



Ministry of Green Economy & Environment

The Zambia Eastern Province

Jurisdictional Sustainable Landscape Program

(EP-JSLP)

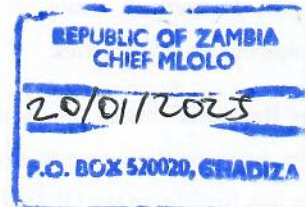
**CHIEFDOM EMISSIONS REDUCTION
PERFORMANCE AGREEMENT**

Between:

MLOLO Chiefdom,
District CHADIZA,
Province EASTERN

and

V. Zulu



The Eastern Province Jurisdictional Sustainable Landscape Program
(EP-JSLP)

A: The Agreement

This Emissions Reduction Performance Agreement, here referred to as the "CERPA" is entered into on this day _____, 20____ between the Zambia Eastern Province Jurisdictional Sustainable Landscape Program (EP-JSLP) (hereinafter referred to as "EP-JSLP") and MLOLO Chiefdom, (hereinafter referred to as the "Chiefdom") each a "party" and together the "parties" and shall remain in force for 30 years unless otherwise terminated as under section 7.

Whereas the Royal Highness is the traditional leader of the residents of His/her Chiefdom and on their behalf wish to undertake activities on the Eastern Province Jurisdiction Sustainable Landscape Programme (JSLP, as defined below) in order to reduce emissions from deforestation and forest degradation and enhance carbon sequestration on land in the Chiefdom as further defined in this Agreement:

Whereas, EP-JSLP is a Government of Zambia initiative within the Ministry of Green Economy and Environment and in such capacity shall enter into one or more emission reductions purchase agreements known as ERPAs for the trade in emission reductions generated from Eastern Province, in accordance with the Forest (Carbon Stock Management) Regulations, 2021 (Statutory Instrument #66 of 2021):

Whereas EP-JSLP acting as the authorized representative of Government, and the Royal Highness, acting as the authorized representative of the community in the chiefdom, both parties acknowledge the authority of the EP-JSLP to trade in emission reductions or additional sequestration generated by the programme in return for benefit sharing from EP-JSLP in the form of a performance based share of the revenues from sales of such emission reductions in accordance with the Forest (Carbon Stock Management) Regulations, 2021 (Statutory Instrument #66 of 2021):

1 Definition:

"Carbon Standard" means the ISFL carbon standard established by the World Bank Group under the Initiative for Sustainable Forest Landscapes (ISFL) as a GHG emission reduction or removed standard as updated or modified from time to time or any other applicable carbon standard as the Government through EP-JSLP may engage with.

"Emission Reduction" means all existing and future legal beneficial rights arising from Greenhouse Gas Reduction mitigation activities.

"Gross Revenues" means the cumulative monetised revenues received from the sale of Emission Reductions after any uncertainty or reversal risk buffer units that may be deducted by the ISFL Standards but held in the Transaction Registry of the EP-JSLP by ISFL.

"Emissions Reduction Performance Plan" means a plan agreed between the Community Groups represented in the Chiefdom and EP-JSLP that ensures all mitigation activities and associated performance indicators are identified and data collection and management systems defined as required under the applicable rules of the

applicable carbon standard are in place to allow subsequent successful Verification of Emission Reductions from the Programme Activity.

“Buyer” means the Carbon Credit Buyer acting as the buyer of the verified carbon credits.

“Verification” means the periodic assessment by a selected entity of the amount of emission reductions generated by the programme in accordance with the applicable rules of the Carbon standard.

“Programme Area” refers to the entire Eastern Province including all Chiefdoms. The programme is designed to protect and expand areas under natural forest cover on traditional land through mitigation activities to Reduce Emissions from Deforestation and Forest Degradation (REDD+) as well as improve agricultural productivity through climate smart agriculture (CSA) throughout the Chiefdom.

“Programme Activity” means all activities for the programme including, but without limitations:

- a. Zoning of customary land to implement a conservation vision for sustainable agricultural and land use practices in consultation with the Royal Highness, Community Members, Cooperatives Leaders, Community Forestry Management Groups, Private Sector Partners, Government Ministries, local government the EP-JSLP. These zoning decisions and land use practices will be formally adopted, implemented and monitored in an emissions reduction performance plan (ERPP).
- b. The identification and zoning of additional forested areas of sufficient hectareage designated as Community Forest Management Area (CFMA) for the purpose of control, conserving, preserving and protecting the said area to reduce deforestation, restore forest stock and wildlife habitat and generate income for the community through non timber forest products.
- c. Scaling up initiatives that have resulted in burgeoning (expanding) non-timber product markets such as honey when producers demonstrate commitment to forest protection.
- d. The adoption of fast-growing, coppicing leguminous trees in agro forestry systems represent a significant increase in firewood alternatives from renewable sources as well as increases in materials suitable for tradable carbon production. It can also make household energy supply sustainable.
- e. The adoption of wood-based energy-saving devices such as improved cookstoves by households and institutions across the Chiefdom.
- f. The planting and management of trees in plantations and woodlots as well as in open areas.

