledged tool and documented in the MADD.
13- SD as a monitoring parameter	MADD	The mitigation measure shall monitor its SD impacts . These include the economic impacts (such as the creation of jobs, poverty alleviation and enhancement of income and financial inclusion, especially among women), social impacts (such as improvements in gender equality, health and safety, access to education, cultural preservation, improved access to energy, social inclusion, improved sanitation facilities and improved quality of and access to other public utilities such as water supply), and environmental impacts (including increased air, water and soils quality, conservation, and biodiversity).	SD impacts are defined as monitoring parameter in the MADD.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>Rationale: Mitigation measures have positive as well as negative impacts on social, ecological and/or biodiversity spheres. Some of these impacts may be strictly linked with the performance of the mitigation measure (which may be fixed ex-ante).</p>	
14-Agreed benefit sharing plan	MADD	<p>The mitigation activities for which a Benefit Sharing Mechanism is applicable, have agreed on a benefit-sharing plan with local communities respecting the Free, Prior and Informed Consent (FPIC) principles.</p> <p>Applicable mitigation activities include i) Reducing Emissions from Deforestation and Forest Degradation (REDD+) and ii) Non-Industrial afforestation reforestation, or restoration involving local communities.</p> <p>Rationale: FPIC processes assure that local communities are well informed before giving their possible consent to participating in REDD+-like activities.</p> <p>An approved benefit sharing plan, after through FPIC processes, documents that all parties are in agreement on how possible revenues shall allocated amongst parties.</p>	Benefit sharing plan signed by communities, and other parties is provided.
15-Comprehensive stakeholder consultations	MADD	<p>The mitigation activity conducts comprehensive stakeholder consultations, especially with local and otherwise affected stakeholders, prior to the start of the activity implementation, in line with international best practices. Where relevant, a grievance process may be established for stakeholders.</p> <p>The AP shall use of one or more of the following tools/options pertaining to stakeholder engagement and consultations:</p> <ol style="list-style-type: none"> 1. IFC Stakeholder Consultations or Stakeholder Engagement Guidebook 2. Gold Standard's ‘Stakeholder Consultation and Engagement Requirements’ 	Stakeholder consultation conducted in consistency with international best practice and is documented in the MADD.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<p>3. VCS 4.7 Stakeholder Engagement Requirements</p> <p>Rationale: The conduction of appropriate consultations increases the assurance that stakeholders' views and needs are considered in the overall activity design.</p>	
Criterion 3: Transformational Change			
16- Contribution to transformational change	MAIN & MADD	<p>The activity shall document how it contributes to transformational change.</p> <p>The mitigation activity should be able to contribute to transformational change for NDC ambition raising that aligns mitigation activities with pathways to achieve the long-term goal of the Paris Agreement and the 2030 Agenda SDGs by e.g., promoting transformational characteristics of the activity that lead to processes and outcomes for transformational impact, such as: technology change (e.g., R&D/local manufacturing, innovation), introduction of new incentives and regulations (e.g., carbon pricing, subsidies); change in norms (e.g., awareness, behaviour, and social values for sustainability). The AP may utilise an internally acknowledged tool such as;</p> <p>i) The Transformational Change Toolkit</p> <p>Rationale: The mere generation of mitigation outcomes will entitle other entities (exhibiting higher marginal abatement cost) to emit more GHG emissions. The procedures stipulated by 12a/CMA3 require activities to report on OMGE, however, this may be equally set to zero. Hence activities are required to document how they intend to contribute to transformational change.</p> <p>On an activity level, it is suggested to consider transformational change, instead of increase of ambition (cp. Olsen et al., 2021). Increase of ambition is defined as the submission and</p>	<p>MAIN Phase: the activity should indicate one or more of the following options:</p> <ul style="list-style-type: none"> - MA includes an element of technology innovation (to be defined by the AP) - MA includes an element of local manufacturing, assembly, R&D. - MA could lead to significantly high SD co-benefits. <p>MADD Phase: the AP should demonstrate one or more of the following options:</p> <ul style="list-style-type: none"> - How the activity could lead to substantial co-benefits.



ID	Stage	Description and Rationale for the Indicator	Means of Verification
		<i>implementation of a more ambitious uNDC, which seems a big ask for a single mitigation activity. To contribute to transformational change seems however to be a reasonable request for A6 activities.</i>	<ul style="list-style-type: none"> - Scale-up or replicability potential of actions - either through a need for such interventions and/or through business viability proposition. - How the activity can catalyse impact beyond a one-off investment. - How the activity can potentially trigger sector-wide changes or behavioural changes.

4.3. USE OF INDICATORS

34. An AP is required to report on all 16 indicators, using the templates provided in Annex I and Annex III respectively. Indicators 1-3 and 5-16 are “must criteria”; if the activity type is not eligible or the activity is not additional, etc., then it does not qualify for a LNO or LOAA. Indicator N°4, however, informs the TSCCC on the minimum carbon price. The carbon market framework does not propose a floor price, but the information in indicator N°4 is required to merely inform the TSCCC in considering the additional information provided in Annex VI.
35. While the indicators are “must criteria”, the Parties are free to use their own tools, and/or apply the existing approaches (for instance, the CDM or Article 6.4 SD tool), as is consistent with the flexible, bilateral approaches common under Article 6.2. The opportunity also exists for the activity proponents, acquiring parties, and the host parties to use the same guidance and tools under development by the Supervisory Body for the Article 6.4 mechanism, the Paris Agreement Carbon Mechanism (PACM). For instance, the text provisions on what information to report on sustainable development is the same for Article



6.2 cooperation and for the Article 6.4 mechanism. This similarity enables that a common framework for good practice regarding the impact of a mitigation activity on sustainable development assessment/reporting may be applied such as the global SDG framework, which is suitable for assessing nationally determined developmental objectives.

36. Similarly, on methodology under Article 6.2 guidance adopted at COP26, where a MO is measured and transferred in tonnes of CO₂ equivalent (i.e., a greenhouse gas metric), the measurement must be in accordance with the methodologies and metrics assessed by the IPCC and adopted by the CMA. Parties must report on the measurement of mitigation outcomes as part of the regular information they provide on their use of Article 6.2. For doing so, there is a repository of approved methodologies and some under review for Article 6.4, which may be applied.

TABLE 3: LIST OF INDICATORS BY USE

Indicators	Type and Level of assessment / Use of Indicators for A6 mitigation activity assessment	Monitoring Requirement
Indicator 1	Yes or No Activity is not based on an excluded activity type.	No monitoring required
Indicator 2	Yes or No Yes, if AP includes investment analysis	No monitoring required
Indicator 3	Yes or no Yes, if the baseline is based on the options provided and in alignment with uNDC target included	No monitoring required
Indicator 4	AP shall provide information on the marginal abatement cost as one output of the investment analysis	No monitoring required
Indicator 5	Yes or No Yes, if factors related to non-permanence is considered/documented, and risk tool applied	To be monitored post-MADD
Indicator 6	Yes or no Yes, if choice of methodology documented and applied	No monitoring required
Indicator 7	Yes or no Yes, if statements of evidence provided	No monitoring required
Indicator 8	Yes or no Yes, if the uncertainties are identified and minimized	No monitoring required
Indicator 9	Yes or no Yes, if significant leakage risks are identified and minimized	No monitoring required
Indicator 10	Yes or no Yes, if SDG targets and indicators are included	No monitoring required



Indicator 11	<p>Yes or no</p> <p>Yes, if EIA permit is secured and safeguards are identified.</p>	<p>If the activity design changes, the changed part needs to be approved – if so - to be monitored</p> <p>The implementation of safeguards and the mitigation plan needs to be monitored.</p>
Indicator 12	<p>Yes or no</p> <p>Yes, if ex-ante SD impacts are assessed</p>	No monitoring required
Indicator 13	<p>Yes or no</p> <p>Yes, if SD impacts are defined as monitoring parameter</p>	To be monitored annually post-MADD
Indicator 14	<p>Yes or no</p> <p>Yes, if an agreed benefit sharing plan in line with FPIC principles is available.</p>	No monitoring required
Indicator 15	<p>Yes or no</p> <p>Yes, if stakeholder consultations are conducted and documented</p>	May be monitored post-MADD as part of ex-post assessment
Indicator 16	<p>Yes or no</p> <p>Yes, if one or more of the options suggested have been showcased</p>	No monitoring required



5. SHARE OF PROCEEDS, FEES & OVERALL MITIGATION IN GLOBAL EMISSIONS

37. This chapter defines:

- a. Administrative fees collected by government to recover administration costs;
- b. “Share of Proceeds “(SOP) to fund adaptation and possibly mitigation activities in Zambia; and
- c. “Overall Mitigation in Global Emissions” (OMGE).

5.1. ADMINISTRATIVE FEES

38. The Ministry of Green Economy and Environment will establish administrative fees for covering the transaction costs associated with the assessment and management of applications for GHG mitigation activities to be implemented in Zambia. The fees cover the administrative costs of the A6 Secretariat and of the TSCCC.

39. The respective administrative fees will be applicable to proposals, which are applying for:

- a. Transactions under Art. 6.2;
- b. Transactions under Art. 6.4;
- c. Voluntary Carbon Market mitigation projects requesting Corresponding Adjustment for their carbon credits from the Government of Zambia (complementary to possible, fees as collected by standards)
- d. Voluntary Carbon Market mitigation projects requesting a Letter of No Objection from the Government of Zambia for participation under voluntary standards.

40. The government through the MGEE will collect a fixed administrative fee for the assessment of the MAIN and another fixed fee for the assessment of MADD. The fees amount to:

- a. MAIN submission fee of XY⁷ Zambian Kwacha (ZMW)
- b. MADD submission fee of XY Zambian Kwacha (ZMW)

41. Both fees are to be payable upfront and independent from the outcome of the assessment at the time of submission of the application.

42. MGEE has the right to adjust the above fees from 2025 onward, on annual basis, based on inflation, as published by Bank of Zambia.

5.2. SHARE OF PROCEEDS

43. Aligned with the ‘Article 6 Rulebook’ and the African Group of Negotiators position, Zambia shall impose an adjustment fee on eligible mitigation activities, when issuing MO with Corresponding Adjustment, further referred to as SOP.

