



Piloting a Standardized Crediting Framework for Scaling Up Energy Access Programs

# Roadmap for Senegal Pilot

Final Phase I Report



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## 1. Introduction

The Carbon Initiative for Development (Ci-Dev) aims to utilize the Clean Development Mechanism (CDM) to support implementation of household energy access projects in low income countries, with a focus on Africa. Considering the low uptake of CDM projects in Africa due to various financial, capacity and CDM regulatory related barriers, the Ci-Dev supports the establishment of new types of business models to incentivize climate mitigation investments in high development benefit projects in the poorest countries. This function is reinforced by Ci-Dev's intent to catalyze self-sustaining private sector-driven businesses and programs that continue after the withdrawal of Ci-Dev's intervention.

After the adoption of the Paris Agreement (PA) in December 2015, the future policy landscape for and for crediting, and specifically for Ci-Dev, is most likely to change. This is made more complex by the emergence of new market mechanisms under the Paris Agreement's Articles 6.4 (in the following "Article 6.4 mechanism") and 6.2 (Cooperative Approaches). Because the Ci-Dev contracts for purchasing emissions reductions (as CERs<sup>1</sup>) extend until December 31, 2025 but the CDM is expected to expire in 2020, an important strategic issue for Ci-Dev is whether and how these CDM programs would continue to generate certified emission reductions (as defined in the ERPA) and potentially be transitioned into a future mechanism.

In anticipation of such policy change, and as a part of efforts to identify options for supporting the transition of Ci-Dev programs so they are compatible with the post-2020 climate framework, Ci-Dev commissioned the development of the Standardized Crediting Framework (SCF) for energy access<sup>2</sup>, which combines the CDM reform elements together into a single package focused on energy access. The SCF is proposed, as one of the ways if recognized internationally and successful, to support the smooth transition of the Ci-Dev portfolio to post-2020, because it is "instrument-neutral". In other words, the concept of the SCF could potentially become part of the CDM or the rules under Article 6.2 or 6.4 mechanisms, but could also be used for delivering verified results required by results-based climate finance (RBCF).

To demonstrate proof of the concept, Ci-Dev will *pilot* this concept in real cases and use the lessons learned to inform other programs. The first pilot will be in Senegal and focus on the national electrification program under the Senegalese Rural Electrification Agency (Agence Sénégalaise d'Électrification Rurale - ASER). The findings of the pilot will be particularly relevant for contributing to post-2020 technical discussions on the design of technical elements for the new mechanism(s) such as baselines, double counting, MRV, etc. Although different national contexts may require different arrangements, the findings of the Pilot could also indicate the types of governance structures that are more efficient, transparent and inclusive. The pilot will also enhance understanding of the interactions between carbon

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<sup>1</sup> Ci-Dev ERPAs define a CER as "a unit issued by the Executive Board on the basis of Verification and Certification with respect to a CDM Program Activity in accordance with the Kyoto Protocol on or before December 31, 2020; or (ii) generated after December 31, 2020 under a standard comparable to the CDM agreed upon by the Parties."

<sup>2</sup> <https://www.ci-dev.org/sites/cidev/files/documents/SCF.pdf>

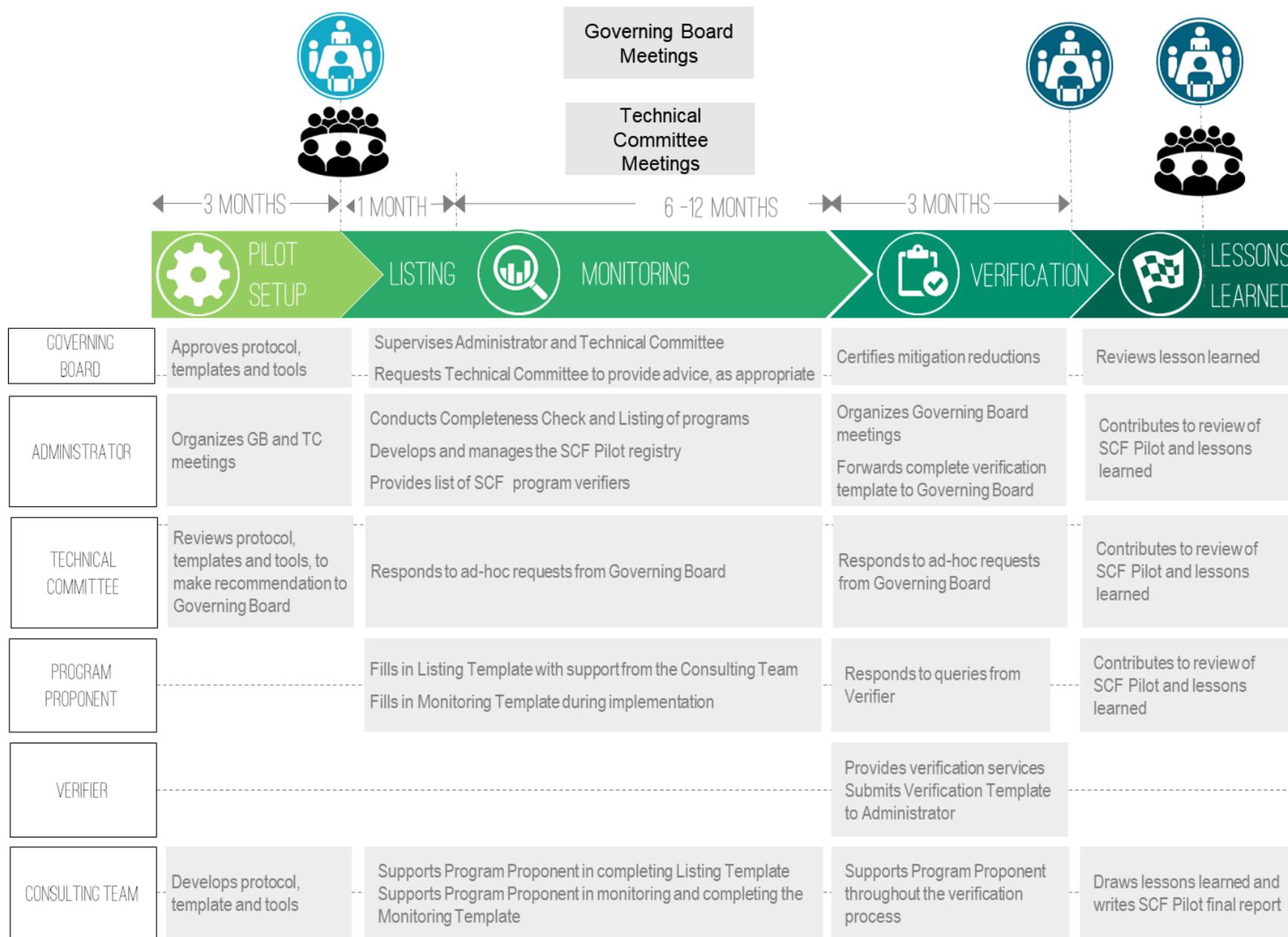
finance (i.e. crediting) and results-based climate finance, and their role in supporting the energy access agenda in low income countries. As pointed out above, the SCF is “instrument neutral” and aims to generate verified emission reductions for different potential uses, including compliance towards the Nationally Determined Contributions (NDCs) of the acquiring country and/or host country, as well as serving as the basis of payments for climate finance disbursements. In terms of the post-2020 framework and evolving rules for mechanisms under the Paris Agreement, it is up to the Senegalese government to decide, depending on international recognition of SCF, what amount of emission reductions generated through the SCF would be converted to units for international transfer and what amount would be retained for use towards meeting its own NDC pledge.

An important qualification of the scope of the SCF Pilot is that, while the purpose is to help both Senegal and Ci-Dev explore ways to ensure that carbon and climate finance can support energy access post-2020, there is no guarantee that SCF Pilot activities will be internationally recognized and eligible for generating credits under the Paris Agreement. The rules for Article 6.2 and 6.4 have not been developed, nor has any detailed guidance on what types of activities will be included. In addition, even if the SCF Pilot activities might meet the emerging guidance and requirements, the transfer of units in the future would still require the approval of the Senegalese government and another government(s) interested in acquiring units. This is why the SCF Pilot will operate as a “simulation”, initially building on the ongoing CDM activities in Senegal and testing arrangements that have minimal incremental costs, so that Senegal can gain experience with potential approaches to carbon and climate finance while the rules for these mechanisms under the Paris Agreement are still being developed.

This report presents a “Roadmap” for the SCF Pilot in Senegal, and the development of a national implementation framework for piloting and testing the application and operationalization of the SCF concept. The piloting will be done in parallel to the specific Program’s (i.e. ASER Rural Electrification program) CDM registration, inclusion and verification process and will compare the two processes, timelines, governance structure, stakeholder engagement, and transaction costs. This Roadmap has been discussed extensively with key stakeholders in Senegal, and was reviewed prior to a consultation workshop in Dakar on 12 April 2017. In addition, the proposed Program Protocol was discussed in detail at meetings in July 2017 with the proposed Technical Committee and Governing Board.

Figure 1 provides a high-level overview of the SCF Pilot structure and process as a whole. This includes its governing and administrative bodies as well as stakeholders involved in the SCF Pilot: program proponent, auditor and the consulting team. Figure 1 also shows the different phases of implementation.

