

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE SWEDISH ENERGY AGENCY, ON BEHALF OF THE KINGDOM OF SWEDEN

AND

**THE MINISTRY OF GREEN ECONOMY AND ENVIRONMENT, ON BEHALF OF
THE REPUBLIC OF ZAMBIA**

**RELATING TO THE EXPRESSION OF INTEREST TO COOPERATE FOR THE
IMPLEMENTATION OF ARTICLE 6 OF THE PARIS AGREEMENT**

The Swedish Energy Agency, on behalf of the Kingdom of Sweden, and the Ministry of Green Economy and Environment, on behalf of the Republic of Zambia hereinafter individually referred to as a “**Party**” and collectively hereinafter referred to as the “**Parties**”;

Recalling the Paris Agreement, adopted on 12 December 2015 and entered into force on November 4, 2016, and the relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement which created a framework for cooperative approaches whereby Mitigation Outcomes generated by one party may be transferred to another party as ITMOs;

Considering the potential of international cooperation under Article 6 of the Paris Agreement to strengthen climate ambition and promote sustainable development and environmental integrity and the commitment of the Parties in this respect;

Recalling the commitment of the Parties with regard to their respective Nationally Determined Contributions to reduce Greenhouse Gas emissions;

Recognising the Parties joint interest in cooperating on the development and robust implementation of mitigation activities that may generate Mitigation Outcomes that support higher mitigation ambition and that may be transacted as ITMOs;

Noting the commitment of the Parties to ensure transparency, including in governance, and applying robust accounting, including safeguards to avoid double counting of ITMOs;

Pursuant to the prevailing laws and regulations of their respective countries;

For the purpose of this Memorandum of Understanding (hereinafter referred to as MoU)

- The Term “Paris Agreement” means the agreement adopted on 12 December 2015 by the Conference of the Parties to the United Nations Framework Convention on Climate change (UNFCCC) at its 21st meeting in Paris, France, as reflected in its Decision 1/CP.21.
- The term “Paris Agreement Rules” means the provisions of the Paris Agreement, and all relevant decisions related to the implementation of Article 6 made by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and any relevant constituted body, as amended from time to time.
- The term “Additionality” means activities implemented jointly should bring about real, measurable, and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of such activities based on UNFCCC Decision 5/CP.1.
- The term “Corresponding Adjustment” means the accounting adjustment that both The Kingdom of Sweden and the Republic of Zambia may be required to make for all Mitigation Outcomes transferred internationally to ensure that double counting is avoided in accordance with Article 6.2 of the Paris Agreement, and paragraph 36 of UNFCCC decision 1/CP.21.

- The term “International Mitigation Purposes” has the meaning given to that term under the Paris Agreement Rules.
- The term “Internationally Transferred Mitigation Outcome” hereinafter referred to as “ITMO” has the meaning given to that term under the Paris Agreement Rules.
- The term “Mitigation Outcome” means a real, additional, and verified reduction in GHG emissions or removal of GHGs from the atmosphere, measured in tCO₂e and representing one (1) tCO₂e in accordance with methodologies approved in accordance with the Paris Agreement Rules, and generated by a specific Mitigation Activity from 2024 onwards.
- The term “GHG” (Greenhouse Gas) means any atmospheric gas responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Other greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).
- The term “tCO₂e” means an amount of carbon dioxide emission measured in metric tons that would cause the same integrated radiative forcing or temperature change, over a given time horizon, as an emitted amount of a GHG or a mixture of GHGs.
- The term “Mitigation Activity” means the activity, action, project or groups of activities that lead to the achievement of a Mitigation Outcome.
- The term “Bilateral Cooperation Agreement on Article 6” means the bilateral agreement for engagement in international climate cooperation involving Internationally Transferred Mitigation Outcomes that establishes the legal framework for the engagement in cooperative approaches, including the authorization of Mitigation Outcomes pursuant to the Paris Agreement Rules. The term “Mitigation Outcome Purchase Agreement” hereinafter referred to as “MOPA” means an agreement for the sale and purchase of ITMOs.
- The term “NDC” means Nationally Determined Contribution and shall have the meaning given to the term in Article 4 of the Paris Agreement.