⁷ SOP and admin fee structures will be issued as a Statutory Instrument under the Green Economy and Climate Bill, once enacted.



44. The following mitigation activities have to pay SOPs:
- Transactions under Art. 6.2;
 - VCM mitigation projects requesting Corresponding Adjustment for their carbon credits from the Government of Zambia (complementary to possible fees as collected by standards).
45. The following activities do not have to pay SOPs:
- Transactions under Art. 6.4, as these are collected by the UNFCCC Secretariat;
 - Voluntary carbon market projects not participating under Article 6.
46. The AP (or the buyer of ITMOs) shall pay SOPs when requesting ZEMA to issue ITMOs. ZEMA shall issue ITMOs on the account of the activity proponent after having received the SOP payment from the AP (or the buyer of ITMOs).
47. SOP will be collected in monetary form as described below:
- XY ZMW/ITMO, for the first 50,000 MO with CA per year.
 - XY ZMW/ITMO for the 50,000 to 100,000 MOs with CA per year.
 - XY ZMW/ITMO for more than 100,000 MOs with CA per year.
48. By stratifying SOP payments, the Government of Zambia encourages small mitigation activities (involving high sustainable development impacts), which need to cover high, scale independent transaction costs.
49. MGEE has the right to adjust the above SOPs from 2025 onward, based on inflation, as published by Bank of Zambia.
50. Example 1: A mitigation activity that generates 350,000 Mitigation Outcomes per year and pays SOP of XY ZMW per year.

TABLE 4: EXAMPLE OF SOPs FOR A MITIGATION ACTIVITY GENERATING 350,000 MOs/YR

Amount of MOs	Price per MO	SOP in ZMW
1 -50,000	XY ZMW (applicable to 50,000 MOs)	XY
50,001 – 100,000	XY ZMW (applicable to 50,000 MOs)	XY
100,001 – 350,000	XY ZMW (applicable to 250,000 MOs)	XY
Total per year		XY

51. Example 2: A mitigation activity that generates 75,000 Mitigation Outcomes per year and pays SOP of XY ZMW per year.

TABLE 5: EXAMPLE OF SOPs FOR A MITIGATION ACTIVITY GENERATING 75,000 MOs/YR

Amount of MOs	Price per MO	SOP in BWP
1 -50,000	XY ZMW	XY



	(applicable to 50,000 MOs)	
50,001 – 100,000	XY ZMW (applicable to 25,000 MOs)	XY
100,001 – 350,000	XY ZMW (applicable to 0 MOs)	-
Total per year		XY

5.3. OVERALL MITIGATION IN GLOBAL EMISSIONS

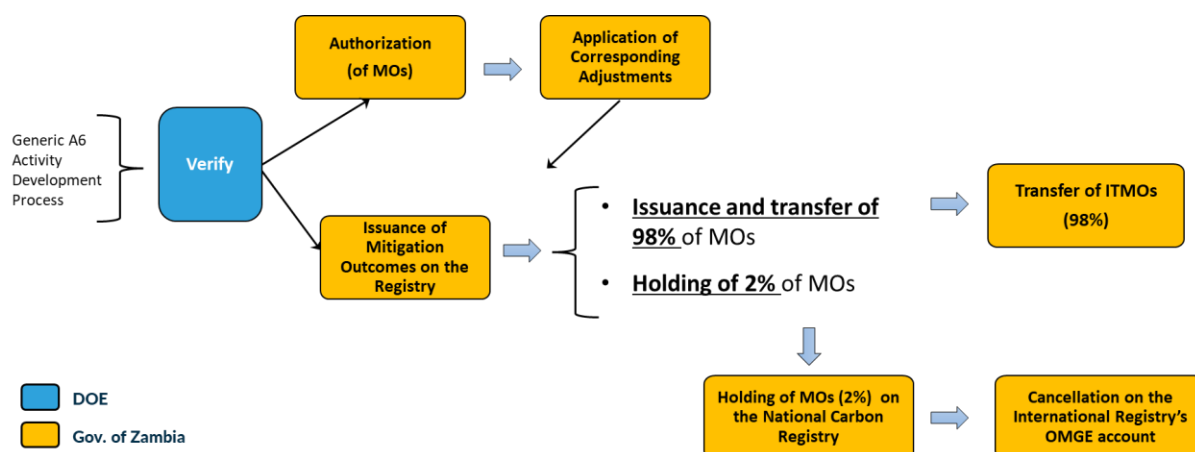
52. OMGE refers to the concept of achieving net reductions in global GHG emissions through emission trading. Emission trading activities enable the achievement of emission targets in a cost-effective manner. However, as they allow the buyer to merely compensate or offset its emissions without reducing them, they do not contribute to mitigation in a strict sense. Hence, the Paris Agreement incorporates the concept of OMGE, where a certain share of MOs is cancelled and not accounted for towards NDC achievement or other compensation or offsetting purposes.

53. By default, mitigation activities implemented in Zambia are required to hold 2% of their MOs in a dedicated account in the national carbon registry. These held MOs will then be transferred to the UNFCCC International Registry's OMGE cancellation account. Since this represents a First Transfer, a Corresponding Adjustment must be applied.

For example, a mitigation activity that issues 100 MOs can transfer up to 98% of these MOs. The remaining 2% will be held in a dedicated account in the national carbon registry, and eventually cancelled towards OMGE in the UNFCCC's International Registry.

54. Zambia (i.e., the MGEE and the TSCCC) and interested acquiring parties may agree on a higher OMGE ratio (i.e., above 2%) on a case-by-case basis, subject to approval by both parties.

FIGURE 4: GENERIC PROCESS FOR THE CANCELLATION OF MITIGATION OUTCOMES FOR OMGE





6. VOLUNTARY CARBON PROJECTS

55. A Voluntary Carbon Market (VCM) project is defined as an activity that issues carbon credits certified under a VCM standard (such as the Gold Standard, the Verified Carbon Standard, or similar) with the intention to sell credits on the voluntary carbon market.
56. This chapter provides guidance on:
- Reporting obligations for all VCM projects (including those not participating under Article 6);
 - Procedure for VCM projects to align with Zambia's Carbon Market Framework and issue Article 6-labelled carbon credits with or without Corresponding Adjustment
 - Procedure for VCM projects to migrate to Article 6.2 as A6 mitigation activities and issue MOs with or without Corresponding Adjustment;.

6.1. OPTION 1: PROVISIONS FOR VCM PROJECTS WITHOUT CORRESPONDING ADJUSTMENT

57. All VCM projects claiming certified carbon credits for emission reductions in Zambia (i.e. including projects not participating under Article 6) shall submit a MAIN to the A6 Secretariat and seek a Letter of No Objection following Section 9 Stage 1. They shall register their projects and provide initial and regular information to the national carbon registry.

These provisions also apply to regional programmes operating in several countries (e.g. so-called "Programme of Activities" under the Gold Standard which may be active in several sub-Saharan African countries).

58. All VCM projects (i.e. including projects not participating under Article 6) shall submit project information and documents along with the MAIN to the A6 Secretariat for subsequent submission to ZEMA hosting the national carbon registry. This will enable the Article 6 Secretariat and ZEMA to take stock on the finance received and assure accurate reporting on climate finance to the UNFCCC. All VCM projects shall provide to the national carbon registry:
- Information on the project start date;
 - Project design documents, validation report and confirmation of registration, once available;
 - Monitoring reports and verification reports, once available and thereafter regularly.
59. All forest carbon VCM projects (i.e. including projects not participating under Article 6) shall seek a Letter of No Objection from the Forestry Department of MGEE, for transparency, as regulated by the Statutory Instrument N°66.



6.2. OPTION 2: PROVISIONS FOR VCM PROJECTS OPERATING UNDER VCM ISSUING A6-LABELLED CARBON CREDITS WITH CORRESPONDING ADJUSTMENT

60. A project operating under the VCM may request the government of Zambia for a Corresponding Adjustment for their carbon credits, while continuing its operation under the VCM. If granted, this authorises the VCM project's A6-labelled carbon credits to obtain a Corresponding Adjustment and be internationally transferred.

An example may be a VCS project that complies with Zambia's provisions for Article 6.2, as well as with the VCS's Article 6 labelling criteria. This project may issue Verified Carbon Units, labelled as Article 6 compliant. The government of Zambia may apply a CA for the number of credits issued.

61. In order to request an authorisation for a CA, the VCM project shall meet the following requirements:

- a. The VCM project must be operating under a VCM standard that is compatible with Zambia's carbon registry, i.e. the VCM registry has an "Application Programming Interface", which is compatible with Zambia's iMRV system and its national carbon registry.

Upon receiving a specific request from a VCM project proponent, ZEMA will test interoperability and inform the VCM project proponent on the outcome.

- b. The VCM project shall meet all requirements of Zambia's carbon market framework. This comprises all indicators specified in Chapter 4, including:
 - i. Baseline setting which reflects Zambia's NDC (Chapter 4, indicator N°3). Typically, VCM baselines estimate the business-as-usual emissions, however, if the VCM project reduces emissions in a sector addressed by Zambia's NDC mitigation efforts, the baseline shall reflect Zambia's NDC efforts. I.e., a conventional baseline representing the business-as usual emissions may hence not suffice.
 - ii. The compliance of the VCM project with all indicators specified in Chapter 4 shall be:
 1. Documented in the VCM project documentation, and
 2. Confirmed by a validation statement from a qualified and registered DOE.
- c. The VCM project shall meet all the requirements from the VCM standard under which it operates to issue Article 6-labelled carbon credits. Proof of compliance with this requirement should be made available to the Article 6 Secretariat.

62. VCM projects requesting CA for Article 6-labelled carbon credits shall pay the administrative fees and the share of proceeds, which may be additional to issuance fees from VCM standards.