- 2 Purpose: This Agreement serves to incentivize and reward Green House Gas emissions reduction activities and actions across the Chiefdom through assigning roles, performance criteria and responsibilities as well as a system for monetary rewards through a results-based benefit sharing mechanism for participating groups and community level beneficiaries in conjunction with the EP-JSLP.

3 Terms:

3.1 Commencement:

This Agreement shall commence on the date of signing by both Parties and remain in effect for thirty (30) years unless terminated in accordance with this Agreement.

3.2 Legal Rights/Assignment

In terms of alienation of title for carbon rights, the legal basis for Government to transfer title of emission reductions (ERs) from EP-JSLP activities to third parties is based on the Laws of Zambia, the Constitution of Zambia (Amendment) Act, 2016 with referenced sections 255 to 257, as well as Part I section 3 of the Forests Act, 2015. This provides for Government ownership of carbon as a natural resource until lawfully transferred. EP-JSLP of the Ministry of Green Economy and Environment has received a Forest Carbon Stock Management Permit in accordance with the Forest (Carbon Stock Management) Regulations, 2021 (Statutory Instrument #66 of 2021):

3.3 Representation of the Chiefdom

As the legally recognized traditional authority of MLOLO chiefdom under the laws of Zambia, His/Her Royal Highness hereby warrants and represents:

- 3.3.1 That the chiefdom, his/her subjects and other local community groups has rights under legally recognized customary tenure or has rights recognized at law, whether customary, contract or otherwise, that entitle him/her/them to perform the programme activities on the land in the programme area and receive benefits and revenues from such use:

- 3.3.2 That the Royal Highness including recognized community groups have not sold, and will not sell, and has not licensed, disposed of, granted or otherwise created an interest in the Emission Reductions except as otherwise agreed to with respect to EP-JSLP under this agreement;

- 3.4 The Royal Highness agrees on His/her own behalf and on behalf of His/her subjects in the chiefdom to:

- 3.4.1 Hereby irrevocably transfer and assign all its legal claim, title and interest to Emission Reductions generated by the programme in the programme Area to EP-JSLP. Including all the rights to the issuance and forwarding of such emission reductions as issued units under any applicable carbon standard. For avoidance of doubt, transfer and assignment does not convey the real property rights of ownership to the land generating the emission reductions under existing Zambian laws and regulations.

- 3.4.2 Cooperate with EP-JSLP to fulfill requirements for verification of Emission reductions generated by the programme activities, including providing access to all relevant property and records.
- 3.4.3 Implement applicable requirements of the emissions reduction performance plans and the applicable safeguard measures, (including, but not limited to, the mitigation, monitoring, consultation and institutional measures recommended in the environmental and social framework for Eastern Province.
- 3.4.4 Establish and implement a benefit sharing plan with its individual members or groupings and EP-JSLP, approved/endorsed by the Government of the Republic of Zambia through the EP-JSLP that will ensure fair distribution or usage of revenue received by the chiefdom from EP-JSLP for transferred Emission Reductions generated under the programme and traded by the EP-JSLP. This Chiefdom benefit sharing plan shall be incorporated as an Annex II to this agreement.
- 3.4.5 Carry out the programme activities in accordance with the emissions reduction performance plan and maintain and operate the programme activity in accordance with sound sustainable land management practices, proper due diligence and high efficiency.
- 3.4.6 Form proper governance structures within the Chiefdom to ensure order in carrying out programme activities and resource utilization and distribution.
- 3.4.7 Open appropriate dedicated bank account(s) with reputable local bank(s) in the names of the beneficiary groups of the Chiefdom.
- 3.4.8 Satisfy any obligations in respect of applications for all licenses, permits, consents and authorizations required to implement the programme activities. Adopt, implement applicable requirements, and provide oversight on the implementation of the Emissions Reduction Performance Plan.
- 3.4.9 Implement and operate the programme activity in compliance with the mitigation, consultation, and institutional measures recommended in the environmental and social framework and any subsequent due diligence plans and compliance findings.
- 3.4.10 Work with EP-JSLP to provide information to prepare the annual programme progress reports, including progress on the implementation of section 4.4 and 4.5 below and the handling of grievance (if any) related to the Programme and their resolution.
- 3.4.11 Cooperate fully with the JSLP and the verification entity in respect of the implementation of the Emissions Reduction Performance Plan and verification, including providing relevant staff, employees, officials and contractors of the JSLP and verification entity in respect with access to all relevant property and records.
- 3.4.12 Take such further action to execute, file and deliver such documents, agreements, certificates and other instruments (under corporate seal if required) as necessary to perform the obligations under this agreement, including without limitation, the transfer of title of Emission Reduction.