Figure 1. Flow chart showing roles and responsibilities in the SCF Pilot



The Roadmap report is organized around key issues in establishing the pilot, in other words, how the World Bank and the consulting team will engage with the various stakeholders to support implementation of the SCF pilot. The Roadmap will guide the full implementation of the pilot over the next two years, and therefore includes issues of governance, stakeholder roles, design and development of tools, baselines (and NDC commitments), and support for program activities. As a companion document to the Roadmap, the consulting team has also prepared, in consultation with key stakeholders, the SCF Pilot Program Protocol, which contains all of the rules for the pilot (e.g. scope and eligibility, project cycle, baselines, verification requirements). The Program Protocol would then be updated during Phase 2 of the pilot (see section **Error! Reference source not found.** for overall timeline), and thereafter from time to time by the Governing Body as and when necessary. The Program Protocol is a stand-alone document prepared and submitted alongside this Roadmap.

## 2. Options and recommendations for institutional and governance structure for the pilot

The SCF Pilot would aim to establish a lean and efficient governance structure which reduces the administrative and financial burden on the national government, while at the same time secures transparency and predictability of decision-making. This could be best achieved through an institutional arrangement that avoids, to the extent possible, the creation of new institutions and overlapping mandates and instead builds on the existing structures in the country for developing and approving climate change projects and setting the climate change policy framework.

While drawing upon relevant elements of the CDM and anticipating the future policy landscape of Article 6, the SCF Pilot will be developed entirely outside the framework of the UNFCCC. This means that it is up to the SCF Pilot stakeholders to develop the governing system, decide on its rules, and administer the scheme that still follows certain principles such as ensuring environmental integrity, supporting sustainable development, robust MRV, etc. In contrast to the CDM, the operations of the SCF Pilot will not be under the authority of a UNFCCC-appointed Executive Board, nor can it rely on the administrative functions provided by the UNFCCC Secretariat.

The functions provided by these institutions will, however, have to be mirrored, to some extent, by the SCF institutional structure. It is also important to bear in mind that in order to become eligible under Article 6.4 or consistent with guidance on Article 6.2 cooperative approaches, Senegal will in future have to seek the necessary approvals for the SCF and/or demonstrate that it is aligned with relevant criteria/principles developed for these Articles under the Paris Agreement. The Senegalese Government will thus be responsible for constructing an institutional arrangement that is fully embedded into the Senegalese policy context and capable, in the future, of meeting modalities and guidance created under the Paris regime.

In summary, the following functions may be required for the proper implementation and operation of the SCF:

- (i) Policy-related functions (“Policy Functions”):

- Set the principles and strategy of the SCF;
  - Approve technical standards and guidelines;
  - Co-ordinate and interact with international financiers and donors;
- (ii) Oversight functions (“Oversight Functions”):
- Guide and oversee the work of the Administrator;
  - Review executive decisions made by the Administrator;
- (iii) Executive functions (“Executive Functions”):
- Certify emission reductions;
  - Approve and identify auditors for verification;
  - Develop SCF forms, templates and tools;
  - Develop sectoral monitoring and default factors;
- (iv) Administrative functions (“Administrative Functions”):
- List eligible projects/programs;
  - Service the Governing Board;
  - Convene Governing Board meetings;
  - Undertake completeness checks;
  - Maintain a registry of programs and emission reductions.

This section discusses possible governance approaches to house these functions, including actors or institutions that could be tasked with exercising the different roles. Before describing the potential institutional set-up in more detail, a brief overview of the existing climate governance structure in Senegal is provided in section 2.1. This section then provides recommendations on how the Senegalese Government could organize and implement its authority over the SCF Pilot.

## 2.1 Existing Climate Governance

Senegal has a strong institutional arrangement for climate change-related issues. The Ministry of Environment and Sustainable Development (Ministère de l’Environnement et du Développement Durable, MEDD) provides oversight on all climate change-related activities. Under the MEDD, the Directorate of Environment and Classified Establishments (Direction de l’Environnement et des Etablissements Classés – DEEC) is the focal point for many UN conventions, including the UNFCCC, and for the GEF.

The DEEC has a Climate Change Division that functions as a technical unit in charge of the implementation of the objectives of the UNFCCC at national level. The Climate Change Division is responsible for all UNFCCC-related activities and acts as the focal point for the CDM DNA, and the GCF DNA. The Climate Change Division, therefore, concentrates all aspects related to the development and implementation of Senegal’s NDC, carbon markets and climate finance strategy.

In addition, the DEEC is supported by a multi-stakeholder committee—the National Climate Change Committee (Comité National sur les Changement Climatiques, COMNACC)—

established in 1994 and institutionalized by a ministerial decree in 2003.<sup>3</sup> The COMNACC reports directly to the MEDD and is in charge of coordination, consultation, information sharing, management and monitoring of the activities related to the implementation of the UNFCCC and its legal instruments (see Box 1).

For the operation of the SCF, given that the pilot targets the energy access program, the Ministry of Energy and Development of Renewable Energy (Ministère de l'Énergie et du Développement des Énergies Renouvelables, MEDER) is also relevant. The MEDER is responsible for the implementation of the energy policy and includes, among other departments, the Directorate of Electricity (DE) responsible for contributing to the country's energy policy in the fields of electricity, energy efficiency and energy management. The DE also ensures intersectoral coordination between the energy sector and other strategic sectors for poverty reduction in Senegal.

### **Box 1 – The National Climate Change Committee (COMNACC)**

The COMNACC coordinates and manages activities related to the implementation of the UNFCCC. In particular, the Committee leads the elaboration of technical and budgetary climate change strategies and defines national mitigation and adaptation programs.

The COMNACC brings together the main government institutions and the parliament, the Economic and Social Council, the IPCC focal point, the National Implementing Entity of the Adaptation Fund and of the Green Climate Fund (CSE), the CTCN National Implementing Entity (ENDA), as well as NGOs, women and youth associations and the private sector. COMNACC currently has 57 representatives.

The COMNACC is comprised of a general assembly, an executive bureau, and a secretariat. It can also create sub-committees and thematic groups in different areas (mitigation, adaptation, technology, communication and capacity building, finance and market mechanisms). In addition, the COMNACC may establish local branches; these are referred to as regional committees on climate change (COMRECC).

Before issuing a letter of approval, the CDM DNA (Climate Change Division) requests a technical report and a recommendation from COMNACC by its technical sub-committees and the same process applies to the letter of no objection for the GCF through a specialized steering committee.

With the evolution of the UNFCCC and the ratification of the Paris Agreement, a study is underway to develop a more appropriate and effective institutional arrangement for COMNACC. This could lead to transfer the supervision of this body to the Prime Minister or the office of the President.

## **2.2 Possible Governance Approaches**

The core of the institutional set-up for the SCF could consist of a **Governing Board** and an **Administrator**. Mirroring the set-up of not only the CDM but most other carbon certification

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<sup>3</sup> Given the cross-cutting position of climate change-related issues and the need to effectively involve all relevant ministerial departments and stakeholders, a presidential decree replaced the ministerial decree in 2011.

standards as well, but leaner and more efficient, these could be the backbone of the SCF during the operational lifetime of the Pilot and possibly beyond.

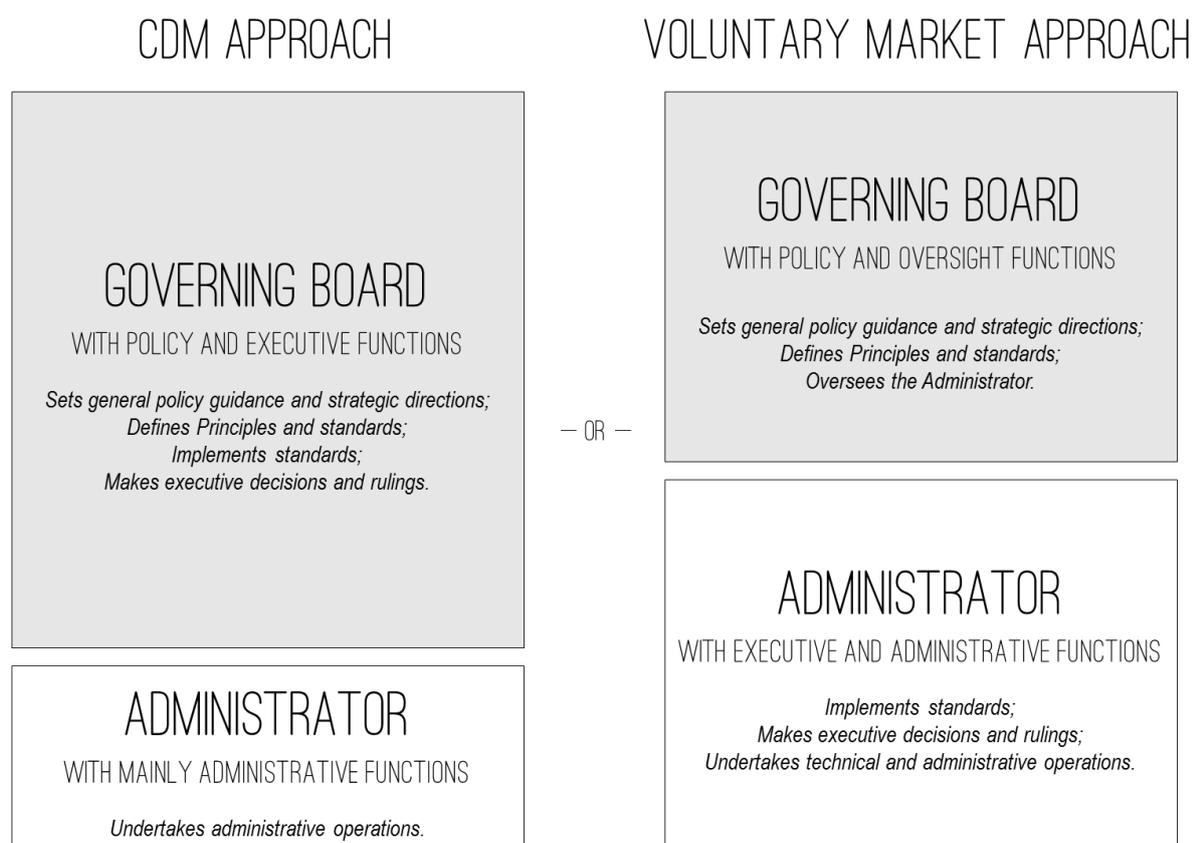
What has to be decided is the set of functions exercised by the Governing Board and the Administrator, as well as the division of responsibilities between these two bodies. One approach could be to center most of the Policy, Oversight and Executive Functions with the Governing Board, leaving the Administrator to perform Administrative Functions and other supporting tasks. This approach is similar to the CDM where the Executive Board has both rule-making and rule-enforcing powers (the “CDM approach”).