63. Zambia's Carbon Market Framework does not allow for 'retroactive issuance'. A VCM project:



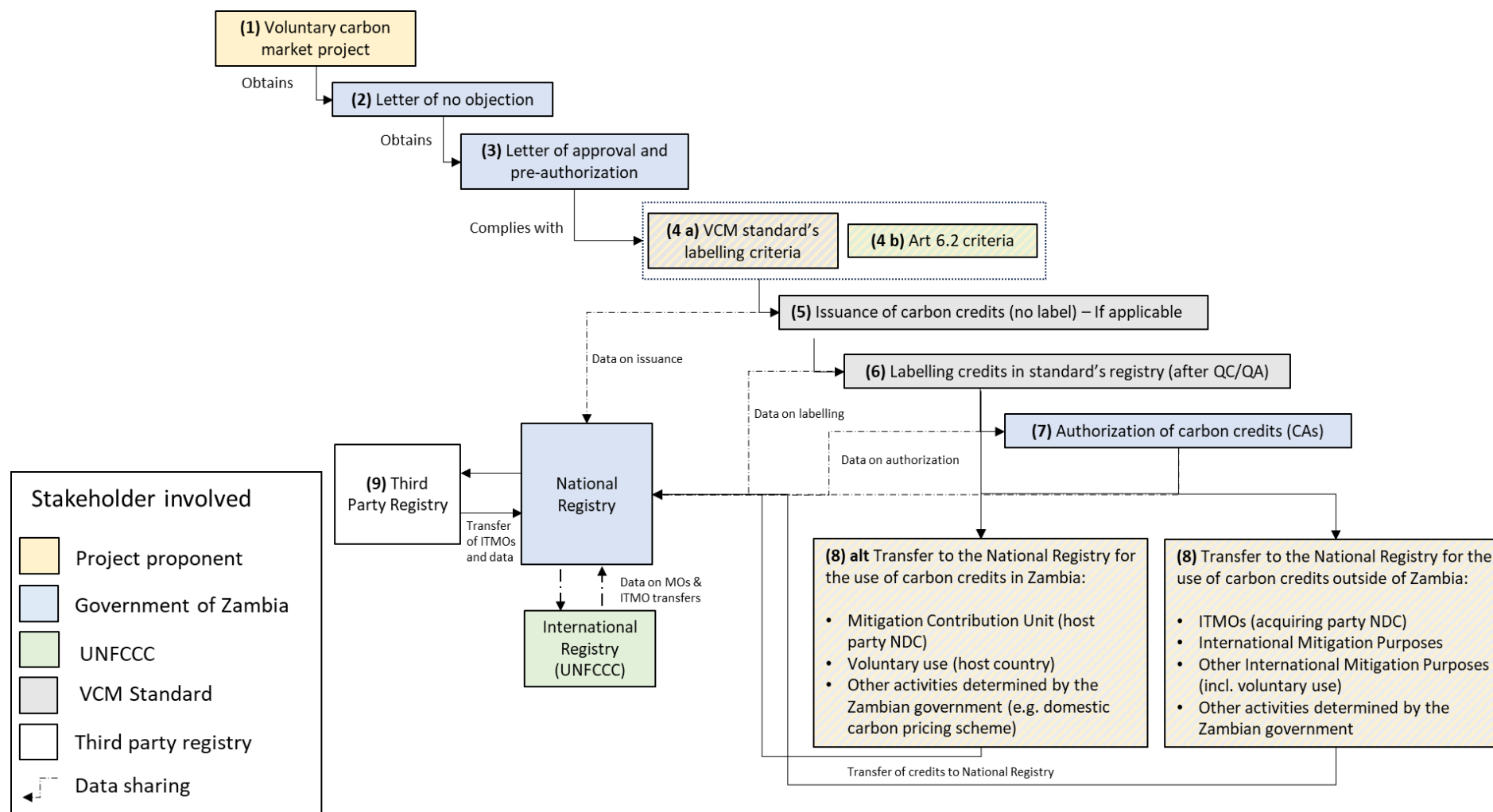
- a. May claim Article 6-labelled carbon credits with CA, only for the mitigation benefits delivered after the date of the authorisation of the VCM project, as stated in the LOAA.
- b. Shall not claim Article 6-labelled carbon credits with CA, for mitigation benefits delivered prior to the date of the authorisation of the VCM project, as stated in the LOAA.

To provide an example, a VCS project that was registered on 1st January 2020 and generates 100 VCU per year and receives a Letter of Approval and Authorisation for Corresponding Adjustment on 1st July 2024, for its performance in 2024, the project may therefore claim a total of 100 carbon credits, 50 without CA, and 50 with CA.

- c. Shall report the mitigation benefits with and without CA separately. Hence monitoring periods with and without CA shall not be combined in one monitoring report and the corresponding verification report.
64. The VCM project seeking to issue Article 6-labelled carbon credits is required to submit its monitoring report and verification report to the A6 Secretariat for Quality Control and Quality Assurance before submitting its request for issuance to the VCM registry.
65. All First Transfers of Article 6-labelled carbon credits shall originate from the national carbon registry.
- a. The project participant shall initiate the request for transfer by submitting a formal request for First Transfer to the A6 Secretariat.
 - b. The A6 Secretariat shall check the submission for consistency and if successful, the national carbon registry will initiate the First Transfer to the receiving VCM registry system.
 - c. The VCM standard may reflect the information of the transfer in its registry system.



FIGURE 5: GENERIC PROCESS FOR VCM PROJECTS ISSUING A6 LABELLED CARBON CREDITS WITH CORRESPONDING ADJUSTMENT



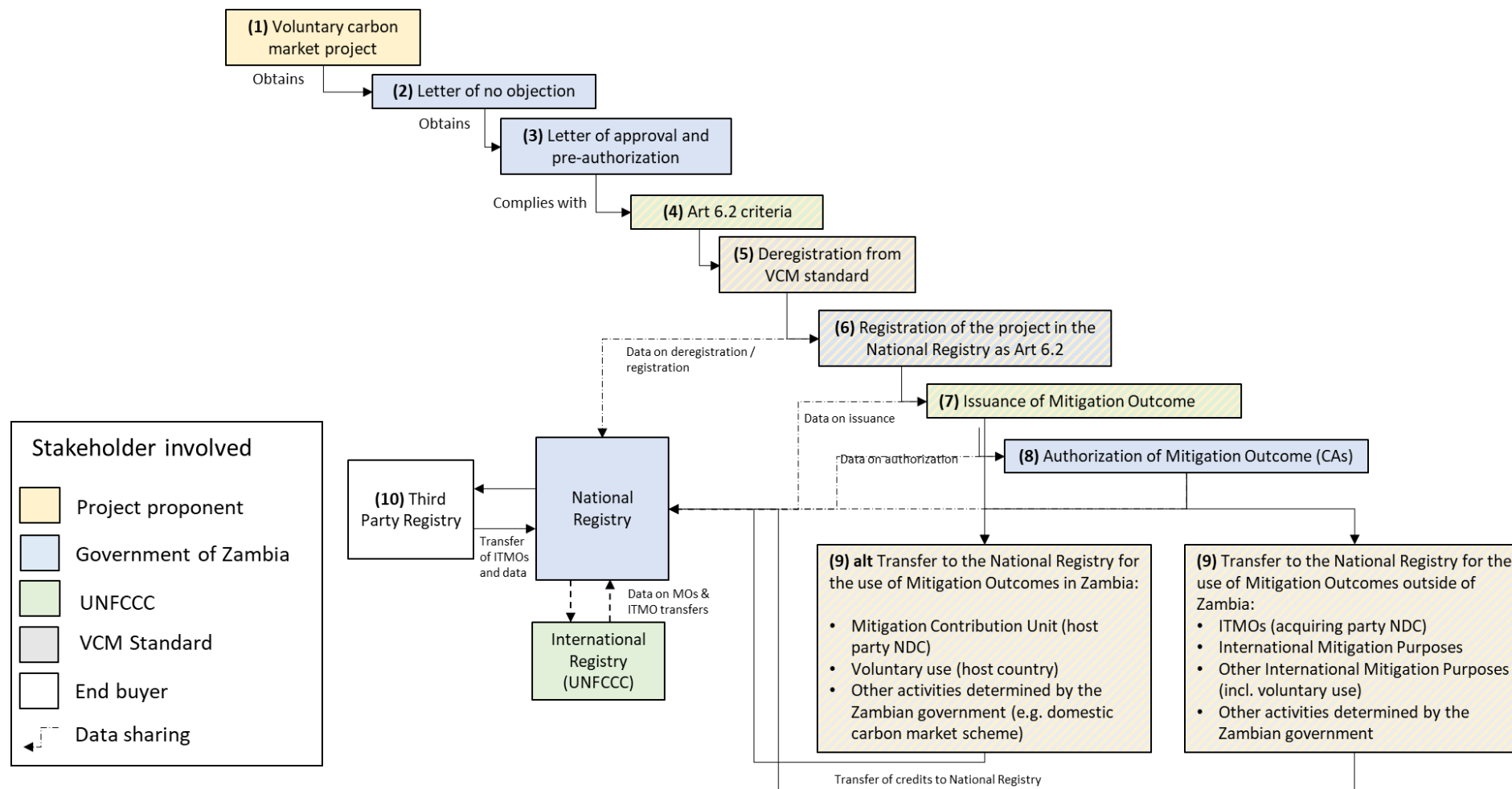


6.3. OPTION 3: PROVISIONS FOR VCM PROJECTS SEEKING TO MIGRATE TO ARTICLE 6.2

66. VCM projects may apply to migrate from a VCM standard to Article 6.2. The application shall follow the standard processes laid out in Chapter 8 and meet the indicators defined in Chapter 4. This allows project proponents to continue their operations under the accounting framework of the Paris Agreement.
67. To apply for a migration, the project developer shall submit the specific project documents and apply for project authorisation under Article 6 through the following steps:
 - a. VCM projects aiming to migrate shall comply with all the eligibility criteria, as elaborated in Chapter 4 and #61. This shall be documented in the mitigation activity's MADD.
 - b. The project proponent shall provide a positive validation report from a qualified and registered DOE confirming compliance with Zambia's Carbon Market Framework and the indicators specified in Chapter 4.
68. Having received a Letter of Approval and Authorisation, the project proponent shall deregister the project from the VCM standard and the VCM standard's registry. The project proponent shall provide a written confirmation of deregistration (including the deregistration date) to the national carbon registry.
69. ZEMA, operating the national carbon registry, shall register the migrated project as an A6 activity only after having received a written confirmation of deregistration. The start of the crediting period under Article 6 shall not be prior the deregistration date.
70. Zambia's Carbon Market Framework does not allow for 'retroactive issuance'. #63.c applies *ceteris paribus*.