v. Zulu

4 Rights and obligations of EP-JSLP

EP-JSLP agree to:

- 4.1 Maintain active existence of services in the chiefdom through direct support and/ or through partners to support individuals and households through local community groups (farming cooperatives, CRBs, CFMGs and others) involved with sustainable land management.
- 4.2 In the development of an emissions reduction performance plan, support chiefdom to undertake a process that ensures participation and broad support of all communities living in the programme area, including proper representation of groups and genders.
- 4.3 Facilitate transparent and accountable oversight mechanisms of compliance with emissions reduction performance plan through EP-JSLP/ Community groups (farming cooperatives, CRBs, CFMGs and others).
- 4.4 Provide the Chiefdom with any training required for the Chiefdom to meet all of its obligations, including the establishment and implementation of a clear, transparent and sufficiently independent grievance redress mechanism that will resolve grievances, related to the programme in a timely and effective manner.
- 4.5 Administer the programme, including:
 - 4.5.1 Measuring, reporting and periodical verification of emission reductions generated by the programme.
 - 4.5.2 Enter into emission reductions purchase agreements to trade emission reductions generated by the programme, including the ERPA with the third-party buyer(s).
 - 4.5.3 Collect from the Chiefdom, and if necessary, confirm the accuracy of, all information required to be collected under the emissions reduction performance plan and the applicable safeguard measures including, but not limited to, the mitigation, monitoring, consultation, and intuitional measures recommended in the Environmental and social framework.
 - 4.5.4 Pass onto the Chiefdom any notices it receives from the stakeholders as parties to this Agreement that are relevant to the Chiefdom.

5 Revenue allocation

The Parties agree to distribute gross revenues received from the buyer(s) from the transfer of Emission Reductions generated by the chiefdom under the programme subject to verification by auditors on behalf of the standard and performance-based allocations in accordance with the EP-JSLP Benefit Sharing Mechanism and Performance Assessment in terms of the Emissions Reduction Performance Plan annexed to this Agreement, as follows:

- 5.1 Fifty-five (55) percent of the gross revenue shall be allocated to the community. Of this 55%:
 - 5.1.1 Ten percent (10%) to his/her Royal Highness for services including support of conservation areas and oversight and implementation of the emissions reduction performance plan:

- 5.1.2 Ninety percent (90%) to the communities living in the programme area through an equitable, efficient and effective benefit-sharing plan to ensure community participation and enhance capacity to successfully implement emissions reduction plans. Eligible activities for funding under the benefit sharing plan may include incentives given to individuals/groups based on their commitment to conservation through compliance to set standards. The allocations will be determined and described in the benefit sharing plan Annex II. Activities include conservation of natural resources, support to livelihood activities, local infrastructure development. Note: funds are considered 'public funds' under the relevant legislation in force in Zambia and are as such, accountable.
- 5.2 Thirty percent (30%) of the gross revenue shall be allocated to Emissions Reduction Service Providers (public, private, non-government and civil society groups, for provision of emission reduction services to cover costs and expenditures related to programme implementation, transaction expenses, extension services and administration:
- 5.3 Fifteen percent (15%) of the gross revenue shall be allocated to GRZ to cover costs related to services they provide for the EP-JSL Programme including programme management and monitoring, reporting and verification.
- 5.4 EP-JSLP shall put in place a transparent and auditable system for the transfer of revenues from sales of Emission Reductions, with functional participatory monitoring and evaluation systems, paid for out of EP-JSLP's programme advisory service budget.
- 5.5 EP-JSLP's responsibility to distribute revenues described above is contingent on EP-JSLP's actual receipt of funds from trade of Emission Reductions. EP-JSLP shall not be held liable for the failure or default of the buyer of Emission Reductions to pay for purchased Emission Reductions in accordance with applicable emission purchase reduction agreements. EP-JSLP's obligations under this agreement are conditioned on its ability to find suitable buyers of Emission Reductions, which it does not guarantee and EP-JSLP shall not be held liable or responsible to the Chiefdom if it is unable to do so.
- 5.6 Interest accrued in JSLP Bank trading accounts: Project level: Interest accruing on project bank accounts at Programme level from trading VERs will be paid into a buffer fund to be utilised by the EP-JSLP to support performing Chiefdoms when overall ERs generated by the province are low. Additionally, to support local authorities in Eastern Province should disaster conditions be declared by Government. Funds will be properly accounted and reported upon to the JSLP Benefit Share Committee.
- 5.7 Use of non-performance deductions: Deductions that are made due to agreed non-performance based on the criteria in Annex I will be held on for one monitoring period against the name of the Chiefdom. This will be released upon meeting the agreed actions detailed in the performance assessment. If these actions are not cleared by the start of the subsequent monitoring period, the amount will be placed in the JSLP buffer fund for allocation to other beneficiaries upon the approval by the JSLP Benefit Share Committee.

