

What is the Carbon Feed-In Premium (CFIP) Programme

Zambia's Policy-based Programme under Article 6 of the Paris Agreement

What is the CFIP?

The Carbon Feed-In Premium (CFIP) Programme is a results-based crediting mechanism designed to accelerate Zambia's transition to renewable energy by supporting investments in clean, grid-connected electricity generation technologies. By prioritizing new, additional energy generation paired with battery energy storage systems (BESS), the CFIP enables the delivery of renewable electricity during peak and evening hours when grid emissions are highest. The storage-inclusive design aims to reduce intermittency, enhance grid stability, and support a genuine transition to a low-carbon power system.

As a sectoral financing mechanism, the CFIP can be applied to all renewable energy technologies. In Zambia, the initial technological window will focus on solar photovoltaic (solar PV) energy, as defined at the national level, consistent with Zambia's national priorities and Article 6 of the Paris Agreement.

This approach advances a scaled-up crediting system, referred to as a **'policy-based programme'** under the Gold Standard's Policy Requirements and Procedures, and integrates key elements of the Article 6.4 Paris Agreement Crediting Mechanism (PACM). By moving beyond project-level activities toward comprehensive, government-led interventions, the CFIP streamlines a systemic, nationwide transformation that generates substantial climate impacts.

WHY A POLICY-BASED PROGRAMME?



Ensures sustained political alignment and coordination through government ownership



Demonstrates adaptability to fit with the specific context of the Host Country



Enables transformational change at the sectoral level, while reducing carbon finance transactional costs



Promotes scaled-up mitigation outcomes, fully embedded in national policies



Supports accurate crediting through a digital MRV system

What does the CFIP do?

The CFIP helps drive the decarbonization of Zambia's energy sector by promoting the deployment of new and additional energy technologies to expand clean energy use and reduce reliance on fossil fuels. Long-standing financial and structural constraints in the power sector have limited investments in renewables, with capital instead tending toward lower-cost, carbon-intensive technologies.

By linking payments to verified greenhouse gas (GHG) emission reductions from grid-delivered electricity and applying dynamic baselines anchored in Zambia's unconditional Nationally Determined Contribution (NDC), the CFIP safeguards environmental integrity, improves investment certainty, and accelerates clean energy deployment.

In essence, the CFIP provides additional incentive payments when the standard power purchase price is not enough to make a project viable, helping projects secure financing. These payments are funded through the sale of carbon credits between Norway and Zambia under Article 6 of the Paris Agreement.

How is the CFIP different?

The CFIP is structured around Article 6 and is designed to work within Zambia's existing national systems, with strong Host Country oversight. Unlike traditional project-by-project carbon crediting schemes, the CFIP is fully embedded in Zambia's institutional framework and brings together key stakeholders from across the energy sector.

To assure national ownership and long-term sustainability, the CFIP is guided by a political steering committee responsible for assuring political alignment and coordination, and a technical working group responsible for developing the CFIP's design and implementation arrangements within Zambia's broad energy framework.

Why is the CFIP important?



Accelerates the just energy transition



Supports national policy objectives



Facilitates large-scale renewable energy integration



Enhances energy security and grid stability

How does the CFIP work?

Participation in the CFIP is voluntary. Independent Power Producers (IPPs) may apply for inclusion provided they meet the established financial, technical, and geographical criteria. This guarantees activities are genuinely **additional**, support national climate goals, deliver measurable emission reductions, and generate positive **Sustainable Development (SD) impacts**.

As the CFIP operates on a results-based payment model, all projects are required to report verified electricity generation data. The digital **Monitoring, Reporting, and Verification (MRV)** system will capture electricity produced (in kWh) and supplied to the grid, which will be reviewed through an independent audit process to confirm accuracy and maintain transparency.

Following verification, carbon payments are issued to project operators based on actual performance. The resulting emission reductions will be aggregated, authorized, and then traded as Internationally Transferred Mitigation Outcomes (ITMOs) under a Cooperative Approach between Zambia and the Norwegian Ministry of Environment, as part of the Norwegian Global Emissions Reduction (NOGER) Initiative.

Additionality

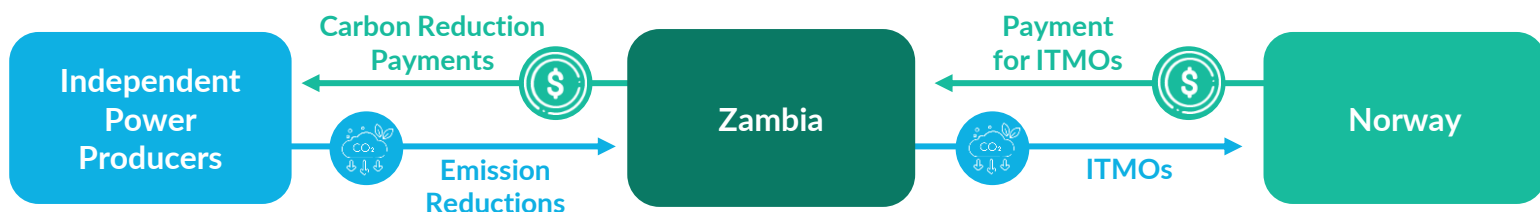
Additionality is the principle that emission reductions from a mitigation activity go beyond what would occur in its absence, exceeding business-as-usual scenarios, and which is not mandated by existing policies or regulations. Only activities that demonstrate a high degree of additionality are eligible for inclusion in the CFIP.

Sustainable Development (SD) impacts

SD impacts are the positive (or negative) effects of a mitigation activity on the Sustainable Development Goals (SDGs) and national development priorities. Activities under the CFIP will demonstrate clear and measurable positive SD impacts.

Monitoring, Reporting and Verification (MRV)

MRV is the structured process used to ensure the accuracy, consistency, and credibility of data related to GHG emissions. Under the CFIP, MRV follows a digital monitoring system that ensures real-time integration of data and proper attribution of emissions reductions under the programme.



What is carbon finance?

Carbon finance is a financial instrument that supports activities aimed at reducing or removing greenhouse gas emissions, often by generating tradable carbon credits.

Carbon credits typically represent one tonne of carbon dioxide equivalent (CO₂e) reduced or removed and are generated from verified and additional mitigation activities.

Within the CFIP Programme and under Article 6 of the Paris Agreement, carbon finance facilitates international cooperation by enabling countries and private sector entities to trade these credits, thereby contributing to the achievement of global climate goals.

How are carbon markets scaling up?

Under the Kyoto Protocol, the Clean Development Mechanism (CDM) allowed developed countries to meet emissions targets by purchasing Certified Emission Reductions (CERs) generated by emission-reducing projects in developing countries.

To support scaling, the Program of Activities (PoA) streamlined implementation by grouping similar projects under a single framework, reducing transaction costs and enabling broader impact through replication.

With the introduction of Article 6 of the Paris Agreement and innovative approaches like the CFIP, countries can now better link carbon market activities with their national climate strategies, allowing for more ambitious mitigation efforts.

The Carbon Transaction Facility

The Carbon Transaction Facility (CTF) is GGGI's solution to accelerate global GHG emission reductions by catalyzing carbon trading under Article 6.

The CTF structure has two main pillars: the Article 6 Readiness Facility on one side, and several ITMO-purchasing carbon funds on the other. The Article 6 Readiness Facility is a multi-donor fund improving Host Country readiness through technical assistance and capacity building. The Carbon Funds, on the other hand, are a series of individual funds for initiating Article 6 carbon transactions and purchasing ITMOs.