FIGURE 6: GENERIC PROCESS FOR VCM PROJECTS SETTING TO MIGRATE TO ARTICLE 6.2





7. DESIGNATED OPERATIONAL ENTITIES

7.1. DEFINITION AND FUNCTION OF DOEs

71. A DOE is an accredited third party that conducts validation and verification of mitigation activities. This may be either a:
- DOE, as accredited under UNFCCC, or a
 - Validation and Verification Body, accredited under an independent international carbon standard (e.g. the Verified Carbon Standard and/or Gold Standard), and/or a
 - Validation and Verification Body accredited by the Swiss Federal Office for the Environment for “projects and programmes for emission reductions abroad”.
 - For simplicity, also entities defined under #70.b-c above are referred to as a ‘DOE’.
72. DOEs shall validate proposed A6 mitigation activities assuring that positively validated mitigation activities meet all eligibility requirements. This includes:
- Reviewing the MADD;
 - Assessing whether the A6 mitigation activity meets all A6 requirements; and
 - Recommending to the TSCCC on whether to approve or to reject the proposed A6 activity.
73. DOEs shall verify the monitoring report of registered A6 mitigation activities. This includes:
- Verifying that the A6 activity has reduced GHG emissions;
 - Certifying the amount of emission reductions achieved; and
 - Recommending to ZEMA the amount of ITMOs to be issued for the monitoring period.
74. The DOE, that validated the MADD of a mitigation activity, shall not conduct the verification of the first monitoring report of the same mitigation activity. This will assure that there is a second, independent review of key parameters including activity data and emission factor data.

This provision does not apply to subsequent verification events. The DOE, that verified the first monitoring report, may provide verification services for subsequent monitoring reports.

7.2. QUALIFICATION OF DOEs & CONSIDERATION OF NATIONAL CONTEXT

75. In order to validate or verify a mitigation activity, the DOE shall be qualified for this specific scope of mitigation activity. I.e. the DOE shall hold an active accreditation by UNFCCC, Gold Standard, Verified Carbon Standard or the Swiss Federal Office for the Environment, for the sectoral scope of the mitigation activity. E.g., a renewable energy mitigation activity needs to engage a DOE accredited for the scope ‘energy industries’, a waste mitigation



activity needs to engage a DOE accredited for the scope 'waste' etc. Annex VIII provides a list of scopes, as defined by UNFCCC.

In the validation or verification process, the DOE shall assess whether the mitigation activity meets the indicators, as specified in Chapter 4. The DOE shall issue a positive validation or verification statement, if and only if the mitigation activity meets all relevant indicators (i.e. indicators at MADD level).

76. The DOE shall involve at least one Zambian validation and verification expert in the technical assessments of the validation or verification team. This shall ensure that national circumstances are well reflected, and that national expertise is built.
77. The A6 Secretariat shall maintain an expert roster for DOEs to engage. A template is included in Annex IX.
78. The DOE shall assure that the Zambian validation and verification expert does not have a potential conflict of interest. If such an expert also serves under the TSCCC, then the expert shall not participate in the assessment, approval or rejection of that specific mitigation activity.

7.3. REGISTRATION OF DOES

79. In order to conduct validations and verifications in Zambia, the DOE shall hold an active registration by the A6 Secretariat.
80. In order to become registered, the DOE shall complete the registration form included in Annex X and submit the form to the A6 Secretariat.
81. The A6 Secretariat shall assess the DOE's requests for completeness and qualification and inform the DOE on the registration outcome.
82. The A6 Secretariat shall maintain a list of registered DOEs and publish it on the MGEE website.
83. The DOE's registration is valid for 12 months after its registration and expires automatically, i.e., without notification of the DOE.
84. In order to conduct validation or verifications in subsequent years, the DOEs are invited to resubmit their applications to the A6 Secretariat.



8. NATIONAL CARBON REGISTRY

85. Building on Chapter 2, this section defines the carbon project registry functions for Zambia. The functions include:

- a. Hosting
- b. Registration
- c. Issuance
- d. Tracking
- e. Reporting

86. The carbon registry shall be managed by ZEMA, who is also the agency in charge of compiling the national GHG inventory. The registry shall be incorporated under ZEMA's "Integrated Monitoring, Reporting and Verification" (iMRV) system.

87. The national carbon registry shall hold all relevant information on relevant mitigation activities implemented in Zambia. This includes:

- f. Mitigation activities developed under A6.2;
- g. Mitigation activities developed under A6.4;
- h. Mitigation activities developed under the VCM participating under Article 6;
- i. Mitigation activities developed under the VCM not participating under Article 6;

88. The national carbon registry shall compile all relevant information for all mitigation activities identified under #85 in compliance with Decision 2/CMA3. This includes:

TABLE 6: A6 REGISTRY REQUIREMENTS AS DEFINED BY CMA

Item	Brief description	Registry function	Data to be stored
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Authorisation	MOs to be used to achieve another party's NDCs or Other International Mitigation Purposes (OIMP) require authorisation by the participating Parties. The MOs get ITMO status by this step. This authorisation process is a national responsibility ⁸ .	The registry keeps track of authorised ITMOs and their origin. Each ITMO requires a unique identifier. A link to the respective mitigation project contained in the iMRV system is recommended.	<ul style="list-style-type: none"> - Information on authorised mitigation activities and the activity proponent - Name of the mitigation activity - Name of the activity proponent - ITMO volume per year - Activity Scope (see Annex VIII) - Start date of the mitigation activity - Start date of the crediting period - Length of the crediting period - Validation report
First transfer	The point in time when first transfer happens is nationally defined, based on CMA guidance and triggers a Corresponding Adjustment.	The registry keeps track of ITMOs first transferred and the need for a CA.	<ul style="list-style-type: none"> - Monitoring report - Verification report - Start date, end date and length of the monitoring period - Amount of ITMOs issued with unique identifiers
(Second) transfer	Any further transfer of ITMOs. No CA required.	The registry accounts for the balance of second transfers, if relevant.	<ul style="list-style-type: none"> - Idem
Acquisition	ITMOs acquired from other host countries. Currently not relevant for Zambia. ITMOs are expected to be only transferred out of Zambia to other countries.	A simple registry function to account for potential ITMO acquisitions might be included.	<ul style="list-style-type: none"> - ITMOs acquired from other Parties with unique identifiers

⁸ CMA requirements are listed in Annex 2 of the Informal note by the co-facilitators on SBSTA 58 agenda item 13 Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement and in decision 2/CMA.3 Version 14/6/2023 2:00. Source: https://unfccc.int/sites/default/files/resource/Art6.2_Informal_note_SBSTA58.i13.2.pdf



ITMOs use towards NDCs	Authorised ITMOs used to achieve another party's NDCs	The registry keeps track of ITMOS that are authorised and used towards another party's NDC achievement. The amount of such ITMOs needs to be reflected in the CA.	- ITMOS used for NDC target achievement, with unique identifiers
ITMO use for OIMP	ITMOs used for OIMPs.	The registry keeps track of ITMOS that are authorised and used towards OIMP. The amount of such ITMOs needs to be reflected in the CA.	- ITMOS used for OIMP, with unique identifiers
Voluntary cancellation	ITMOs that are not transferred but cancelled and thus not counted towards an NDC or OIMP. MOs cancelled towards OMGE.	The registry keeps track of cancelled ITMOs. A CA is required.	- ITMOS that are cancelled, with unique identifiers

89. ZEMA shall report to the TSCCC and MGEE on the performance of mitigation activities and the number of MOs issued. The reporting shall be made at least once per year.

90. The national carbon registry shall be linked to UNFCCC's Centralized Accounting and Reporting Platform (CARP) through an Application Programme Interface (API). This shall ensure the seamless and transparent exchange of information on mitigation activities, their performance and related issuance. This will ultimately avoid so-called double issuance and double use.

91. ZEMA shall compile relevant information from the national carbon registry and provide this to MGEE to enable MGEE to meet its reporting obligations to UNFCCC including:

- j. Annual Information (AI), see Annex X)
- k. Regular information (see Annex X)