6 ENTIRE AGREEMENT

This Agreement shall constitute the whole of the terms agreed between the parties hereto in respect of the subject matter of this Agreement provided that nothing in this clause shall limit a party's liability for fraudulent misrepresentation.

7 NO PARTNERSHIP OR AGENCY

Nothing in this Agreement shall constitute or be deemed to constitute a partnership, agency or joint venture between the parties hereto or constitute or be deemed to constitute either party the agent of the other for any purpose whatsoever and neither party shall have any authority or power to bind the other or to contract in the name of or create a liability against the other.

8 WAIVERS

Unless otherwise agreed in writing, no failure by either party to exercise any right or remedy available to it hereunder nor any delay so to exercise any such right to remedy shall operate as a waiver of it nor shall any single or partial exercise thereof agent of the other for any rights or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy.

9 AMENDMENTS

No waiver, alteration, variation or addition to the Agreement shall be effective unless made in writing by both parties and signed by authorised signatories of both parties.

- 9.1 So long as the Chiefdom Emission Reduction Performance Agreement is in effect, this agreement shall remain in full force and effect and shall not be amended in any material way without the prior written consent of the parties involved, which shall not be unreasonably withheld.
- 9.2 An amendment shall not be effected without the approval and the legal advice of the Attorney General.

10 SEVERABILITY

If any provision or condition of the Agreement is prohibited or rendered invalid or unenforceable, such prohibition, invalidity or unenforceability shall not affect the validity or enforceability of any other provision of the Agreement.

11 ILLEGALITY

If any term or provision of the Agreement or any part of such a term or provision shall be held by any court, of competent jurisdiction to be illegal or unenforceable, under any enactment or rule of law, such term or provision shall to that extent be deemed severable and not to form part of the Agreement, but the validity and enforceability of the remainder of the Agreement shall not be affected.

12 GOVERNING LAW

This agreement will be governed by the Laws of Zambia.

13 SETTLEMENT OF DISPUTE

Any disputes arising between the parties at any time shall first be submitted to the independent grievance redress mechanism established and funded by EP-JSLP with its share of gross revenue. If after twenty-eight (28) days, the Parties have failed to resolve their disagreement or dispute by such mutual consultation, then either Party may give notice to the other Party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given. Any dispute or disagreement shall be finally settled by arbitration administered by the Lusaka International Arbitration Centre (LIAC) in accordance with the LIAC Arbitration Rules. The decision of the Arbitrator shall be final and binding on the Parties. The Parties shall jointly appoint an Arbitrator. Should the Parties fail to appoint an Arbitrator within fourteen (14) days of notice requiring them to appoint an Arbitrator, the LIAC shall appoint the Arbitrator. The seat of arbitration shall be Lusaka, Zambia. The language of the arbitration shall be English.

Notwithstanding any reference to arbitration herein, the Parties shall continue to perform their respective obligations under the Agreement unless they otherwise agree.

14 TERMINATION

14.1 Either Party may terminate this agreement if the other party fails to perform its obligations and comply with the requirement set forth in the agreement. 14.2. Prior to the termination of this agreement by the non-breaching party, it shall provide written notice of the alleged breach to the other Party (Party in default) 14.3. The Party in default shall be given the opportunity to cure the alleged breach of the agreement within 30 days after the notice has been submitted. 14.4. If the Party in default fails to cure the breach within 30 days of such notice to the satisfaction of the other Party, the non-breaching party may terminate this agreement. 14.5. This agreement may be terminated by EP-JSLP with written notice. 14.6. In the event that EP-JSLP ceases to act as the programme manager for Government, withdraws from its involvement in the programme, or ceases to exist. 14.7. If the programme fails to achieve programme accreditation, Emission Reductions do not obtain verification or other events beyond EP-JSLP's control prevent the continued implementation of the programme as contemplated by the Emissions Reduction Performance Plan.

15. FORCE MAJEURE

Neither Party will be liable for any loss or damage suffered or incurred by the other Party due to force majeure: either Party may terminate this agreement if an event of force majeure persists for ninety (90) days that prevents a Party from fulfilling its obligations under this agreement. An event of force majeure includes war, riot, insurrection, civil unrest, martial law, national general strike, wildfire, insect infestation, outbreak of plant diseases, flood, earthquake, storm, or any other circumstance beyond the control of parties (including a change of law)

The Parties have signed this agreement in five (5) originals as of the date indicated above.