Another alternative, closer to the models employed by the Gold Standard and the Verified Carbon Standard (VCS)<sup>4</sup>, could be to endow the Governing Board with the competence to provide policy guidance and set strategic directions for the SCF (i.e. mostly Policy and Oversight Functions) and delegating to the Administrator the day-to-day operations embodied in both the Executive and Administrative Functions. Under this approach, the Governing Board would essentially set principles and key criteria, leaving most of the Executive Functions to be performed at the Administrator level (i.e. the “voluntary market approach”). The Governing Board would, of course, oversee the work of the Administrator.

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<sup>4</sup> In the case of the VCS, the strategic direction is defined by the VCS Board of Directors, whereas day-to-day operations are carried out by the VCS Secretariat (approving projects, coordinating registry functions, request issuance of credits, etc.)

Figure 2. Possible governance approaches



### 2.3 Governing Board

The Governing Board would be established or appointed by the Senegalese Government and would represent the highest decision-making authority for implementation and operation of the SCF.

Members of the Governing Board could be nominated on the basis of their expertise. This could include relevant and proven experience on issues pertaining to electrification and energy systems, climate mitigation and finance, applicable national laws, and environmental and social impacts.

Membership of the Governing Board could, however, exclude representatives from institutions potentially presenting a conflict of interest in the roll-out of the SCF Pilot. For instance, given that the pilot will be done for the ASER rural electrification program, it is questionable whether ASER, the implementing public entities of energy access programs in Senegal, and its sister organization ANER, should be represented on the Governing Board. This could lead to conflicts of interest. If these entities were on the Board, they would have to abstain from any votes and possibly discussions pertaining directly to their programs. Similarly, representatives of the donor community and financiers could also participate in the Governing Board as non-voting members or observers.

Tasking existing institutions with the role of the Governing Board would minimize the administrative effort and ensure that the operation of the SCF is well-integrated into the

Senegalese climate change context. Accordingly, the following two main options could be considered:

### **Option 1 – Governing Board under DEEC and DE**

Given that the SCF Pilot will operate in the policy areas of climate change and rural electrification, a first option would be to establish a Governing Board that combines the relevant directorates, namely, the DEEC and the DE (and any other relevant department within the MEDER). This would put the SCF Governing Board under direct supervision of both the MEDD and the MEDER, facilitating alignment of efforts between GHG mitigation and rural electrification activities. In addition, this option would allow for a prompt start of the SCF, building on the existing competences and mandates of the DEEC and the DE.

Although the Governing Board could also be established directly under any one of these entities (either the DEEC or the DE), there could be value in having both bodies acting jointly as the Governing Board during the SCF Pilot. This could unlock synergies, ensure the involvement of the relevant institutions, and provide for some initial checks and balances. To ensure the necessary multidisciplinary technical expertise under this option, the COMNACC could be tasked with providing technical recommendations which need to be fully considered by the Governing Board before policy and/or executive decisions are made.

After the Pilot phase and as the SCF grows in scope, there is a case to further expand participation in the Governing Board, increasing participatory accountability. Here the example of the Multi-Stakeholder Steering Committee currently being established by Senegal to guide and oversee the application and use of resources from the GCF could serve as a model (the “GCF Multi-Stakeholder Steering Committee” or “Committee”). The GCF Multi-Stakeholder Steering Committee is expected to act as higher decision-making and strategy setting body. The cabinet of the Prime Minister presides the Committee, with the Ministry of Finance and the MEDD acting as first and second vice-chairs, respectively. In addition, the Committee will be comprised of representatives of other ten institutions, including the private sector and civil society.

### **Option 2 – Governing Board under COMNACC**

Another option would be to assign the COMNACC the role of a Governing Board. Members (and deputy members) of the Governing Board could be nominated by institutions already participating in the COMNACC. Given the broad representation and large list of participants in the COMNACC, this option could ensure a wider representation in the Governing Board from the start, spanning representatives from different ministries, civil society organizations as well as the private sector.

On the other hand, the COMNACC has currently 57 representatives and its large size may compromise efficiency in decision-making, in particular, for performing Executive Functions. In addition, the COMNACC has been set-up largely as an advisory body, in which participants appear to be better placed to offer technical inputs and recommendations rather than making final policy-related decisions.

It is also worth highlighting that Senegal is currently re-assessing the governance structure of the COMNACC, seeking to develop more effective institutional arrangements. This review process may lead to the shift of the COMNACC from the supervision of the MEDD to the supervision of the Prime Minister or the office of the President. The actual benefits and

drawbacks of housing the Governing Board within the COMNACC will thus have to be evaluated in light of this review process.

	<b>Option 1: DEEC and DE</b>	<b>Option 2: COMNACC</b>
<b>Supervision</b>	Jointly - MEDD and MEDER	Currently under review
<b>Composition</b>	Leaner, but may in future expand and be modelled after the Multi-Stakeholder Steering Committee	Broader from the start
<b>Efficiency in decision-making</b>	Higher (lower number of members. Decisions made in joint meetings)	Lower (higher number of members, from different constituencies)
<b>Transparency / participation</b>	Initially lower if relevant decision makers are not included; can be improved in future with increased but relevant participation and be modelled after the Multi-Stakeholder Steering Committee	Potentially higher (direct involvement of other public, non-government and private actors)

## Meetings

The Governing Board could meet periodically (e.g. quarterly, bi-annually, or possibly as needed) to take decisions. Depending on the composition of the Board, its meeting agenda could also be aligned with that of other regular meetings taking place in Senegal, such as those under COMNACC. Alternatively, for the duration of the SCF Pilot, a limited number of meetings could also be agreed upon up-front to be held at relevant milestones of the Pilot.

## 2.4 Administrator

An administrator of the SCF would need to be assigned to perform Executive and/or Administrative Functions. For Option 1 (Governing Board under DEEC and DE), the Administrator role could be exercised by the Climate Change Division within DEEC. For Option 2 (Governing Board under COMNACC), the role of the Administrator could, for instance, be performed by the DECC overall.

Regardless of the final decision by the Senegalese Government, it is important that the Administrator is properly staffed, in particular, if the ‘voluntary market approach’ to governance as described above is chosen. Under this approach, the Governing Board delegates most of the Executive and Administrative Functions to the Administrator. These could include, among others:

- Implementing standards and policy guidance agreed by the Governing Board
- Listing of programs under the SCF
- Liaising with program developers
- Organizing stakeholder consultations on SCF design and implementation issues
- Compiling, reviewing and managing data on the SCF and listed programs
- Maintaining the registry of SCF programs and emission reductions

- Reporting to the Governing Board on its operations and possible improvements
- Organizing and arranging periodic meetings for the Governing Board.

## 2.5 Other roles

### Verifiers

The use of independent auditors to verify the mitigation impacts of SCF activities would be an essential component of the governance system, and would further improve the technical rigor and integrity of the SCF.

It is worth noting that the standardized nature of the SCF Pilot also allows for a simpler and more efficient approval cycle process. For instance, validation and verification will occur at the same time. Moreover, although additional capacity and training is expected initially so that protocols are fully assimilated by accredited auditors, it is possible that eventually individuals (rather than only companies) may also become certified and accredited to carry-out independent auditing, further reducing transaction costs. This would however be a future development option after the Pilot phase. The further reduction of transaction costs linked to auditing functions would be supported by a clear and objective listing template, monitoring template, and verification guidelines.

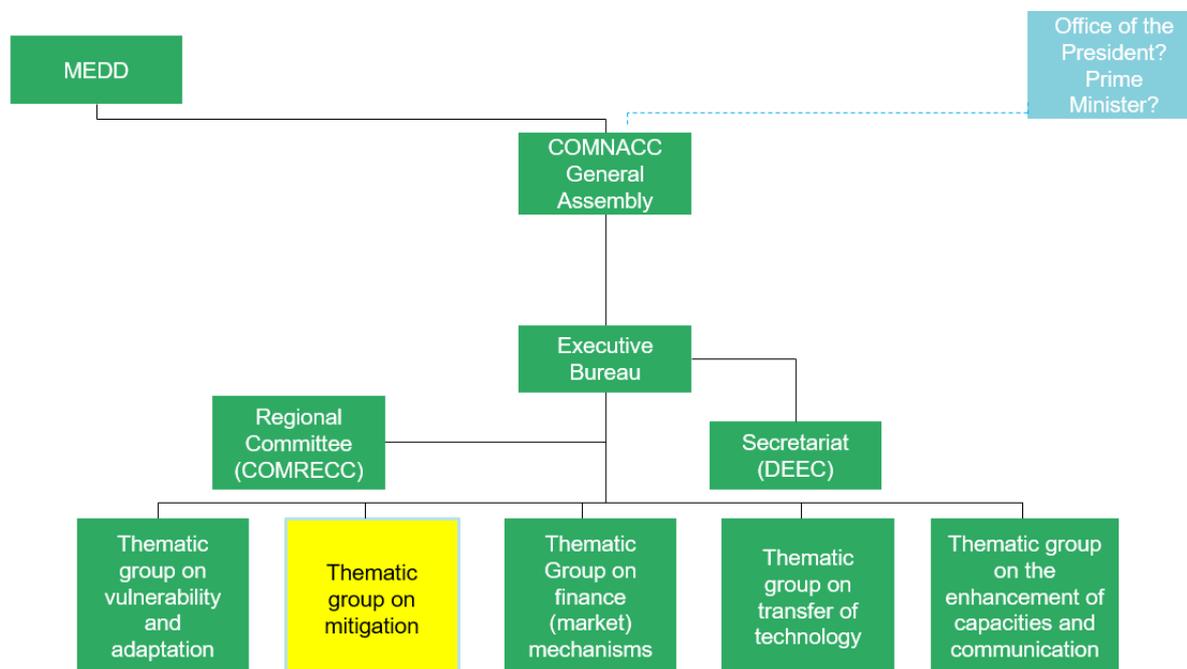
### Technical committee

To strengthen the technical capacity of the Governing Board, a technical body may be established to review and comment, for instance, on future proposals for additional standardized methodological approaches and GHG accounting and MRV-related issues. This body could include national and international experts, lending additional credibility to the SCF.