9. PROCESSES FOR SUBMISSION, APPROVAL AND VERIFICATION OF MITIGATION ACTIVITIES

9.1. GENERAL PROVISIONS

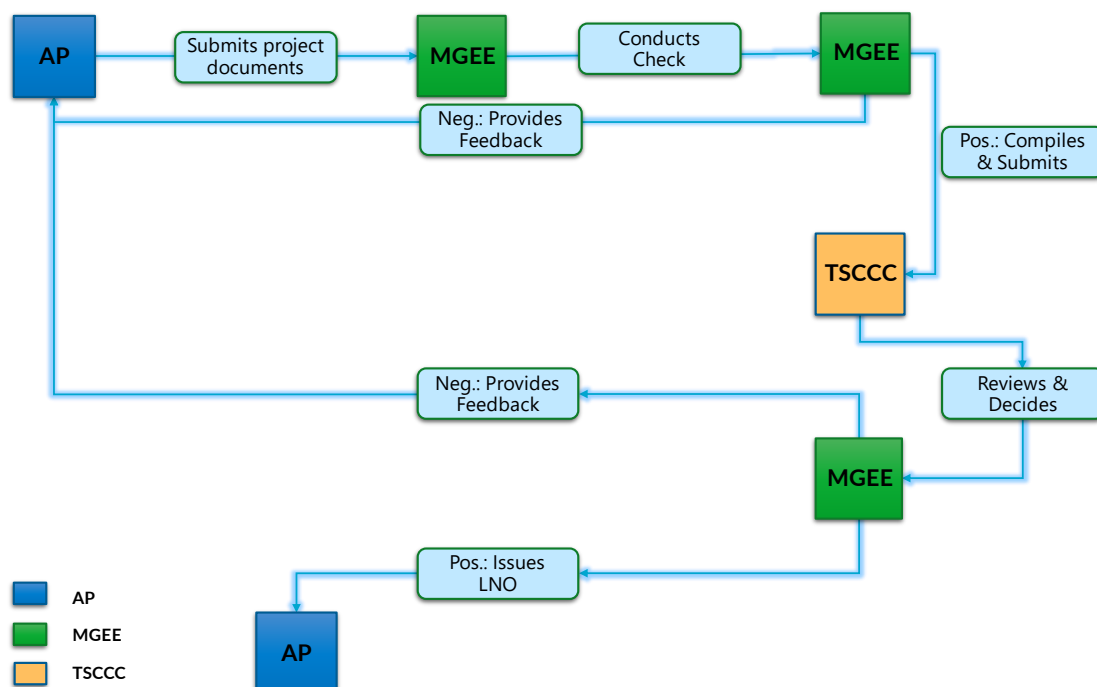
92. MGEE's website shall provide a dedicated email address of the A6 Secretariat, which shall be used for A6 related submissions and inquiries.
93. TSCCC focal points and alternates (1 focal point, one alternate per Ministry/Institution) will be nominated and the A6 Secretariat shall maintain a database including names, functions, email and phone numbers.
94. TSCCC shall make A6 related decisions following the below procedure:
 - i. A quorum of 2/3rd members from the TSCCC shall be present for the TSCCC to be able to make decisions.
 - ii. The representative members of the TSCCC shall be consistent. Each Ministry/Institution nominates 1 member along with 1 alternative to the TSCCC.
 - iii. Indicators N°1-3 and N°5-16 are "must indicators" and A6 mitigation activities' non-compliance to these indicators shall lead to their rejection by the TSCCC.
 - iv. While all A6 mitigation activities must provide the information related to indicator N°4, there is no floor price defined, and the indicator is hence 'for information only'. It is up to the TSCCC's expert judgment (Considering Annex VI) on whether to approve or reject A6 mitigation activities with low carbon prices.

9.2. STAGE 1: MAIN PHASE

95. Figure below provides an overview on the steps for a successful completion of the MAIN phase.



FIGURE 7: STEPS FOR THE COMPLETION OF THE MAIN PHASE



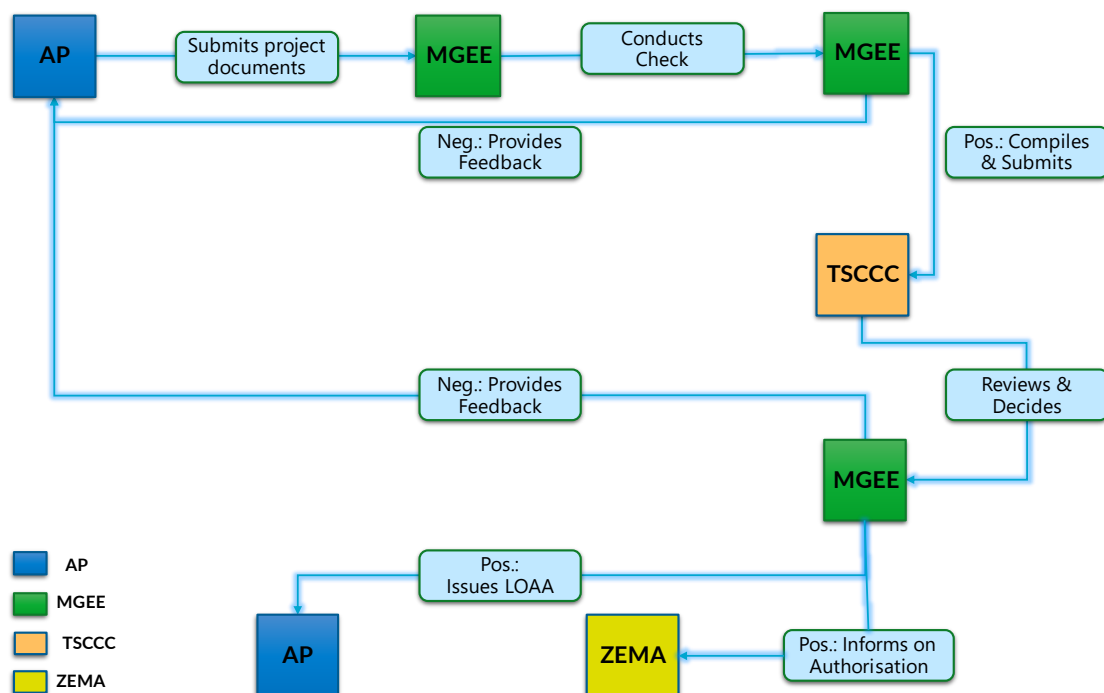
96. The AP shall submit a letter specifying the request for no objection of a project and attach a complete MAIN to the A6 Secretariat via email.
97. The A6 Secretariat conducts completeness checks within 5 workdays and will inform the AP on the outcome:
 - i. If the submission is incomplete, the A6 Secretariat will provide the AP with specific feedback on incomplete requirements within 5 workdays.
 - ii. If the submission is complete, the A6 Secretariat will provide the AP with a completeness confirmation within 5 work days.
98. The TSCCC will convene at least once per quarter and further on need-basis. The A6 Secretariat will compile all submissions and provide submissions via email to all the TSCCC members and alternates at least 14 calendar days before the meeting.
99. The TSCCC members will review all submissions before the meeting.
100. During the meeting the TSCCC will make decisions on all submissions following the procedure defined in #92.
101. The A6 Secretariat will provide written feedback to the AP on the TSCCC's decisions within 10 workdays after the meeting.
 - i. In the case of rejection, the A6 Secretariat will inform the AP on the cause of rejection and invite the AP to resubmit with revisions, if applicable.
 - ii. In the case of positive assessment of the MAIN, the A6 Secretariat will issue a Letter of No Objection (please refer to Annex II for a draft letter).



9.3. STAGE 2: MADD PHASE

The figure below provides an overview on the steps for a successful completion of the MADD phase.

FIGURE8: STEPS FOR THE COMPLETION OF THE MADD PHASE



102. The AP shall submit a letter requesting approval and authorisation and attach the MADD and the following supporting information to the A6 Secretariat:
 - i. MADD including, mapping of program performance against indicators included in Section 4.3;
 - ii. Excel file on financial additionality proof;
 - iii. Excel file with GHG mitigation outcome calculation;
 - iv. Positive validation report by a qualified and registered DOE.
103. The A6 Secretariat will conduct a completeness check within 10 workdays and inform the AP on the outcome:
 - i. If the submission is incomplete, the A6 Secretariat will provide the AP with specific feedback on the missing requirements within 5 workdays.
 - ii. If the submission is complete, the A6 Secretariat will provide the AP with a completeness confirmation within 5 workdays.
104. The A6 Secretariat compiles all submissions and provides the submissions via email to all the TSCCC members and alternates at least 14 calendar days before the meeting.
105. The TSCCC members review all submissions before the meeting and takes decisions during the meeting.

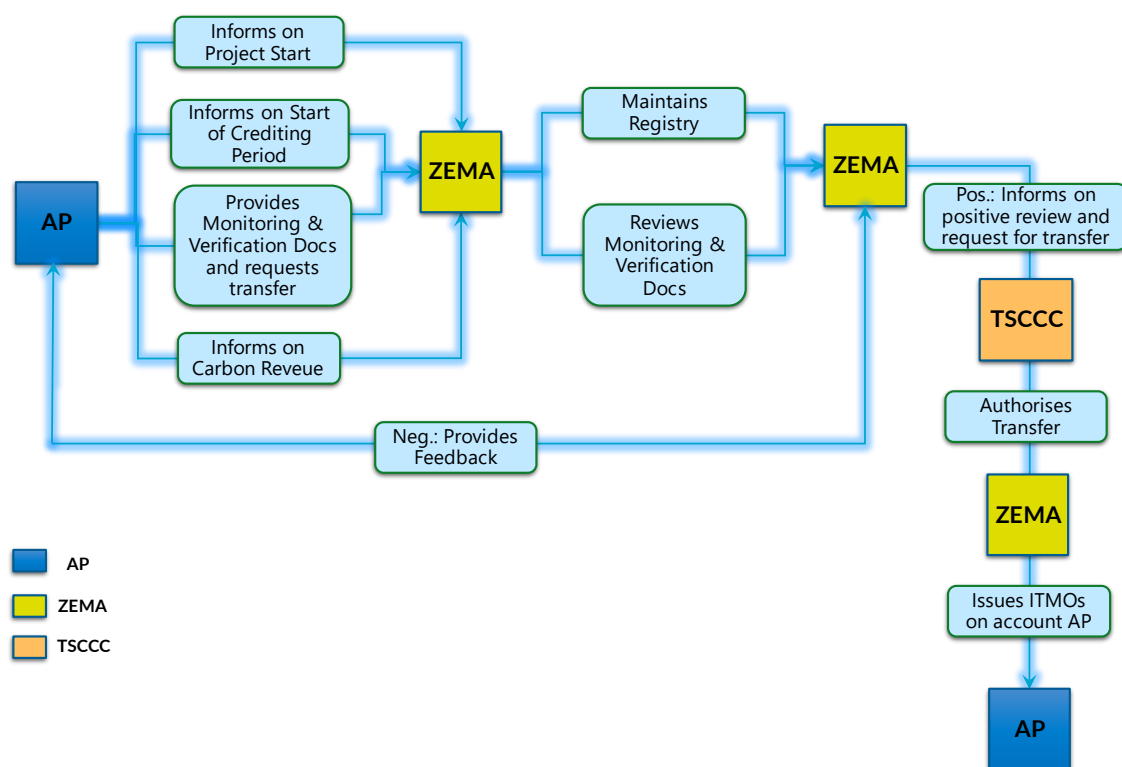


106. The A6 Secretariat provides written feedback to the AP on TSCCC's decisions after the meeting:
- In case of negative assessment by TSCCC, the A6 Secretariat will within 10 workdays inform through a rejection letter to the AP on specific deficiencies and invite the AP to resubmit with revisions.
 - In case of positive assessment, the A6 Secretariat will inform AP and issue a Letter of Approval and Authorisation (see Annex IV for a draft letter) within 30 calendar days.
107. The A6 Secretariat will inform the ZEMA about approval before sending the authorisation letter to the AP.