Duly authorized for and on behalf of:

Royal Highness

Name: VAKACHANI, Zulu

Sign: N. Zulu

EP-JSLP

Name: Noel Muchimba

Title: PC

Sign: hmba

Witnessed by CFMG

Name: RODGERS MITI

Title: SECRETARY

Sign: Rodi

Witnessed by CFMG

Name: LABANI PHIRI

Title: NAUNA

Sign: L. Phiri

Witnessed by CFMG

Name: CHARLES MAWERE

Title: NAUNA

Sign: O. mawere

Witnessed by Cooperative (1)

Name: _____

Title: _____

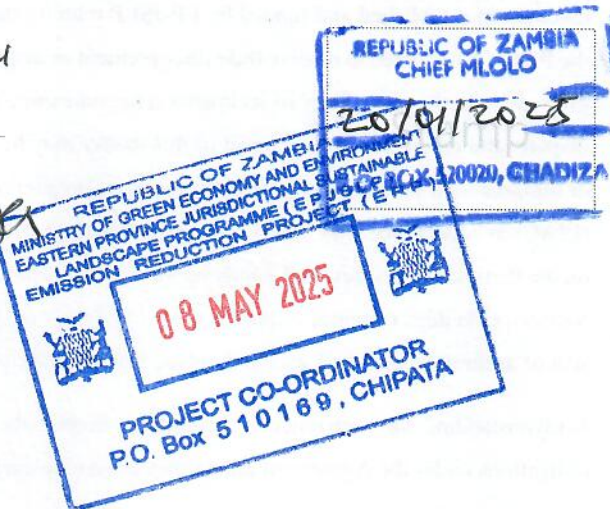
Sign: _____

Witnessed by Cooperative (2)

Name: _____

Title: _____

Sign: _____



ANNEX 1:

EMISSIONS REDUCTION PERFORMANCE PLAN

This **Chiefdom Emissions Reduction Performance Plan (CERPP)** sets out the profile of the Chiefdom, identifies the key ER issues and drivers of deforestation and forest degradation and other unsustainable land management and cultivation practices. It identifies the key forest assets and allocates responsibilities including permitted and non-permitted practices which contribute to GHG emissions in the Chiefdom. It assigns roles, performance criteria and responsibilities. Incentives and rewards will be determined based on assessment of agreed performance criteria set out in this **Chiefdom ER Performance Plan**

EP-JSLP: Assessing emission reduction performance at Chiefdom level

1. Background

The EP-JSLP performance-based benefit share mechanism at Chiefdom level will be guided by and reflect the eligible ISFL categories of GHG emissions from the GHG baseline. These indicate that sustainable land management is core to generating emissions reductions in the province. Recognising this, the focus will be on assigning responsibilities to reduce emissions based on an allocation of the GHG baseline on an area basis. Secondly, for these agreed and defined geographic areas, generally Chiefdom areas, a measure of the performance and therefore ability to deliver ERs will be agreed and monitored for effectiveness through the monitoring reporting and verification (MRV) management system.

The eligible ISFL categories of GHG emissions from the GHG baseline include the following with key sources of emissions:

- **Forest remaining Forest:** Emissions resulting from fires and removals
- **Forest loss to cropland:** Emissions from forest loss through land use change and encroachments
- **Cropland remaining cropland:** Emissions through poor soil and crop residue management

Therefore, performance in reducing emissions within the Chiefdom will relate to indicators speaking to these key categories which provide either direct or indirect assessment of effort in reducing GHG emissions emanating from the Chiefdom as a contribution to ER efforts across the Province. These indicators assessed individually within a Chiefdom will contribute to determining an overall Performance Effectiveness Index per Chiefdom and therefore the distribution of monetary benefits from the Jurisdictional Programme.

Non GHG Performance Elements

The Performance effectiveness also cover aspects of:

- **Good governance:** covering, efficiency, equity, transparency, accountability, inclusiveness and financial benefit sharing within projects and between institutions and beneficiary groups;
- **Environmental and Social Safeguards:**

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- Social – livelihoods support and beneficiary participation and satisfaction.
- Environmental measures and biodiversity conservation monitoring and activities.
- FGRM – roll out and awareness of the mechanism and response to addressing grievances.

The performance-based allocations payments would therefore comprise a 2-part monitoring system:

1. Measurement of performance against the ISFL subcategories within their defined geographic area of responsibility through remote sensing methodologies utilised for the JSLP MRV system. Currently, land use change assessment is using collect earth.
2. Measurement of performance against the ISFL subcategories following agreed proxy indicators set out in the **Performance Effectiveness Index for each Chiefdom** which will form a key part of the negotiated CERPA. This includes environmental and social safeguards.