HAVE REACHED mutual understanding as follows:

Article I Goals and Objectives

1. The purpose of this MoU is to establish the basis for the Parties to cooperate on mutual areas of interest related to the implementation of Article 6 of the Paris Agreement, in the development and evaluation of opportunities to generate ITMOs that support higher ambition under the Paris Agreement.
2. This MoU is not intended to bind either Party with respect to future Article 6 of the Paris Agreement transactions. However, the Parties may subsequently consider negotiating a legally binding Bilateral Cooperation Agreement on Article 6 to facilitate Article 6 transactions between the Parties. Under the Bilateral Cooperation Agreement on Article 6, the Parties, or other authorized

entities, may consider negotiating MOPAs that would enable the implementation of mitigation activities.

3. The Parties have identified the following strategic goals and objectives:
 - a. to promote bilateral cooperation with respect to the implementation of Article 6 of the Paris Agreement, on the basis of reciprocity and mutual benefit, taking into account the national circumstances of each country;
 - b. to enhance understanding of how the cooperation can contribute to achieve the NDCs and/or climate change commitments of both Parties and realize higher mitigation ambition;
 - c. to engage with a range of stakeholders to advance the development and implementation of activities in order to achieve Mitigation Outcomes; and
 - d. to advance the development and implementation of mitigation activities that are or may become eligible to generate ITMOs under the Paris Agreement.

Article II Cooperation

1. The areas of Cooperation under this MoU may take the form of:
 - a. activity dialogues and meetings between the Parties and stakeholders;
 - b. the development of joint work plans, activities and programmes including providing support to the development of mitigation activities; and
 - c. joint support for technical analysis and evaluation.
2. The Parties endeavour to develop a Bilateral Cooperation Agreement on Article 6, outlining the terms for specific areas of cooperation for the development of mitigation activities and the transfer of ITMOs.
3. The Parties, in the development of a Bilateral Cooperation Agreement on Article 6 shall establish a joint coordination committee for the tracking and implementation of joint work plans, activities and programmes including mitigation activities.
4. The Parties intend to cooperate using robust standards and procedures for all cooperative approaches together including in respect of the promotion of sustainable development, environmental integrity, transparency, governance, monitoring, reporting and verification and to apply a reliable accounting system including for the purposes of avoiding double counting which will enable both Parties to comply with their respective obligations under the Paris Agreement.
5. If the cooperation results in the execution of a Bilateral Cooperation Agreement on Article 6 and subsequently one or more MOPA(s), the relevant entities will seek authorisation from The Ministry of Green Economy and Environment on behalf of the Republic of Zambia, that enables use towards Sweden's NDC, Other International Mitigation Purposes or Other Purposes, as defined by Article 6.

Article III
Nationally appropriate processes and procedures

1. The Parties recognise and agree that for the purposes of negotiating a Bilateral Cooperation Agreement on Article 6 elaborating on the areas of cooperation outlined in Article II of this MoU, the Parties will look to incorporate the principles and criteria outlined in section 3 of this Article III.
2. The Parties acknowledge that participation in the cooperative approaches under Article 6 of the Paris Agreement is voluntary. The development of processes, procedures, and institutional requirements to enable participation in cooperative approaches under Article 6 of the Paris Agreement will be determined by the Paris Agreement Rules and such other nationally determined criteria adopted by the Parties.

Environmental Integrity and Sustainable Development

3. Parties should strive to ensure that the following minimum principles and criteria relevant to ensuring the environmental integrity of Mitigation Outcomes are adhered to:
 - a. Mitigation Outcomes are real, verifiable, additional, and permanent or achieved under a system that ensures permanence to the greatest extent possible, including by appropriate accounting for any material reversals;
 - b. Mitigation Outcomes represent emission reductions or removals from 2024 onwards;
 - c. Mitigation Outcomes are aligned with the Zambia Carbon Market Framework and compliant with the national registry and Measurement Reporting and Verification (MRV) procedures.
4. Parties should strive to ensure that the following minimum principles and criteria relevant to ensuring consideration of sustainable development are adhered to:
 - a. Mitigation Activities implemented shall be consistent with and contribute to the sustainable development objectives of the Parties, including any respective strategies, policies or long-term low emission development strategies.
 - b. Mitigation Activities shall be subject to appropriate sustainable development tools, methods and/or modalities to identify and monitor sustainable development impacts delivered by the activity and prevent negative social or environmental impacts caused by the activity.

Article IV
Corresponding Adjustments

The Parties acknowledge and agree that Corresponding Adjustments will be applied as required by the Paris Agreement Rules. The Parties shall strive to ensure that no double counting and/or double claiming concerning any ITMOs delivered shall occur.