9.4. STAGE 3: IMPLEMENTATION

108. Figure below provides an overview on the steps required for the implementation of A6 activities and related issuance of ITMOs.

FIGURE 9: STEPS OF THE IMPLEMENTATION PHASE



109. The AP is required to inform the ZEMA on the activity start (please refer to the glossary for a definition) within 5 workdays.
110. The AP shall inform the ZEMA on the start of the crediting period (please refer to the glossary for a definition) within 10 workdays.
111. If the AP starts the verification of the monitoring report, the AP shall i) inform the ZEMA about the intended verification and ii) provide the draft monitoring report within 10 work days to the ZEMA after signing the contract with the DOE.



112. The AP may provide annual monitoring reports and related verification statements by DOEs to the ZEMA.
113. ZEMA will maintain a registry including:
- A6 activity ID;
 - A6 activity title;
 - Activity start;
 - Start and end date of the crediting period;
 - Store underlying documents (i.e., MADD, validation report, Excel file with financial additionality proof, Excel file with GHG estimate, monitoring report, verification report).
114. The ZEMA shall conduct an "assessment of the implementation of the mitigation activity", as described in the monitoring report. This assessment shall be carried out within 30 work days after receiving notification by the AP on the start of the verification of the monitoring report, as defined in #111.
- The ZEMA shall review the draft monitoring report.
 - The ZEMA may conduct a site visit for assessing the mitigation activity on the ground and provide a report and possibly a list of questions to the DOE.
115. The DOE shall consider the findings raised by the ZEMA in the "assessment of the implementation of the mitigation activity" and shall reflect the outcome in its verification report.
116. If the monitoring report and the external verification statement confirm the successful implementation of the A6 activity, then ZEMA shall assess the monitoring report against the terms of authorisation with respect to:
- Actual volume of ITMOs to be issued shall be equal or lower than annual volume of ITMOs specified in the MADD, and
 - Accumulated volume of ITMOs issued (i.e. issued during for previous monitoring periods and the current monitoring period) shall be equal or less than the total volume specified in the MADD for the approved crediting period.
- This assessment shall be conducted within 20 workdays after the submission of monitoring report and verification statement.
117. If the verification report and the underlying monitoring report do not comply with the provisions of #114 and #116, the A6 Secretariat shall communicate the findings to the AP within 5 workdays after assessment, inviting the AP to resubmit an amended monitoring report and verification statement.
118. If the monitoring report and verification statement is in consistency with the terms of the authorisation and passes ZEMA's assessment of the implementation of the mitigation activity, then ZEMA shall inform the TSCCC for authorisation to issue ITMOs to the account of the AP within 10 workdays after assessment.
119. If an AP activity does not provide a verification statement by 1st July (for the previous year), then the AP must provide a written statement to the ZEMA on the activity status.
120. If the AP fails to provide either verification report or activity status report, then after three years of non-communication, the TSCCC may or may not decide to withdraw the authorisation.
121. The ZEMA shall store the verification statement and the monitoring report for each activity within 10 workdays after receipt.

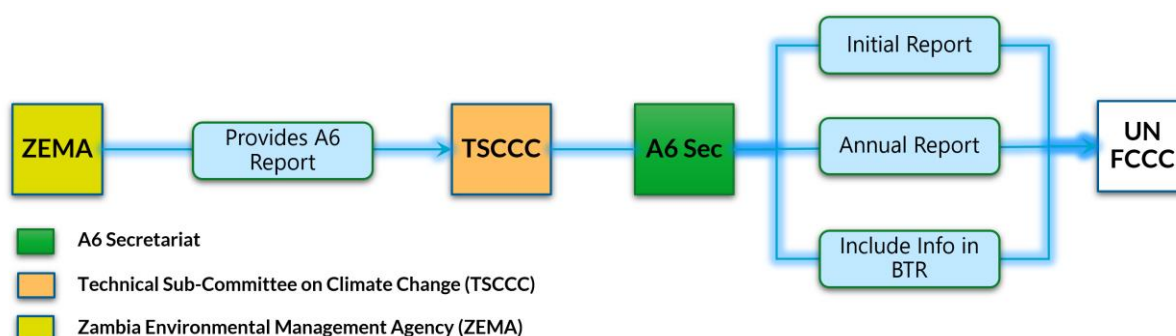


122. The AP shall provide the ZEMA with information on the gross carbon revenues for each calendar year. The information is due at the 31st January of the subsequent year. The ZEMA must treat the related information on confidential basis and may provide aggregated information to the A6 secretariate and the TSCCC.

9.5. STAGE 4: REPORTING

123. The figure below provides an overview on the steps for the consistent reporting within Zambia and to the UNFCCC Secretariat.

FIGURE 10: STEPS FOR THE REPORTING OF A6 IMPLEMENTATION IN ZAMBIA



124. ZEMA shall provide an annual A6 report to the A6 secretariate and the TSCCC. This report is due at the first TSCCC meeting in Q3. And shall comprise the following information:
- Status on A6 implementation in Zambia including information on the number of mitigation activities, sector and activity type, year, unique serial numbers, volume of MOs, investment volume.
 - Use of ITMOs towards NDC and ITMOs used for other mitigation purposes.
 - First transfer, acquisition, holdings, and cancellation
 - Recommendations for the potential improvement of Zambia's Carbon Market Framework.
125. The A6 Secretariat shall prepare and submit an A6.2 Initial Report to UNFCCC secretariat before issuing the first authorisation letter to the AP. It shall comprise of the following information:
- Fulfilment of participation requirements
 - NDC related information
 - ITMO metrics and the method for CA for single-year or multi-year NDC targets
 - Information for each cooperative approach
126. The A6 Secretariat shall prepare quantitative information on A6 transactions in an electronic format and submit information as Annual Report to the UNFCCC secretariat.
127. The A6 Secretariat shall prepare regular information on Zambia's A6.2 cooperation approach as an Annex to Biennale Transparency Reports. It shall comprise of the following information:
- CA regarding the progress towards implementation and achievement of its NDC
 - ITMOs sold and will not be further transferred, cancelled or used otherwise
 - Information of each cooperative approach (i.e., contribution to NDC, SD, EI etc.)
 - Annual level of emissions covered by the NDC on an annual basis and emissions balance reflecting the emissions covered by NDC and CA for transfers



- v. Any other information consistent with decisions adopted by the CMA on reporting under Article 6.



CHANGE LOG

Version 3.1, 8th December 2024

- Decision, on OMGE to be applied by Acquiring Parties, amendment of #52-#54
- Decision on MOs from “VCM projects issuing A6-labelled carbon credits with Corresponding Adjustment” to be conducted in the National Carbon Registry, amendment of #64
- DOE
 - o Specification of the implication of the technical expert, amendment of #76
 - o Specifications for DOEs with respect to validation and verification, addition of #74
- Issuance of a Letter of Approval and Authorisation
 - o Provision for ZEMA to conduct onsite verification, #11 and #114-115
 - o Inclusion of cap on authorisation limited to ex-ante volume, specification of Annex IV, #4
 - o Authorisation is contingent to successful conduction of onsite by ZEMA, addition of Annex IV, #6.

Version 3.0, 20th September 2024

- Edits to objective and scope, (Chapter 1)
- Inclusion of institutional arrangements (Chapter 2)
- Specification of indicator N°1, Chapter 4 with respect to lock-in of fossil fuels
- Inclusion of provisions for share of proceeds, fees and overall mitigation in global emissions (Chapter 5)
- Inclusion of provisions for the voluntary carbon market and – projects (Chapter 6)
- Inclusion of registry provisions (Chapter 7)
- Inclusion of DOE registration provisions (Chapter 8)
- Amendments to Annex VIII to address REDD+ projects and inclusion of Annexes IX, X and XI

Version 2.2, 6th October 2023

- Edits and layout changes to improve clarity
- Amendment of the section scope to improve information on the content of the carbon market framework
- Inclusion of draft letter for authorisation in Annex XI
- Inclusion of MADD outline in Annex II

Version 2.1, 11th August 2023

- Amendment of indicator N°1, specification on dam hydropower plants
- Amendment of indicator N°2, specification of NPV and IRR as additionality criteria.
- Removal of indicator N°14, SD safeguards.
- Addition of new indicator as indicator N°14 on benefit sharing plan.

Version 2.0, 19th May 2023

- Refinement and amendment of indicators to be considered
- Definition when indicators are to be applied
- Addition of institutional processes for decision making



Version 1: Interim Guidelines on Carbon Market and Trading, 19th December 2022



ANNEX I: MAIN TEMPLATE

A link to the MAIN Template can be found [here](#).



ANNEX II: DRAFT LETTER OF NO OBJECTION

Sample letter to be issued by MGEE to AP seeking authorisation of MAIN for Corresponding Adjustment after preliminary consideration by TSCCC

[Ref.]

[Date]

[AP Address]

Re.: Letter of No Objection – Title of the Mitigation Activity

Reference is made to the subject matter above.

I write to acknowledge with thanks, receipt of letter and your Mitigation Activity Idea Note dated [Date], regarding the implementation of [Title of the Mitigation Activity].

I wish to inform you that the Ministry, severing as Secretariat for the Technical Sub – Committee for Climate Change (TSCCC) acknowledges the interest of the activity proponent [name] in using carbon finance for co-financing of the mitigation activity [name]. The activity proponent [name] has submitted preliminary information on the mitigation activity, which was assessed for completeness, submitted to the TSCCC.

After careful evaluation of the preliminary information, the TSCCC during the meeting held between [Date] does not have any objections against the proposed mitigation activity. The TSCCC recommends that the mitigation activity in general is aligned with the requirements of Zambia's Carbon Market Framework. Hence, the activity may be considered for authorisation for a so-called Corresponding Adjustment at a future development stage.

It is against this background that I wish to issue you this **Letter of No Objection** to enable you to proceed with the development of a full proposal, the Mitigation Activity Design Document (MADD).

The TSCCC will take a decision on the authorisation or rejection of the proposed mitigation activity upon the provision of a completed Mitigation Activity Design Document, a positive validation statement by Designated Operational Entity and other supporting documentation, as specified in Zambia's Carbon Market Framework, Chapter 3.