Chiefdom Baseline Profile

This profile of the Chiefdom, identifies the key ER issues and drivers of deforestation and forest degradation and other unsustainable land management and cultivation practices. It identifies the key forest assets and allocates responsibilities including permitted and non-permitted practices which contribute to GHG emissions in the Chiefdom.

1. Core drivers of deforestation and forest degradation

(List)

FARMING
CHARCOAL BURNING
TOBACCO

2. Protected Areas: National Parks, National and Local Forests

(List by name and area)

3. Community forests and Private Forest

(List by name and area and any other service provider)

CHANDOLO COMMUNITY FOREST

4. Details of customary laws or other rules in place

(List e.g., CFMG Local Resource Rule and Penalties)

CHIEFDOM BY LAWS

5. NRM institutions formed and active

(List – CRB, CFMG, Cooperative and other farming groups, operating with constitution)

6. Land use plans

(Area and % of Chiefdom covered by integrated land use plan)

100%

7. Other ER related attribute

(List)

✓ Zulu

Emissions Reduction Performance Plans & Performance Effectiveness Index

The following table sets out the locally specific criteria that will be used to determine the Performance Effectiveness Index for the Chiefdom. These are based on the ISFL sub categories and the environmental and social safeguards with associated performance indicators and scoring.

ER Activity” means all activities for the project including, but without limitations:

- a. Zoning of land to implement climate change mitigation activities for sustainable forestry, agricultural and land use practices in consultation with the Chief(s), community members, cooperatives leaders, community forestry management groups, relevant Government Ministries, local government and the EP-JSLP. These zoning decisions and land use practices will be formally adopted, implemented and monitored in an Emissions Reduction Performance Plan (ERPP).
- g. The identification and zoning of a forested area of sufficient hectareage designated as Community Forest Management Areas (CFMAs) for the purpose of control, conserving, preserving and protecting the said area to reduce deforestation, restore forest stock and wildlife habitat and generate income for the community through non timber forest products.
- h. The adoption of conservation farming / climate smart agricultural practices at a scale and practice that demonstrably enhances soil carbon and reduces emissions from relevant agricultural practices.
- i. The adoption of fast-growing soil fertility improvement, coppicing leguminous trees in agro forestry systems represent a significant increase in biomass increase and soil fertility improvement in agriculture land and the development of woodlots provides alternatives from renewable sources of energy as well as increases forest cover to sink carbon.
- j. The adoption of wood-based energy saving devices such as improved cookstoves by households and institutions across the Chiefdoms of the Nested Project Area.

“Safeguards” means aspects of environmental, social, health, and safety (EHS) performance against national standards and legally adopted processes and procedures under the EP-JSLP, including but not limited to the implementation of the Environmental and Social Framework (ESF) including aspects of Sexual Exploitation and Abuse and Sexual harassment and Gender Based Violence Action Plan, Resettlement Framework (RF), Process Framework (PF), Labour Management Procedures (LMP), Benefit Sharing Plan (BSP) and functioning of the grievance redress mechanism of the EP-JSLP.

ISFL sub category	Performance indicator	Sub indicator	ER Weighting	Sub scoring (Weight by %)	Baseline	MRV value	Performance Score
• Forest remaining Forest: Emissions through fires and removals	Delimited forest boundaries demarcated & maintained (includes CFMAs, PFAs, NPs)	Boundaries of protected forest areas marked No of beacons remains constant	Boundaries marked = 3 Beacons 2	5			
	Controlled burning practices in forest landscape	>25% of protected forest areas treated before end Jul each year	High positive 15-25% = 5	10			
	Late season fires <25% of the area	Low incidence of late season fires	<25% = 10 <30% = 5	10			3
	Effective control of illegal activities through patrols	Absence of charcoal for sale on roadsides	0 bags in 12-month period = 5	5			
	Customary laws relating to forest use in place & respected	Chiefdom specific rules in place and practiced.		5			
• Forest loss to cropland:	Area of forest loss through land use change and encroachments	Reduced area lost as a percentage of baseline forest area. <2% per year	<2% +ve 15% >2% < 5% 5% >5%/yr high -ve score 0%	15			
• Cropland remaining cropland:	Surface using one of the 5 CF/CSA practices with weighting to the key ones of minimum tillage agroforestry and crop residues?	% Of farming area in Chiefdom under active CF/CSA per year as a percentage of total farming area.	>60% areas (10 score) 40-60% = 5 score 20-30% = 3	10			
	No of farmers practising CF/CSA	% of farmers actively practicing CF/CSA per year as a percentage of total # of farmers.	>60% farmers (5 score) 40-60% = 3 score 20-30% = 1	5			