In addition to its technical advisory role, the technical committee could also assist with carrying-out certain Executive Functions, as requested by the Governing Board and in coordination with the Administrator. This could include developing additional methodologies, templates and sectoral monitoring default factors.

The governing instrument of the Governing Board could ensure that recommendations and inputs by the Technical Committee are duly taken into account and proper justification is provided by the Board when decisions deviate from the technical recommendations. As mentioned above, the COMNACC could potentially exercise this technical advisory role under the SCF. In particular, the 'Thematic Group on Mitigation' appears particularly suitable to house the Technical Committee.

Figure 3. Possible technical committee based on existing COMNACC group



### Review process and ombudsman

Embedding the right to petition and the right to be heard within the SCF governance arrangement would strengthen overall transparency and further entice participation of both private and non-private actors under the future phases of the SCF. It should be noted that the lack of possibility to appeal against decisions of the CDM Executive Board has been identified as a major shortcoming of the CDM, which Parties to the UNFCCC have not been able to remedy, even though an agenda item and a draft proposal has been created in the negotiations.

For technical decisions, the SCF Pilot could establish an appeals process for program proponents affected by decisions such as the listing of programs. For instance, if the 'voluntary market approach' is adopted, the Governance Board could act as a collegiate body to hear appeals on technical matters, upholding or reverting rulings from the Administrator.<sup>5</sup>

For social and environmental safeguards, an ombudsman could be designated to receive complaints from stakeholders directly affected by the SCF. These may involve issues associated with violation of community and individual rights, lack of proper governmental authorizations, land tenure conflicts, and benefit-sharing from the monetization of emission reductions. The ombudsman could prepare a first assessment of complaints lodged, request supporting documentation, and carry-out administrative fact-finding. The ombudsman could also, where appropriate, attempt to intermediate and find a compromise among stakeholders

<sup>5</sup> The Governing Board could act as a technical reviewer/appellate body in cases where the Administrator is responsible for Executive Functions (as in the 'voluntary market approach'), but not in cases where the Governing Board concentrates both Policy and Executive Functions. Here, a more impartial (external) reviewer/appellate body would have to be identified.

affected and/or refer cases to the appropriate institutions. It could also be empowered to request the Governing Board/Administrator to suspend the listing of the relevant program or the issuance of certificates from a certain activity until settlement of the dispute.

## 2.6 Recommendations

Overall, it would be beneficial for SCF Pilot to rely, to the extent possible, on the existing institutional arrangements and technical capacities of the DEEC and the COMNACC. These bodies are currently associated with most (if not all) carbon market and carbon finance-related activities in Senegal. Securing the participation of DEEC and the COMNACC in the SCF governance structure would help ensure alignment of efforts and strategies associated with Senegal's activities under the CDM, the GCF, and Article 6 of the Paris Agreement. In addition, the DEEC is already benefiting from GCF readiness support. An increase of institutional capacity of the DEEC may also indirectly benefit the SCF Pilot.

Based on experiences with different carbon market standards and functions already executed by existing institutions in Senegal, it appears that the SCF Pilot could also gain from adopting, at least initially, a hybrid governance structure that combines elements from both the 'CDM approach' and the 'voluntary market approach' (as discussed in section 2.2). In this sense, Executive Functions could initially be shared among the relevant bodies as follows:

- The Governing Board: certifying emissions reductions.
- The Technical Committee: developing, reviewing and recommending approval of SCF Program Protocols, methodologies and templates; and providing recommendations for specific rules and guidelines to be adopted by the Governing Board.
- The Administrator: listing of programs in the SCF that pass the completeness check; and identifying eligible auditors to undertake verification.

As the SCF develops and institutional capacities are strengthened, the governance approach could also evolve to more clearly distinguish between rule-making and implementation powers (therefore, closer to the model set by the 'voluntary market approach'). This would mean that the Administrator could eventually concentrate all Executive and Administrative Functions, directly guiding and being fully supported by the Technical Committee. The Governing Board would then free-up time and capacity to focus on policymaking and general guidance, evaluate performance of the different bodies, and review technical and executive decisions when prompted.

With respect to the institution exercising the role of the Governing Board, Option 1 (Governing Board under DEEC and DE) seems more suitable. During the SCF Pilot, it would be beneficial to simulate and test the Governing Board role by combining institutional experience and expertise from both climate change (DEEC) and rural electrification (DE or another department within the MEDER). The DEEC and the DE could then 'test the waters' for the Governing Board and exercise key Policy Functions without altering their current mandates. This option would therefore allow for a prompt set-up of the SCF Pilot.

In turn, the Administrator role could be exercised by the Climate Change Division, which already acts as the climate and carbon finance focal point in Senegal. The Climate Change Division could take on several Executive and Administrative Functions. Finally, building on its current technical and advisory profile, the Thematic Group on Mitigation of the COMNACC

could operate as a Technical Committee to the Governing Board. Figure 4 below depicts the suggested governance structure.

In the medium- to long-term, as Senegal may choose to continue with the SCF beyond the pilot and the Paris rulebook is completed, the Governing Board could seek a more permanent and broad structure. This could, for instance, be modelled after the GCF Multi-Stakeholder Steering Committee. The SCF governance structure could also incorporate an ombudsman and a technical review process, further increasing due process and accountability. This proposal was discussed with the relevant stakeholders during a mission in July 2017. Based on those discussions, and the guidance provided by the newly constituted Governing Board, the governance structure was revised to include a representative from the Directorate General of Finance in the Ministry of Economy, Finance and Planning and from the private sector in the Governing Board. DEEC and DE will discuss the most appropriate way to involve the private sector in the Governing Board, and will ensure that DGF is informed of the July 2017 meeting and invited to future meetings.

Figure 4. SCF governance structure

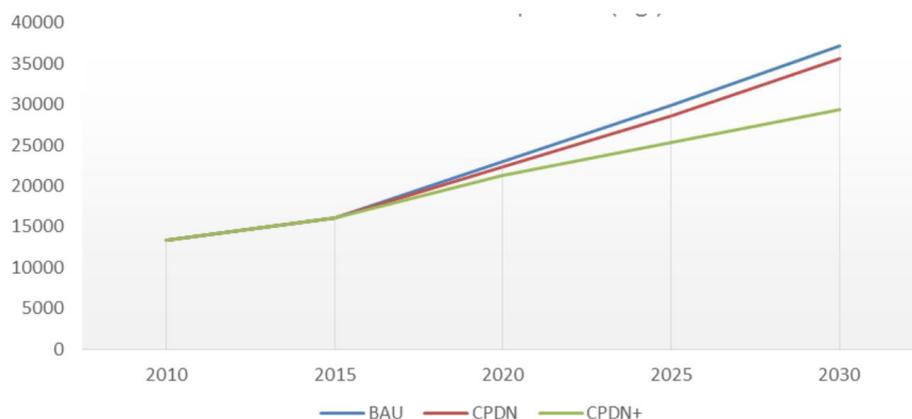


### 3. Relationship between SCF pilot, NDC commitments and national policies

While the SCF Pilot will not generate any internationally recognizable credits during the pilot phase (mainly due to lack of clarity or guidance on this), the intention is to provide valuable lessons for future crediting mechanisms – both for Senegal and for the international community. As context for thinking about future crediting mechanisms under the Paris Agreement, it is useful to explore how the activities under the SCF could relate to the commitments that Senegal made in their Nationally Determined Contribution (NDC) under the

Paris Agreement. In its INDC submission dated September 2015<sup>6</sup>, the government of Senegal proposed both an unconditional and a conditional target for emission reductions compared to a “business as usual” (BAU) scenario (Figure 2).