I look forward to your submission of the project proposal.

[Name]

Permanent Secretary

Ministry of Green Economy and Environment



ANNEX III: MADD TEMPLATE

Please find a link to the MADD Template [here](#).



ANNEX IV: DRAFT LETTER OF APPROVAL AND AUTHORISATION

Sample letter to be issued by MGEE to AP seeking authorisation of MADD for Corresponding Adjustment after preliminary consideration by TSCCC

Please note, that details of the authorisation letter need to be negotiated on a case to case basis.

[Ref.]

[Date]

Re.: Letter of Approval and Authorisation – Title of the Project

Reference is made to the subject matter above.

I write to acknowledge with thanks, receipt of letter and your Mitigation Activity Design Document dated [Date], regarding the implementation of xxx.

1. As stipulated in the Carbon Market Framework of the Republic of Zambia, the Ministry of Green Economy and Environment, Department of Green Economy and Climate Change is mandated to issue a Letter of Approval and Authorisation for an activity to be carried out under Article 6 of the Paris Agreement.
2. MGEE confirms that the [NAME OF THE PROJECT OR PROGRAM] satisfied all the pre-conditions for authorizing mitigation outcomes for international transfers as set out in Zambia's Carbon Market Framework.
3. MGEE hereby grants formal approval for implementation and authorisation of the Internationally Transferred Mitigation Outcomes (ITMOs) that are generated from implementing the [NAME OF THE PROJECT OR PROGRAM] based on the information outlined in the Mitigation Activity Design Document (MADD) and in the Validation Report.
4. This authorisation is applicable for the period 2025 to 2030 with the option to renew for a possible subsequent NDC period and is constrained to the volume of ITMOs specified in the MADD
5. The approval may be revoked if the activity proponent fails to submit monitoring reports regularly in line with the details specified in #115 and 116 of the CMF, Version 3.0.
6. The authorisation of ITMOs will be conducted based on monitoring reports and positive verification statement by a qualified DOE. Following the provisions of Chapter 9.3 of Zambia's Carbon Market Framework, this is contingent to results of conducting an "assessment of the implementation of the mitigation activity" by the ZEMA, the consideration of the ZEMA's findings in the DOE's verification statement. This Letter of Approval and Authorisation guarantees Zambia's recognition of the ITMOs arising from the Article 6 Mitigation Activity and their use towards Nationally Determined Contribution (NDC) commitment of the acquiring party or other mitigation purposes as agreed with the acquiring party, and commits to transfer the amount of authorised,



- verified and positively examined ITMOs from this mitigation activity to the acquiring party.
7. This Letter of Approval and Authorisation constitutes Zambia's authorisation as defined by the Carbon Market Framework of the Republic of Zambia for the Article 6 Mitigation Activity with the following:
 - i. ITMOs generated in respect of or representing mitigation from 2023 onward, spanning through the NDC implementation period up to 2030;
 - ii. ITMOs generated from the authorised mitigation activity will not be used by the Republic of Zambia to demonstrate the achievement of its own NDC;
 - iii. Mitigation Outcomes from the authorised mitigation activity will be recognized into Zambia's Article 6 registry, and the transfer and use of ITMOs are consistent with the guidance and relevant decisions of the CMA.
 8. This Letter of Approval and Authorisation does not imply or provide a commitment on the part of the Republic of Zambia to support or fund the authorised mitigation activity in the event that any parties have legal or environmental requirements for the construction and operation of the mitigation activity not fulfilled and the mitigation activity, therefore, is unable to proceed.
 9. Through this Letter of Approval and Authorisation, the Republic of Zambia confirms to follow all requirements of the Paris Agreement, including reporting, preventing double-counting and double-claiming, and undertaking Corresponding Adjustment
 10. By this Letter of Approval and Authorisation, the Republic of Zambia commits to apply Corresponding Adjustment (single-year target accounting approach by calculating average annual ITMOs transfers over 2021-2030), consistently with the guidance referred to in Article 6 of the Paris Agreement and relevant future decisions of the CMA, in a transparent, accurate, complete, comparable, and consistent manner.
 11. The Letter of Approval and Authorisation shall be applicable until the timing of the authorisation elapses, unless under unforeseeable circumstances that may prevent the mitigation activity developer or acquiring party from fulfilling the terms and conditions of this letter. In such a situation the MGEE, the mitigation activity proponent and the acquiring party will agree on an alternative resolution arrangement

[Name]

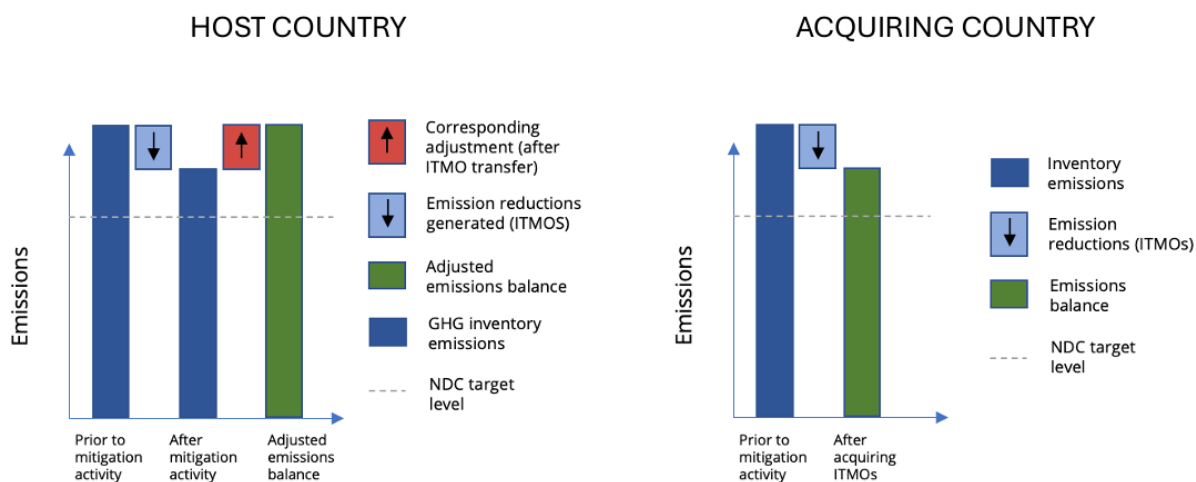
Permanent Secretary

Ministry of Green Economy and Environment



ANNEX V: EXAMPLE OF CORRESPONDING ADJUSTMENT

FIGURE 5: EXAMPLE IF CORRESPONDING ADJUSTMENT



Source: UNDP, 2024, Operationalizing Article 6.2 of the Paris Agreement: Achieving ambitious climate action through cooperative approaches



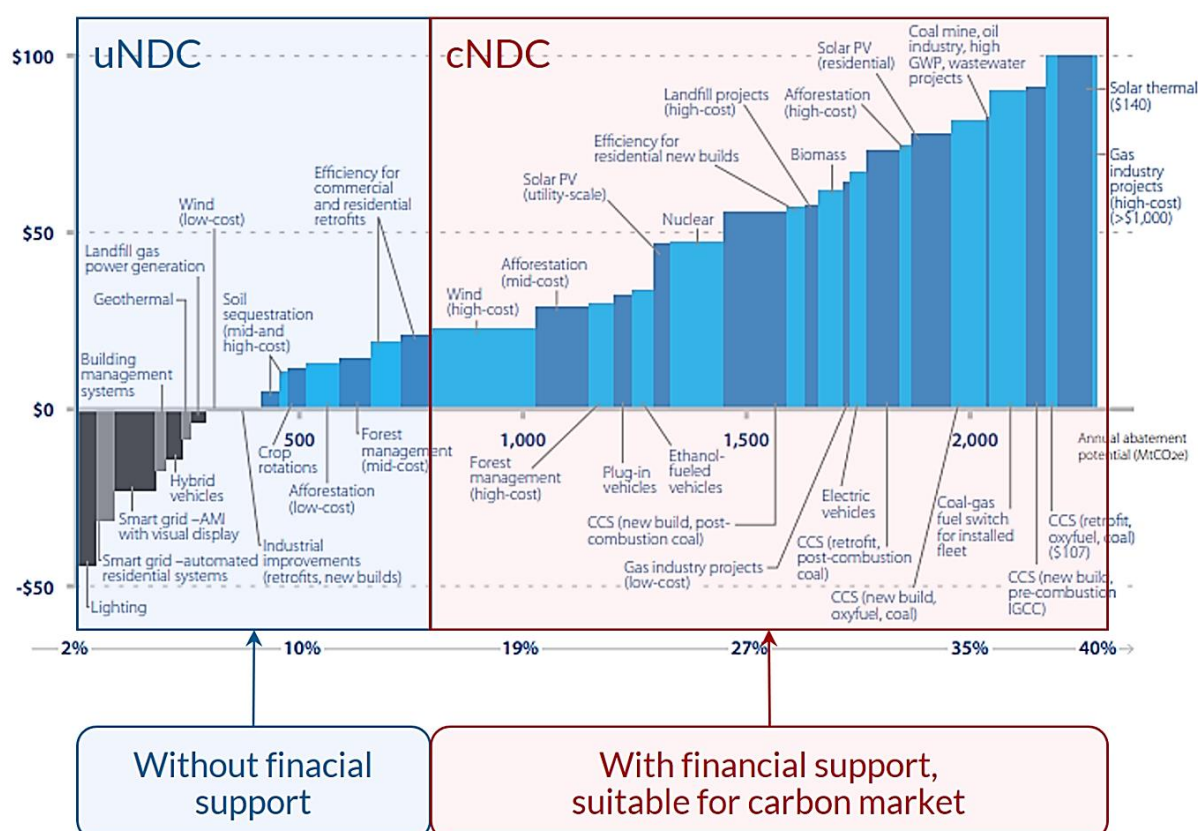
ANNEX VI: CONSIDERING MAC & UNDC TARGET

The government of Zambia committed, through its NDC target, to reduce its GHG emissions by 25% (estimated at 20 M tCO₂e). To reduce costs and have a realistic chance to achieve the planned target, stakeholders should focus on implementing mitigation measures with low marginal abatement cost first, before investing into more expensive abatement options.