V. Zuma

Governance: covering, efficiency, equity, transparency, accountability, inclusiveness within projects and between institutions and beneficiary groups;	<ul style="list-style-type: none"> Holding of timely, free and fair election. Evidence of gender equality and equity 	% of NR related institutions following constitution % of NR institutions with executive committee with >50% women officials	>80% = 5 60-80% = 3 40-60 = 2 <40% = 0	5				
Financial accountability financial benefit sharing within projects and between institutions and beneficiary groups;	<ul style="list-style-type: none"> Production of audited annual accounts Benefit share in accordance with Chiefdom BSP (Annex II) 	Annual accounts produced and subject to GIRZ audit	Audited accounts = 5 BS in accordance with BSP = 5	10				3
Wildlife management	Poaching	#of poaching incidences reported	0 = 5 <5 = 2	5				
Safeguards:	Social – livelihoods support and beneficiary participation and satisfaction	% Population participating in recognised NRM groups	>30% = 5 10 -30% = 2	5				
	Environmental measures and biodiversity conservation monitoring and activities	ES screening of carbon funded interventions	All infrastructure projects & new enterprises screened = 5	5				
	FCIRM – roll out and awareness of the mechanism and	No of grievances Recorded	0 grievances reported = 5	5				

response to addressing grievances.	No. closed within 3 months	< 10 reported but closed in 3 months = 3	100%	80%

Benefit share example calculation

Example Chiefdom X produces 20,000 t of ERs in the monitoring period based on the MRV management system. ER Benefit share (gross) = 20,000 x 55% = 11,000 t

Scoring of performance criteria (as above) = 80% therefore the Chiefdom will receive (11,000 x 0.8) value of 8,800 t of ERs traded by JSLP in the same period.



ANNEX II:

CHIEFDOM BENEFIT SHARING PLAN

Introduction

This chiefdom benefit-sharing plan will distribute **performance-based carbon revenue payments (PBCRPs)** received from the sale of emission reductions generated by the EP-JSLP due to the Chiefdom and approved by the JSLP ER Benefit Sharing Committee in accordance with the CERPA. Performance is based on:

- Verified ER measurement based on MRV management framework;
- Performance based assessment of environmental and social performance criteria (see Annex I).

Performance based carbon revenue payments (PBCRPs)

Principles:

Carbon revenue received through the JSLP Performance Based Benefit Sharing Mechanism belong to all participating groups, their members and households of the Chiefdom. The use of PBCRPs should be to incentivize and reward actions, interventions and behaviour that contribute towards emissions reductions. The following principles should guide the allocation:

- PBCRPs are to be used to the benefit of the whole Community in accordance with this agreed chiefdom benefit sharing plan. Therefore decisions and final endorsement of allocations and use should be made at public meetings and documented accordingly as required by Free Prior Informed Consent (FPIC);
- Benefit sharing should be linked directly or indirectly to sustainable land management climate change emissions reduction mitigation interventions;
- For the purpose of addressing and respecting safeguards, the Benefit sharing should include commitment of the Chiefdom to deliver livelihood improvements, community empowerment, capacity building and enhanced service delivery to environmental issues and related community investment and development programmes;
- EP-JSLP is a Government of Zambia initiative within the Ministry of Green Economy and Environment. Transfers made in the form of Performance Based Carbon Revenue Payments (PBCRPs) are public funds and the Public Finance Management Act, 2018 or similar successive legislation shall apply to the use and accounting for such public funds. Construction of social assets such as school blocks, clinics, Police posts and other utilities and associated housing and other premises must comply with the specifications set by the relevant authority and supervised by the competent officials from the Local Authority. Applicable Laws that apply but not limited to include:
 - Procurement will follow approved community procurement guidelines in line with the Public Procurement Act #8 of 2020.
 - Construction: Construction will be done using community developed guidelines in line with The National Council for Construction Act, #10 of 2020.

Governance of the Community Carbon Fund

The community entity responsible for the management of the PBCRP received in the Community Carbon Fund must have legal personality recognised by Zambian Law, will be accountable for the effective and transparent use / management of carbon revenue as 'public funds' under the Public Finance Management Act, 2018.

The nominated community entity responsible for the management of the PBCRP in

MLOLO Chiefdom is CFMG.

CCF Bank account _____ Acc no. _____

Signatories for the Community entity: 1 _____
2 _____
1 _____
2 _____

The signatories confirm that payments will be made in accordance with the Public Finance Management Act. The community books of accounts will be made available for audit and checking by key stakeholders.

Auditing Community Carbon Fund Account

The nominated community entity shall keep proper books of accounts and other records relating to procurement, contracts, purchases and other expenditures

The accounts referred to above shall be open for inspection by the Accountant General, the EP-JSLP Implementation Unit, Provincial Administration, or any community member of the Chiefdom to which the Performance Based Carbon Revenue Payments (PBCRPs) have been made.

Audit requirements: Failure to allow audit proceedings, or documentation of serious audit findings may result in legal action in accordance with financial regulations and including anticorruption action as appropriate.