Figure 2: Emission of GHGs for Senegal under a BAU scenario compared to unconditional (CPDN) and conditional (CPDN+) targets (ktCO<sub>2</sub>)



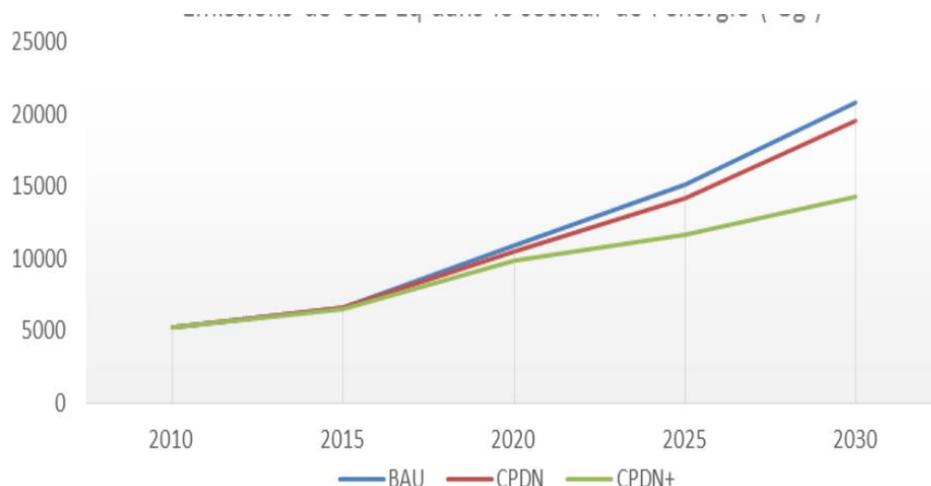
Source: INDC submission for Senegal

Both the unconditional (CPDN) and conditional (CPDN+) targets are to be met through mitigation activities in four general sectors, namely energy, agriculture and forestry, industry and waste. For each of these sectors, the INDC lists specific actions which the government envisages to meet the CPDN and CPDN+ targets. Commitments for emissions of GHGs in the energy sector are presented in Figure 3, and specific actions related to energy access are included in both the CPDN and CPDN+ lists, as summarized below:

- For the unconditional target:
  - Rural electrification (PNUER)
  - 392 villages electrified using solar or hybrid (solar/diesel) mini-grids
- For the conditional target:
  - 5000 villages electrified using solar mini-grids for universal access to electricity

<sup>6</sup> <http://www4.unfccc.int/Submissions/INDC/Published%20Documents/Senegal/1/CPDN%20-%20S%C3%A9n%C3%A9gal.pdf>, retrieved 2 March 2017. This became Senegal’s NDC when the government ratified the Paris Agreement on 21 September 2016.

Figure 3: Energy sector emissions for Senegal under a BAU scenario compared to unconditional (CPDN) and conditional (CPDN+) targets (ktCO<sub>2</sub>)



Note: CPDN = unconditional commitment; CPDN+ = conditional commitment

Source: INDC submission for Senegal

The PNUER (Programme Nationale d'Urgence d'Electrification Rurale, in English: National Emergency Programme for Rural Electrification) mentioned above has an aim to reach a rural electrification rate of 60% by end of 2016, from a baseline of 26% in 2012<sup>7</sup>. By the end of 2015 an additional 1192 villages had been electrified, compared to 1648 villages electrified in 2012<sup>8</sup>. Although this represents an impressive 72% growth in number of villages electrified between 2012 and 2015, the total electrification rate by end of 2015 remained at 31.6%, which fell short of the government's target of 36% by end of 2015. With respect to the CPDN target highlighted above, it is unclear whether the 392 villages to be electrified using solar or hybrid (solar/diesel) mini-grids are already included in the PNUER or are in addition to the Program, although the former is more likely. A similar question can be posed with respect to the CPDN+ target as to whether the 5000 villages to be electrified using solar mini-grids are part of or in addition to the PNUER. Nevertheless, it is clear that rural electrification in Senegal is an important component of the country's NDC.

Regarding the use of market mechanisms, Senegal clearly states that it does not intend to meet its contribution through purchasing emission reduction units from any existing or future market mechanism. Nevertheless, Senegal plans to be a host country for projects implemented under any international climate mechanism provided these meet standards that ensure real, permanent, additional and verified results while avoiding double counting and meeting the country's sustainable development objectives. In addition, Senegal supports the continuation of the CDM and in a form to be defined under the Paris Agreement (PA). The INDC also notes that the elements of the INDC that are conditional and dependent on international assistance could include projects supported by non-market mechanisms established under the Convention. In other words, Senegal foresees that activities, programs or projects undertaken to meet the country's conditional target could be supported by climate

<sup>7</sup> [http://www.ecreee.org/sites/default/files/event-att/senegal\\_mrs\\_fatou\\_thiam\\_sow.pdf](http://www.ecreee.org/sites/default/files/event-att/senegal_mrs_fatou_thiam_sow.pdf)

<sup>8</sup> [http://www.pressafrik.com/Electrification-rurale-au-Senegal-2-840-villages-electrifies-en-2015\\_a151058.html](http://www.pressafrik.com/Electrification-rurale-au-Senegal-2-840-villages-electrifies-en-2015_a151058.html)

finance. How the use of carbon markets might relate to the achievement of these specific goals is not discussed in the INDC.

Considering the above, implementing the SCF Pilot in Senegal will prepare the country to host projects under future international climate mechanisms, and specifically fits with Senegal's support for "the CDM and its further continuation in a form to be defined under the PA". The activities under the SCF Pilot will be undertaken and completed prior to 2020 and will therefore provide an opportunity for Senegal to actively participate in developing simplified and standardized approaches to crediting in parallel with on-going CDM projects, international negotiations related to Article 6 and potential refinement of the country's NDC. As mentioned earlier, while there is no guarantee that the SCF framework will be recognized and supports creation of internationally recognized units under Article 6 of the Paris Agreement, amendments to the SCF concept and framework after the pilot phase is possible as the rules on Article 6 of the PA are developed, some of which may be achieved during the lifetime of the pilot. If a program like the SCF Pilot in Senegal will eventually proceed beyond the pilot phase, elements of the framework are recognized under the PA and potentially be used for actual crediting under the PA, then issues related to avoidance of double counting and baseline setting with respect to Senegal's NDC will need to be explored. It is possible that baselines for crediting under Article 6 might be influenced by NDC commitments. International rules related to double counting and baselines will eventually be adopted. The final report for the SCF pilot will explore these issues as a "simulation" of different possible outcomes of the negotiations and decisions by the parties involved.

**It should be emphasized that the SCF Pilot will not introduce any new contracts or results-based payments, and that the current ERPA signed by ASER under the CDM will still govern actual crediting arrangements and payments.** The SCF Pilot experience aims to ensure, however, that the transition from the CDM to a new form of crediting mechanism under the PA should be a seamless process for rural electrification in Senegal. In addition, discussions with the Senegalese government during missions and roundtables/ workshops will also support Senegalese revisions to and clarifications of NDC goals, without prescribing any specific approach or link to crediting.

#### 4. Stakeholder engagement process in the SCF pilot

In the development and implementation of the SCF Pilot, the consulting team will engage with key stakeholders in the energy and climate change field in Senegal. This will include three types of engagement:

- Discussion with key public-sector stakeholders on the Roadmap and Program Protocol for the SCF Pilot (i.e. prior to the formal launch of the Pilot) (April and July 2017)
- Presentation of ASER Electrification Program as part of SCF Pilot (i.e. when the ASER program is listed under the SCF Pilot)
- Presentation of the results and lessons from the SCF Pilot (i.e. after monitoring and verification under the pilot are complete)

**Discussion on the Roadmap and Program Protocol:** The consulting team drafted the Roadmap (i.e. this document) and an accompanying Program Protocol, the latter which

details the rules for the SCF Pilot, similar to other carbon market standards. The following stakeholders were invited the comment on these documents:

- Director for Electricity, Ministry of Energy and Renewable Energy Development (Directeur Electricité. Ministère de l'Énergie et du développement des Énergies renouvelables)
- Energy Information System Coordinator, Ministry of Energy and Renewable Energy Development (Coordinatrice du système d'information énergétique)
- Director General, Renewable Energy Agency (Directeur Général ANER)
- Director General, Energy Efficiency Agency
- Director General, Senegalese Rural Electrification Agency (Agence Sénégalaise d'Électrification Rurale)
- CDM Designated National Authority, Ministry of Environment and Sustainability Development (Autorité Nationale Désignée du MDP, Direction de l'Environnement et des Etablissements Classés, Ministère de l'Environnement et du développement Durable)
- Promotion of Renewable Energy, Rural Electrification and Sustainable Supply of Household Fuels ((Programme pour la promotion des énergie renouvelables, de l'électrification rurale et de l'approvisionnement durable en combustibles domestiques - PERACOD)
- Director for Economic and Financial Cooperation, General Directorate of Finance, Ministry of Economy and Financial Planning (Directeur de la Coopération Economique et Financière (DCEF), Direction Générale des Finances, Ministère de l'Economie et des Finances et du Plan)

Comments were solicited via email, face-to-face meetings with key stakeholder during two missions to Senegal (9-12 April 2017 and 4-9 July 2017), during a dedicated capacity building workshop to discuss the SCF pilot (12 April 2017), and at meetings of the newly constituted Technical Committee and Governing Board in July 2017.

**Launch of SCF Pilot and Presentation of ASER Electrification Program:** As part of the formal launch of the pilot, the Technical Committee and Governance Board for the SCF Pilot have been convened to approve rules for the program. The pilot program from ASER would also be circulated to stakeholders once it is ready – following revisions to the Program Protocol requested by the Governing Board. Formal listing of the program would only take place after the launch workshop, based on the listing procedures. Given that the ASER program has already undergone extensive consultation as part of the CDM project cycle and as part of the government consultation process for rural electrification concessions, this information would focus more on how the ASER program and SCF Pilot could pave the way for future crediting activities for Senegal under the Paris Agreement.

**Presentation of the results and lessons from the SCF Pilot:** After the monitoring and verification of the SCF Pilot activities, the consulting team will prepare a list of lessons learned from the pilot, assessment of its relation to Article 6 of the PA and impacts including a comparison of the CDM process with the SCF Pilot process (see proposed timeline for this in 7). The Technical Committee will also meet to review these lessons and provide their inputs. These lessons will be presented to and discussed with stakeholders, to get their feedback and additional ideas on how future crediting programs would be launched in Senegal. This

final workshop would, in addition to the stakeholders from earlier meetings, include potential project developers that might engage with the SCF after the pilot phase.