For such considerations, the marginal abatement cost function is a helpful illustration. On the x-axis, the marginal abatement cost (MAC) function shows abatement potential (i.e., not the emissions, but mitigation outcome potentials). On the y-axis, the function shows the marginal abatement cost, i.e., the cost of one unit of mitigation outcome. Negative marginal abatement cost indicate that it is possible to i) reduce emissions and ii) save money compared to the current status. The marginal abatement cost function ranks the cheapest abatement opportunities (from left) to the most expensive (right).

Of course, governments and stakeholders aim to implement the cost efficient and low-cost abatement options to achieve its unconditional NDC target and keep the more expensive abatement options for the external financial support, including carbon markets. The below graph aims to illustrate this thinking.

FIGURE 6: EXAMPLE OF A MARGINAL ABATEMENT COST FUNCTION



Source: Adopted from Bloomberg New Energy, 2010

In practice, stakeholders and government of Zambia did not assess the marginal abatement costs of all abatement options in detail. However, to inform the TSCCC on whether it is approving a low-cost abatement option for a Corresponding Adjustment or not, APs are required to provide information on their minimum carbon price.



ANNEX VII: DETERMINATION OF THE CARBON PRICE

A6 mitigation activities require carbon revenues, to become financially viable. Indicator 4 requires APs to provide related information at two levels:

- i) Indicative information on the minimum carbon price required minimum carbon price at the MAIN level / when requesting a letter of no objection from TSCCC; and
- ii) An accurate estimate of the minimum carbon price, based on a validated MADD.

This shall inform TSCCC on the abatement cost of the A6 mitigation activity. The below section provides provisions for the estimate of the minimum carbon price.

The carbon price shall be developed in consistency with the provisions of the latest version of the CDM Tool 1: Tool for the demonstration and assessment of additionality (Version 7.0), Step 2b benchmark analysis. The MAC shall be determined by dividing:

- i) The GHG mitigation outcome potential (i.e., ex-ante estimate) over the lifetime of the A6 program, with the
- ii) The carbon payment needed to increase the internal rate of return from its current value to financial benchmark.

BOX 1: EXAMPLE FOR THE CALCULATION OF THE CARBON PRICE

A mitigation measure reduces 1 MtCO₂ emissions over a lifetime of 10 years. Without carbon payments, the project features an internal rate of return of 2%. The prime lending rate in the host country, however, amounts to 10%. Hence, the project cannot be implemented w/o financial support and financial additionality is demonstrated.

In order to increase the IRR from 2% to 10% (i.e., financial viability), the mitigation measure requires carbon payments of 10 M EUR. The carbon is determined as follows:

$$\text{Carbon Price} = \frac{\text{Carbon Payment}}{\text{Emission Reductions}} = \frac{10 \text{ M EUR}}{1 \text{ MtCO}_2} = 10 \text{ EUR}$$

The carbon price estimate shall be provided to the CFP at the time of requesting a Letter of No Objection / CA to allow the CFP to compare the project MAC with the marginal abatement cost of implementing the unconditional NDC target.



ANNEX VIII: LIST OF A6 ACTIVITY SCOPES

The following list of activity scope is taken from the Article 6.4 Standard for accreditation, Appendix 2.

To conduct the validation and/or verification/certification of an A6 activity and issue a validation and/or verification/certification opinion and report, a DOE shall be accredited in the sectoral scope(s) of the methodology(ies) applied by the A6 activity.

This shall assure that DOEs are familiar with sectoral scopes of specific activity they validate; e.g. a renewable energy A6 activity shall engage a DOE accredited under Scope 1 etc.

This rationale applies also to validation and verification bodies accredited under the Gold Standard, Verified Carbon Standard and the Swiss ITMO procurement program.

List of sectoral scopes, as per Appendix 2, Standard for A6.4 Accreditation:

1. Energy industries (renewable - / non-renewable sources)
2. Energy distribution
3. Energy demand
4. Manufacturing industries
5. Chemical industry
6. Construction
7. Transport
8. Mining/Mineral production
9. Metal production
10. Fugitive emissions from fuels (solid, oil and gas)
11. Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride
12. Solvents use
13. Waste handling and disposal
14. Afforestation and reforestation
15. Agriculture
16. Carbon capture and storage of CO₂ in geological formation
17. Other activities involving removals

Note: REDD+ projects should engage Validation and Verification Bodies accredited for this project type under the Verified Carbon Standard.



ANNEX IX: LIST OF ZAMBIAN VALIDATION & VERIFICATION EXPERTS

TABLE 7: LIST OF VALIDATION AND VERIFICATION EXPERTS

ID	First Name	Last Name	Email	Phone Nr.	Sectoral Expertise (1)	IPCC Training (2)	National GHG Inventory Works (3)	Work Experience with VVBs or DOEs (4)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								

Notes:

(1) Identify relevant IPCC sectors: Energy, Industrial Production and Product Use (IPPU), Land Use, Land Use Change and Forestry (LULUCF) and/or Waste (multiple sectors eligible)

(2) Has the expert successfully completed an IPCC training for the specific sector: Yes / No

(3) Has the expert contributed to the national GHG inventory of the specific sector: Yes / No

(4) has the expert worked with a designated operational entity, or validation and verification body in the past: Yes / No



ANNEX X: DOE REGISTRATION FORM

Date of submission of registration form	
Name of DOE / Validation and Verification Body	
Standard, under which the DOE holds an active accreditation (e.g. VCS etc.)	
Expiry date of accreditation	
Name, email address and telephone number of focal point for validations and verifications in Zambia	
Sectoral scope(s) for which the DOE holds active accreditation, as defined in the latest version of the Standard for Article 6.4 Accreditation, Appendix 2	

The DOE acknowledges the rules and requirements of Zambia's Carbon Market Framework and will consider the indicators, defined in Chapter 4, in its validation and verification processes. The DOE will issue positive validation and verification statements, if and only if the mitigation activity meets all relevant (i.e. indicators to be assessed at MADD level shall be considered for validation processes) indicators.

The DOE is aware of the requirements to include a national GHG inventory expert into the validation- or verification team. The DOE will engage at least one expert, included in the list of Zambia's Validation and verification experts, as maintained by Zambia's A6 Secretariat.

The financial compensation for the implication of Zambian experts shall be negotiated between the DOE and the expert w/o the implication of Zambia's A6 Secretariat.

The DOE shall assure that the Zambian experts implicated in the validation and verification processes do not face any potential conflict of interest.

The DOE acknowledges, that the registration as DOE under Zambia's A6 Secretariat is valid for one calendarer year and may be renewed thereafter, upon demand.

On behalf of the DOE
 [Name of officer]
 Dully authorised signatory



ANNEX XI: ADDITIONAL REGISTRY FUNCTIONS

In addition to the basic requirements listed in Chapter 6, the national registry should satisfy the annual and regular reporting requirements for parties participating in Article 6 activities.

The annual information is to be submitted in an 'agreed electronic format'. This information is an annual summary of transactions that were recorded in the national registry and include the following:

TABLE 8: REGISTRY FUNCTIONS RELATED TO ANNUAL INFORMATION

Item	Covered by basic function	Additional function required
Authorisation of ITMOs for use towards achievement of NDCs	Yes	Include in AI report template
Authorisation of ITMOs for use towards other international mitigation purposes	Yes	Include in AI report template
First transfer	Yes	Include in AI report template
Transfer	Yes	Include in AI report template
Acquisition	Yes	Include in AI report template
Holdings	Yes, as net sum of authorised but not yet transferred ITMOs	Include in AI report template
Cancellation	Yes	Include in AI report template
Voluntary cancellation	Yes	Include in AI report template
Voluntary cancellation of mitigation outcomes or ITMOs towards overall mitigation in global emissions	Yes	Include in AI report template
Use towards NDCs	Yes	Include in AI report template
Corresponding activity/status i.e. the cooperative approach, the other international mitigation purpose authorised by the Party, the first transferring participating party, the using participating party or authorised entity or entities)	Yes	Include in a respective list in AI report template

Regular information to be communicated as Annex to the Biannual Transparency Report (BTR) comprises of procedural explanations and updated ITMO information. While procedural explanations should be reflected in the registry set up where relevant (e.g. how permanent



cancellation is ensured), updated ITMO information should be generated by the registry. (As specified in FCCC/PA/CMA/2021/10)

TABLE 9: REGISTRY FUNCTIONS RELATED TO REGULAR INFORMATION

Procedural set up to be reflected in the registry set-up	Data reporting to be generated from the registry	Additional function required
General provisions		
Explanation how double counting was avoided, how they are representative of progress towards implementation and achievement of NDCs and did not lead to a net increase of emissions across participation Parties (21d)	Authorisations and information on its authorisation(s) of use of ITMOs towards achievement of NDCs and authorisation for use for other international mitigation purposes, including any changes to earlier authorisations (21c)	Include in RI report template
	ITMOs that have been used towards achievement of its NDC or mitigation outcome(s) authorised for use and that have been used for other international mitigation purposes will not be further transferred (21e)	
On each cooperative approach		
Ensure environmental integrity (22b)	Contribution to mitigation of GHG and implementation of national NDC (link to targets) (22a)	
Use of approved methodologies (22c)	Measurement of mitigation co-benefits resulting from adaptation actions and/or economic diversification plans (22e)	
Non-GHG metric	Annual quantity of ITMOs first transferred (23c)	
	Annual quantity of mitigation outcomes authorised for use for other international mitigation purposes and entities	



	authorised to use such mitigation outcomes, as appropriate (23d)	
	Annual quantity of ITMOs used towards achievement of its NDC (23e)	
	Net annual quantity of ITMOs resulting from paragraph 23(c-e) above (23f)	
	Total quantitative Corresponding Adjustment (23g)	
	Cumulative information in respect of the annual information referred to in paragraph 23(f) above (23h)	
	Amounts per the cooperative approach: sector, transferring party, using party and vintage of the ITMO for each cooperative approach	



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Supporting Preparedness for Article 6 Cooperation (SPAR6C)