Distribution process

Funds will disburse in tranches of:

- i. 75% On approval of the allocation of Verified Performance Based Carbon Revenue distribution by the Provincial JSLP Benefit Share Committee and receipt and approval of a funding request from the Chiefdom based on the agreed allocations and a community workplan and budget;
- ii. 25% following financial reporting of use of the 75% value of funds received under the first tranches

Note: distribution in subsequent monitoring periods will be subject to approved progress reports, financial reports and auditing of at least 75% of the allocation under the previous monitoring period.



Decision making with PBCRP allocations

All members of identified community groups and associated households have the right to be involved in decision-making about how PBCRPs should be spent by, and for the whole Community.

It is the responsibility of the community entity responsible for the management of the PBCRP to ensure that:

- Decisions about how community funds should be spent, will be made at public meetings.
- Public meetings should be held at Village level (such as VAGs) first. This will then submit project proposals and budgets to be assessed at Ward level meetings, which will also be held publicly. Public decision-making meetings should be announced in advance. All community members should be informed and given the opportunity to attend and participate.
- Community members have the right to hold the individual members of the appointed community institution responsible for the management of the PBCRP, accountable for the effective and transparent use / management of carbon revenue, according to the plans that were made for the use of community funds, as described above.

List of eligible community institutions:

The following are the list of eligible and participating community institutions in MLOLO Chiefdom:

- CFMGs (list)
CHANDOLO
- Cooperatives (list)
- CRB VAGs (list)
- WDC

(Add in additional groups as applicable).

Reporting and accounting requirements

Reporting and documenting results and achievements are essential to transparent and accountable management: The following will be required as part of the planning, reporting and accounting for expenditure:

- Annual workplans

- Annual or other periodic reports
- Records of meetings and decisions made by the Chiefdom nominated entity
- Copies of financial reports

PBCRP Allocations

To ensure alignment with the overall Benefit Sharing Plan of the EP-JSLP, the Benefit share allocations of the Performance based carbon revenue payments (PBCRPs) under the CERPA should be categorised as follows:

☐ **The Chief as an individual** Allocations paid to the Chiefs as traditional royalty for being custodians and administrators of traditional land in their Chiefdoms, for their role in facilitating CERPAs, and for providing leadership in the enforcement of CERPAs and protection of natural resources in the Chiefdom

☐ **Conservation** Allocation for enhancing the Chiefdom AFOLU sector through NRM and CFM (payment of village scouts and support to honorary forest officers, resolution of, and support to, human and animal conflict, fire management, development and updating of FMPs, procurement of vehicles and servicing of the vehicles for NRM through patrols); promoting and enhancing the adoption of CSA and expansion of community forests and CSA practices.

☐ **Community livelihood support including cash** Allocation for Chiefdom low carbon investments at both Chiefdom and household levels; to support increased household incomes and contribute to improvements in social safety nets; increase household and Chiefdom resilience as well as reduce vulnerability to climate change impacts (guided Community subgrants, Procurement of small-scale processing equipment and development of community value addition centre to add value and develop value chains for CSA Produce), and to increase the procurement of small livestock (Chickens, Goats and Pigs) for the pass-on scheme, to promote alternative livelihoods such as aquaculture for the purpose of increasing household disposable income. The allocation will also seek to address local livelihoods needs based on assessed community socioeconomic vulnerabilities and any shocks that may arise from natural or man-made disasters.

☐ **Community construction projects** Allocation for the construction of community infrastructure such as schools, clinics, bridges and other development needs the community may choose. Caution is given to ensure that construction works should not increase emissions at community level:

☐ **Traditional activities** Allocation towards support for preservation and promotion of cultural heritage through, for instance, funding towards annual traditional ceremonies and the maintenance of scared shrines.

☐ **CRBs/CFMGs/Farmer Groups** Allocations for supporting the day-to-day management and administrative needs of the CRBs, CFMGs and DFAs. It must be noted that in some areas, the CRB and the CFMG are constituted by the same persons but operate differently according to whether it is a wildlife or forestry matter, respectively.

Allocation Percentages Table

The following allocations have been developed for Mlolo Chiefdom through a consultation process and are documented as follows:

Allocation	Allocation percentage
His Majesty Kalonga Gawa Undi -- 2%	10
Royal Highnesses (Patron)-8%	
Conservation Efforts (Natural Resources Protection)	24
Community Livelihood Projects	30
Community Construction Projects	28
Traditional Affairs (Ceremonies)	2
Administration of the appointed institution	3
CBNRM Association	3
TOTAL	100

- ❖ For All the Chewa Chiefdoms under Kalong Gawa Undi. Each Chiefdom will contribute 2% to His Majesty Kalonga Gawa Undi for His support to conservation efforts.