## 5. Evaluation metrics

One goal of the SCF Pilot is to compare the process of program development and implementation under the SCF with the traditional CDM PoA project cycle. Given that the ASER program has already gone through part of the CDM project cycle, however, this comparison, for the part that is already completed, will be simulated rather than conducting two separate processes. For example, most of the program development for the ASER program is complete already, because this was required to start validation under the CDM. The consulting team and ASER will therefore have to estimate the time that would have been required to develop the ASER program as an SCF Pilot program “from scratch”.

The evaluation of the SCF process will include three main metrics:

- **Time required:** how long would it take to develop a program to the point where it can formally be submitted, plus the time required for listing (or registration under the CDM), monitoring, verification and certification of emission reductions?
- **Transaction costs:** what are the costs from the perspective of the program developer, including consulting fees for contractors (e.g. to assist with program development and submitting templates), internal staff time, program fees (if any) and auditing fees (if any)?
- **Potential emission reductions:** how does the crediting approach and methodology applied under different standards affect the total emission reductions that could be achieved by a given size of program?

In addition, the review would consider qualitative issues such as institutional and capacity building, support for achieving NDC commitment, engagement with the private sector and Senegal’s ability to access to climate finance.

## 6. Support for listing and verification of program activities

The World Bank has engaged the consulting team to support the listing of new program activities under the SCF Pilot, as part of their overall support services. This means that the consulting team will assist ASER in filing in the listing template, as well as the monitoring template for verification. While the monitoring period until verification could span over a year, the consulting team will request more regular updates from ASER through the local consultant to ensure there are no gaps in recordkeeping and to catch any data gaps or inconsistencies early in the process. The consulting team will also provide regular feedback to the World Bank and the Governing Board of the SCF Pilot during the monitoring period.

## 7. Timeline

The support provided by the World Bank to the SCF Pilot will have two main phases, as shown in Figure 4. The first phase is to develop the Roadmap (i.e. this document) and finalize this with stakeholder input. This included a mission by the consulting team to Senegal to

consult with key stakeholders and holding a workshop to finalize the Roadmap. The second phase is the implementation of the SCF Pilot in Senegal. This is what is covered by the diagram shown in section 2. This phase would include the set up to the SCF Pilot, listing and monitoring of the ASER program, meetings of the Governing Board, verification of emission reductions, as well as lessons learned from the SCF Pilot. The “missions” in the figure are when the international members of the consulting team would be in Senegal.

Note that the Governing Board, at their first meeting in July 2017, recommended a 6-month monitoring period for the ASER Program. This is discussed in the minutes of the Governing Board, including their interest in maintaining momentum and interest from other potential future developers, learning lessons more quickly, and the fact that the ASER Program crediting period will already start, according to the SCF Pilot Rules, in September 2016 (i.e. one year prior to listing). Two versions of the timeline have therefore been included below.

Figure 4. Original timeline for set up and implementation of SCF Pilot

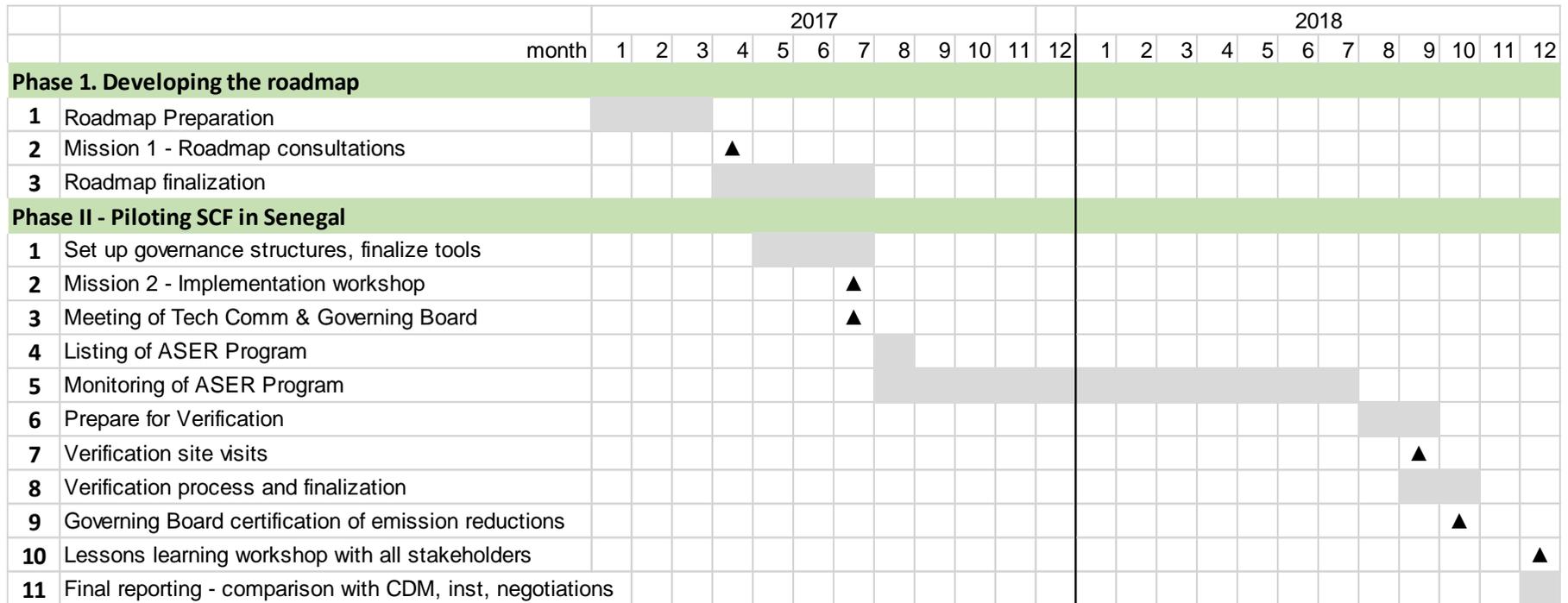


Figure 5. Timeline proposed by Governing Board of SCF Pilot

		2017												2018						
		month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
<b>Phase 1. Developing the roadmap</b>																				
<b>1</b>	Roadmap Preparation		█	█	█															
<b>2</b>	Mission 1 - Roadmap consultations				▲															
<b>3</b>	Roadmap finalization				█	█	█	█												
<b>Phase II - Piloting SCF in Senegal</b>																				
<b>1</b>	Set up governance structures, finalize tools					█	█	█	█											
<b>2</b>	Mission 2 - Implementation workshop								▲											
<b>3</b>	Meeting of Tech Comm & Governing Board								▲											
<b>4</b>	Listing of ASER Program									█	█	█	█	█						
<b>5</b>	Monitoring of ASER Program									█	█	█	█	█	█					
<b>6</b>	Prepare for Verification															█	█			
<b>7</b>	Verification site visits																▲			
<b>8</b>	Verification process and finalization																█	█		
<b>9</b>	Governing Board certification of emission reductions																	▲		
<b>10</b>	Lessons learning workshop with all stakeholders																			▲
<b>11</b>	Final reporting - comparison with CDM, inst, negotiations																			█

## 8. Next Steps

All the next steps included in the draft Phase 1 report have already been completed, except the listing of the ASER Program. This is anticipated in August 2017.

Activity	Who is responsible	Date
Revise Roadmap and Program Protocol	Consultants	Done
Send revised documents and workshop report to all workshop and meeting participants	Consultants, World Bank	Done
DEEC to circulate documents to the relevant COMNACC Group on Mitigation, requesting comments within 3 weeks	DEEC	Done
DEEC forwards all comments to Consulting Team	DEEC	Done
Produce final version of documents for DEEC and DE	Consultants	Done
Organize second mission to approve Program Protocol and launch SCF Pilot	Consultants	Done
COMNACC Technical Committee reviews, revises and approved Program Protocol	COMNACC	Done
Meeting of the Governing Board to formally approve the Program Protocol	DEEC/DE	Done
Submission of the ASER program Listing Template, with support from Consulting Team	ASER/Consultants	August

## Annex A. First Workshop Report (main text)

Note: This the main text from the Workshop Report. The full report, including all of the Annexes, is available on request and has been sent to DEEC and the Directorate of Electricity.

### Summary

The first workshop for the Standardized Crediting Framework Pilot for Senegal was held on 12 April 2017 in Dakar, and attended by 16 participants representing Senegalese government and non-governmental stakeholders, the consulting team and the World Bank. The Consulting Team and the World Bank presented the “Standardized Crediting Framework Pilot” for Senegal. This program would build upon the Clean Development Mechanism (CDM) Programme of Activities (PoA) by the Agence Senegalaise d’Electrification Rurale (ASER) for rural electrification, will sell emission reductions to the World Bank Carbon Initiative for Development (Ci-Dev). The SCF Pilot will simulate a simplified crediting approach, built on the reform ideas proposed to the CDM, that could, if approved, be used after 2020 (i.e. at end of the second commitment period of the Kyoto Protocol) to ensure that ASER continues to receive revenue for greenhouse gas (GHG) emission reductions.