Article V NOTICES

1. Any notice given by one to the other pursuant to this MoU will be sent to the other party in writing by letter, telex, email or facsimile and confirmed by original copy to the other party's address specified in the MoU.
2. All communications arising from this MoU shall be made to the institution referred to below:

For the Republic of Zambia:

Ministry of Green Economy and Environment

Attn: The Permanent Secretary

Corner of John Mbita and Nationalist Roads

Lusaka

Zambia

Tel: +260 211 252 2395

Email: info@mgee.gov.zm | support@mgee.gov.zm

For the Kingdom of Sweden:

The Swedish Energy Agency

Attn: Director General of the Swedish Energy Agency Box 310

S-631 04 Eskilstuna

Sweden

Tel: 0046 16 544 20 00

E-mail: registrator@energimyndigheten.se

Article VI Interpretation of this MoU

1. The Parties shall endeavour to ensure a common interpretation of this MoU. In view of this the Parties herewith express to solve any questions on the interpretation of the wording in this MoU by means of dialogue.
2. This MoU has been executed in English, which will be the binding and controlling language for the matters relating to the meaning or interpretation of this MoU.

Article VII
Duration, Amendment and Termination

1. This MoU shall enter into force upon signature by the Parties and shall remain effective for 5 (five) years.
2. This MoU may be revised or amended by mutual consent of the Parties. Any amendment of this MoU, including any variation of the scope of this MoU, may only be made by written agreement between the Parties. Further, such amendment will not be effected without the approval of the relevant authorities, in accordance with respective national processes. Such revision or amendment will enter into effect on a date mutually decided by the Parties and will be an integral part of this MoU.
3. The termination of this MoU will not terminate any agreements already in effect, which will continue or be terminated in accordance with their terms.

Article VIII
Legal Relationship

1. The relationship between the Parties under this MoU is non-exclusive and no exclusivity rights are created. Each Party has the right to engage in Article 6 cooperative approaches with other parties under the Paris Agreement.
2. Nothing in this MoU will be construed as creating any legal relationships between the Parties. This MoU is a statement of intent to foster genuine and mutually beneficial collaboration.
3. This MoU serves only as a record of the Parties intentions and does not constitute or create any rights or obligations under domestic or international law. It will not give rise to any legal process and will not be deemed to constitute or create any legally binding or enforceable obligations, expressly or implied.

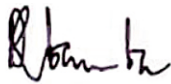
Article IX
Miscellaneous

1. The Parties declare they have read and understood the present dispositions, prior to signing this MoU.
2. If at any time during the subsistence of this MoU or any renewal thereof either Party informs the other about the onset of reasons beyond its control, where they are unable to carry out the work in terms hereof and/or the property or building in which it is situated is destroyed or damaged by fire, tempest, earthquake, accident, act of God, war, flood, etc. i.e. Force Majeure, so that the work at the terms of this MoU cannot be reasonably fulfilled, the same will not be treated as breach of the MoU. Either party will have the option to put an end to this MoU forthwith, if such Force Majeure events continue for more than fourteen (14) days, however, the affected Party will have the obligation to communicate the cessation for the Force Majeure event should it end before 14 days. Further the affected Party will notify the other party within 14 days of cessation of the Force Majeure event.

3. All communications and all information whether written, visual or oral and all other material supplied to or obtained by either Party in the course of or as a result of the discharge of their obligations under this MoU will not be disclosed by themselves, their contractors, agents or otherwise to any third party or published without prior written consent of the other party, except for any disclosure imposed by national law.
4. The Parties will make attempt to resolve any dispute arising from the MoU amicably between them through negotiations. If the negotiations fail, then either party is at liberty to terminate the MoU in accordance with the clause on termination.
5. If the whole or any part of a provision of the MoU is void or voidable by either Party or unenforceable or illegal, the whole or that part (as the case may be) of the provision, will be served, and the remainder of the MoU will have full force effect.
6. Non insistence on clauses under this MoU does not amount to their waiver.
7. Either party may terminate this MoU by giving the other party 30 days advance written notice of termination.

IN WITNESS whereof the Parties or their duly authorized representatives have executed this MoU the day and year first before written.

Signed in duplicate in the English language.



Minister
Ministry of Green Economy and
Environment




Deputy Director General
Swedish Energy Agency

20TH AUGUST 2024

Date

14th of August 2024

Date

Witnessed
S.M. Lujiwa


Witnessed by Ambassador
of Sweden to Zambia