During the workshop, the participants deliberated on a proposed governance structure and set of rules that will be considered for the piloting activity. The productive discussion helped to understand the role that different existing institutions could play for implementing the pilot activity. Accordingly, to have a robust and efficient governance structure, a Governing Board comprising of the key directorates in the Ministries of Environment & Sustainable Development and Energy & Renewable Energy Development, supported by a Technical Committee drawn from COMNACC (Senegal’s existing multi-stakeholder national climate change committee) was proposed. In addition, the same department that serves as the CDM Designated National Authority (DNA) would serve as the Administrator for the SCF Pilot. The next mission in July 2017 will convene the Technical Committee and Governance Board for a more in-depth workshop along with any other stakeholders that could play a major role, as a way to both build capacity for implementing the pilot under the SCF and also to formally approve and launch the Pilot. In addition, the next mission will aim to discuss and agree on tools and rules that are required to support launch of the pilot.

## Introduction

The first workshop for the Standardized Crediting Framework Pilot for Senegal was held on 12 April 2017 at the Radisson Blu Hotel in Dakar. A summary of the project is included in Annex A (English) and Annex B (French), and the agenda for the workshop and a list of participants is included in Annexes C & D, respectively. The purpose of the workshop was to introduce the SCF Pilot and discuss a proposed governance structure for the Pilot that is necessary to implement the pilot in Senegal.

## Opening, background and context

Doudou Ndiaye, Technical Advisor to the Minister of Environment & Sustainable Development opened the session, highlighting both Senegal's climate change commitments and commitment to increase energy access (see Annex E for full statement). He noted Senegal's early involvement in the CDM and the global success of the CDM, but the need to now look towards new mechanisms and increase Africa's participation. He highlighted the successful conclusion of an ERPA between Ci-Dev and ASER, which will bring \$8.1 million to the rural electrification program. Senegal's view is that the Standardized Crediting Framework concept could contribute to Africa's greater success under new mechanisms, and that the SCF pilot in Senegal is a welcome step for the country.

Madeleine Diouf Sarr from the Climate Change Division, DEEC, Ministry of Environment & Sustainable Development presented an overview of Senegal's experience in carbon markets, engagement with the UNFCCC process, and commitments under the Paris Agreement. She highlighted some of the larger CDM projects in Senegal, and the importance of the energy sector for Senegal's NDC commitments. She also verbally conveyed the Directorate's interest in the SCF Pilot and commitment to engaging with the program. The full presentation is in Annex F attached to this report.

The World Bank Group provided background on the Ci-Dev program overall, as well as the agreement with ASER to purchase emission reductions until 2025 from the rural electrification program (Annex G). The presentation also highlighted the objective of SCF Pilot and how this could potentially help, if implemented successfully and approved, the ASER program to receive emission reduction revenue after the end of the CDM in 2020.

## Description of the SCF Pilot

Carbon Limits presented the "Program Protocol" for the SCF Pilot. During the workshop session, the focus was on the following topics:

- Scope and initial program: the pilot will focus on the ASER rural electrification program, so will only include grid, mini-grid and off-grid solar electrification, as well as solar lamps.
- Program cycle: the pilot will test the concept of combining validation and verification, so that programs complete a simple standardized "listing template" to be listed/registered. The verification of eligibility and performance would all occur after monitoring, as it does in some other compliance and voluntary programs (but not in the CDM).

- Other process issues: the pilot will rely on the stakeholder engagement and environmental assessment already done under the CDM, as well as verifiers accredited under the CDM, JI and Verified Carbon Standard. This will reduce the time and effort required in Senegal to list and launch the program.
- Quantifying emission reductions for rural electrification, and listing requirements: listing requirements are spelled out in a template with straightforward eligibility requirements. Monitoring will focus on the number of households receiving access, but will also include options to estimating or measuring average household consumption. The baseline and project emission factors will be fixed for the full crediting period.
- Given this a pilot, all the templates and tools needed for implementing the pilot will be developed by Carbon Limits and Climate Focus consortium but would have to be approved the Technical Committee that will be established under the governance structure.

The full presentation is show in Annex H.

Discussion during and after the presentation included the following points:

- Scope and initial program: while ASER will be the only program entity in the pilot, other public and private entities may participate in the future (i.e. outside Ci-Dev scope). If the Governing Board chooses to allow additional programs beyond the pilot, then eligibility criteria will need to be developed for other (public and/or private) entities to submit programs.
- Program cycle: because the listing process under the SCF Pilot will be much faster than CDM validation and registration, and because the technologies included may be considered automatically additional, there is less need for a prior consideration process
- Other process issues: SCF Pilot will use verifiers already accredited under CDM, JI and VCS standards; the Governing Board may wish to consider other verifiers beyond the pilot, but this would then require setting up an accreditation process.
- Quantifying emission reductions: The SCF uses a simplified monitoring approach to quantify emission reductions, which requires fewer inputs than the CDM methodologies but still maintains high standards.
  - The SCF Pilot's focus on technologies that may reasonably be considered automatically additional, the proposal to make grid electrification in LDCs automatically additional, and the fact that the use of simplified templates is possible because of the focus on automatically additional technologies.
  - While the Program Protocol already includes a proposed methodology for rural electrification, the Governing Board may wish to further simplify the existing methodology for piloting and include other methodologies beyond the pilot. This could be a "top down" process or a "bottom up" process, but would then require a procedure for developing and/or evaluating methodologies. This is not needed during the Pilot.
  - Grid emission factor: the SCF Pilot uses a simplified approach to the grid emission factor derived from a CDM methodology for rural electrification (AMS III.BL), rather than the more complex calculation under the CDM "Tool to calculate the emission factor for an electricity system".
  - The consulting team will support ASER in the monitoring process.

- There is a desire for a future move towards online monitoring templates and processes.
- Next steps: the next mission and discussion with the proposed “Technical Committee” for the SCF Pilot should include a workshop that discusses all above mentioned aspects, agrees on methodologies, templates and tools, monitoring requirements, etc., and builds capacity of this group to engage with the SCF and support the SCF Pilot Governing Board.

## Governance of the SCF Pilot

Climate Focus, based on face to face discussions with stakeholders in Senegal, presented the proposed governance structure of the SCF Pilot mainly to brainstorm on the governance structure that is most suitable and relevant and that can be built on existing institutional setup in Senegal. This would include the composition of the main governing body, SCF technical committee and the administrator for running the pilot. It was proposed that a Governing Board can be comprised of representatives from the DEEC, Ministry of Environment & Sustainable Development and the Directorate of Electricity, Ministry of Energy & Renewable Energy Development. The COMNACC Thematic Group on Mitigation can act as the SCF Technical Committee and the DEEC Climate Change Division as the Administrator. The roles of each of these bodies are outlined in the presentation included as **Error! Reference source not found.** The presentation also noted the need to build capacity within the COMNACC and that the next mission should engage with the Technical Committee and support them in reviewing and finalizing the SCF Pilot Program Protocol and templates.

During the pilot a leaner governance structure that builds on existing structures can be adopted as the pilot only represents a simulation of the workings of the SCF without an actual monetary transaction. In the coming years, as the negotiations will make progress on the implementation of Article 6, the Senegalese government may need to revisit the governing arrangements if they wish to continue with the SCF concept.

Discussion during and after the presentation included the following points that are relevant for the SCF Pilot and governance structures:

- Governing Board (GB) composition:
  - Given the need for leanness of the GB, the composition of the governance body would start small, but can be expanded after the pilot, depending on the needs and the interests of various stakeholders. This approach also relies on the technical committee from COMNACC to accommodate all relevant stakeholder views.
  - If future activities included cooking, then including the ‘Direction des Hydrocarbures et des Combustibles Domestiques’ would be important.
  - The possibility to create another COMNACC sub-committee if necessary was also discussed. COMNACC is currently going through restructuring, so the final structure is pending. Representation of the COMNACC institutional set-up will be updated as some sub-committees and thematic bodies were no longer active. The use of a Technical Committee from COMNACC to support the SCF Pilot would ensure both expert input and stakeholder engagement.

- Agencies such as ANER and AEME also expressed a desire to engage with the ASER program and the SCF, particularly when thinking about how these activities might be expanded beyond the initial pilot. They would be kept informed during the Pilot and invited to all relevant consultations.
- A robust structure is needed for the Administrator to avoid issues that were faced by the focal point for technology transfer mechanism. The SCF Pilot Administrator would therefore be based on DEEC where there are multiple skilled staff.
- All required program documents will be developed by the consultants during the pilot implementation stage and, for the purposes of the initial program, would only need commenting and approval by the governance structures. This would help to address some of the capacity concerns raised. In future, however, a deeper engagement from the Senegalese side would be required to expand the SCF, including any changes to the rules or templates.
- The current pilot program is limited to only one program in Senegal and depending on success of the piloting and need for more learning, the same can be extended to different technologies and in different countries. This will also be discussed again later in the Pilot, as lessons are learned from the initial program.
- Some adjustments in the SCF might be needed to accommodate any rapid technological developments compared to NDC cycle (i.e. not in current Pilot but beyond this) and the same will be clarified in the Program Protocol.

## Next steps

In the final session, the group discussed the next steps for the SCF Pilot. The key milestones are as follows:

Activity	Who is responsible	Date
Revise Roadmap and Program Protocol	Consultants	26-Apr
Send revised documents and workshop report to all workshop and meeting participants	Consultants, World Bank	27-Apr
DEEC to circulate documents to the relevant COMNACC Group on Mitigation, requesting comments within 3 weeks	DEEC	2-May
DEEC forwards all comments to Consulting Team	DEEC	23-May
Produce final version of documents for DEEC and DE	Consultants	2-Jun
Organize second mission to approve Program Protocol and launch SCF Pilot	Consultants	June
COMNACC Technical Committee reviews, revises and approved Program Protocol	COMNACC	first week July
Meeting of the Governing Board to formally approve the Program Protocol	DEEC/DE	first week July
Submission of the ASER program Listing Template, with support from Consulting Team	ASER/Consultants	late July

## Closing remarks

Doudou Ndiaye, Technical Advisor to the Minister of Environment & Sustainable Development closed the session, stressing that the outcomes of the SCF will be helpful and useful for the implementation of Senegal's NDC and in building the domestic institutional infrastructure for market mechanisms. He thanked the team for their inputs, the World Bank for their support, and the participants for their active discussion.

## List of Annexes (not included in this document)

- Annex A. Overview of “Piloting a standardized crediting framework for scaling up energy access programs in Senegal”
- Annex B. Aperçu : Projet pilote d'un « cadre de crédit normalisé pour l'extension des programmes d'accès à l'énergie au Sénégal »
- Annex C. Roadmap Workshop: Agenda
- Annex D. List of workshop participants
- Annex E. Opening statement from Ministry of Environment and Sustainable Development
- Annex F. Presentation from Senegal's climate policy and experience in carbon markets
- Annex G. Presentation on Ci-Dev overview
- Annex H. Presentation on SCF Pilot rules

## Annex B. Report of Technical Committee meeting

### Technical Committee Meeting Report (5 July 2017) [without annexes]

#### Introduction

The first meeting of the Technical Committee for the Standardized Crediting Framework Pilot for Senegal was held on 5 July 2017. The role of the Technical Committee in the SCF Pilot is fulfilled by the COMNACC Thematic Group on Mitigation (with additional experts as necessary), chaired by Libasse Ba (ENDA Energie). The purpose of the first Technical Committee meeting was to review the draft Program Protocol prepared by the consultants, and suggest amendments. This should also result in recommendations from the Technical Committee to the Governing Board. The meeting agenda is presented in **Error! Reference source not found.** The full list of attendees is included in **Error! Reference source not found.**



#### Participant expectations from the meeting

The meeting participants were first asked to share their expectations for the workshop. Many participants highlighted a desire for the following:

- Better understanding of the CDM
- Understanding the SCF and the documents presented
- Understanding the possibility of future of market mechanisms and developments in market negotiations on Art 6 of the Paris Agreement
- Understanding how Senegal can learn from mixed experience with CDM in the past (limited benefits, e.g. SOCOCIM, BOKHOL, ASER, FELOU, CSS)

## Priorities expressed on future market mechanisms

The participants also discussed the priorities for Senegal's future engagement with market mechanisms. Key areas of interest included the following:

- « Credibility, flexibility, facilitation, simplification »
- SCF should be less complicated than the CDM
- Appropriation by Senegal, so that mechanism fits the local context
- Promoting access to finance, particularly for energy access programs

## Presentations by El Hadji Mbaye Diagne, Sandra Greiner and Randall Spalding-Fecher

The consulting team provided an overview of each section of the Program Protocol, highlighting key issues, differences from the CDM, and any outstanding questions for the Technical Committee. The full presentation is attached as an Annex to this report. Topics covered included:

- Objectives and introduction of the SCF and the pilot
- Clarification how ASER's role in the pilot, and that the same program follows both CDM and SCF. No additional monitoring
- Governance structures
- Pilot set-up
- Project cycle
- Clarification of methodologies and calculation of emission factors and sample sizes
- Templates and documentation of evidence

## Feedback and amendments to Program Protocol

The Technical Committee engaged in animated discussions on all aspects of the SCF. The SCF was welcomed as a good initiative to contextualize the CDM and future market mechanisms for Senegal. The Committee felt this was a good way that lessons from CDM have been incorporated at the local scale.

Recommendations and proposed amendments to the Program Protocol included the following:

- Important to have all documents in French [note that the first draft of the translation, of the Draft Program Protocol except the Annexes, has been received and will be shared with participants]
- Composition of Governing Board: the finance ministry should be included in the "arrêté". Involvement of the private sector and civil society is also very important, so they could participate in the Governing Board
- Role of Technical Committee: this should become clearly highlighted in the Program Protocol through additional flow chart(s). Particularly the role of the Technical Committee in the evaluation of the pilot should be highlighted (need to schedule another meeting of the TC and Governing Board at the end of the Pilot).
- Monitoring period of the Pilot: the monitoring period should be shortened to 6 months, so that the results of the Pilot could be evaluated sooner [note that the crediting

- period for the SCF Pilot will start in September 2016, so even a monitoring period ending in January or February 2018 would include more than 12 months of data]
- SCF Pilot flowchart: update the chart so that listing is separated from monitoring and features as a stand-alone category
  - SCF program cycle: The Program Protocol should include deadlines/ timeframes for the Administrator and the Governing Board to respond to requests for listing and certification. This could be 2 to 4 weeks for the Administrator to respond to a request for listing and a similar time frame for certification once the verification report and opinion is submitted.
  - Verification: Program Proponent should choose the verifier under the SCF, not the Administrator. Following the current procedures in Senegal in other areas, the Administrator should provide a list of qualified verifiers, from which the Program Proponent can choose.
  - Monitoring parameters and procedures:
    - o Establishing the parameter “household electricity consumption”: Option C (default value) will only be available after the pilot, since the data collected by ASER will be used to establish this default value. This will be discussed by the Technical Committee for all of Senegal. ASER also noted that many households will soon have meters, so exact consumption will be known from metering reports.
    - o When using Option B for “household electricity consumption”, total electricity distributed should be net of losses (>10% in Senegal).
    - o Sample sizes: revise sample size to be used for determining share of operational connections (54-60) and for average household consumption (105-110), based on the ASER PoA and CDM approach
    - o Future changes in monitoring: change from different service levels in household connections to prepaid cards during later part of monitoring period. Methodology therefore needs to accommodate this option.
    - o How to measure LED lamp numbers: taking the sales can be problematic because many lamps are exported outside Senegal. The Program Proponent needs to provide a reasonable value and a justification, e.g. estimating leakage or why leakage will not occur.
  - Amendments to Listing Template:
    - o include a third column in the listing template to specify which document/evidence is referenced in support of each question
    - o streamline questions on whether Senegal is an LDC and rural electrification is below 20% because that is always the case
    - o question 17 “does the program comply with “relevant” national laws and regulations”. Guidelines should note that this could encompass contribution to the NDC
  - Templates need version numbers when they are uploaded on the website

## Closing remarks

The Technical Committee chair (Libasse Ba) thanked everyone for their inputs. A summary of the recommendations will be prepared and presented to the Governing Board.

## Annex C. Report of Governing Board meeting

### Governing Board (Comité Pilotage) Meeting Report (6 July 2017) [without annexes]

#### Summary

The first meeting of the SCF Governing Board convened on the premises of the DEEC on 6 July 2017. It was presided by the two co-chairs of the Governing Board, Mme Mariline Diara, Director of DEEC within the Ministry of Environment & Sustainable Development and M. Ibrahima Niane, Director of Electricity and Interim Director for Renewable Energy at the Ministry of Energy & Renewable Energy Development.

The co-chairs thanked the World Bank for the support provided under the SCF and congratulated ASER for its pioneering role in accessing innovative sources of finance, particularly climate finance. As input to the discussion, the Chair of the SCF Pilot Technical Committee, Mr Libasse Ba, presented the findings and recommendations from the meeting of the SCF Technical Committee, which had taken place on 5 July 2017 (presentation attached). The Governing Board deliberated on the recommendations and decided to formally launch the SCF pilot in Senegal, subject to the amendments proposed by the Technical Committee.



## Points of discussion

- Concerns were raised regarding the resource constraint of the DEEC to administer the SCF. This was addressed in several ways. On the level of the SCF itself, the requirements on the Administrator are minimized through simplified processes and the fact that the consultant team supports the work of the Administrator and the Technical Committee throughout the pilot. It was also pointed out that the resource constraint needs to be considered more holistically, not just in view of the SCF but more broadly considering the requirements of the Paris Agreement, which puts additional tasks on developing country governments. At the same time, support opportunities are available through the UNFCCC, such as the Capacity Building Initiative for Transparency (CBIT). The World Bank Senegalese office, which currently supports the Senegalese government through project-related capacity building activities, took note of the government's need to be broadly supported in the implementation of the Paris Agreement, mainly related to the operationalization of carbon market mechanisms.
- The Governing Board discussed the recommendation of the Technical Committee to involve the Ministry of Finance, the private sector and members of civil society in the Governing Board. The need for inclusion of the private sector and the Directorate General of Finance in the Ministry of Economy, Finance and Planning was confirmed.
- The information on the SCF should be accessible on various websites including the sites of COMNACC, DEEC and ASER. To avoid duplication of effort, the meeting identified as the way forward to administer the SCF and its related documents on the COMNACC site while other institutions could link to the COMNACC site
- The meeting clarified the next steps of the SCF, consisting of another meeting of the Governing Board after verification to certify the emission reductions achieved under the SCF pilot (in approximately 8-9 months) as well as another meeting of the Technical Committee and the Governing Board to evaluate the experience of the SCF Pilot (in approximately 10-11 months). During the first of these meetings, the verification report by the auditor would be considered, while during the latter meeting, the consultant team would provide an input to the discussions based on an evaluation of the lessons learned in the SCF Pilot process.
- The Governing Board approves the proposal of the Technical Committee to shorten the monitoring period under the SCF pilot from currently 12 months to 6 months to allow for a faster evaluation, amendments and possible expansion of the SCF to more technologies beyond the pilot
- The meeting confirmed the relevance of having clear timelines during which project proponents can expect a response from the SCF Administrator and Governing Board to ensure credibility and reliability of the scheme.
- Related to the next steps of SCF implementation, a discussion took place on the need for surveys to be carried out by ASER to establish the parameters for household energy consumption, as well as reporting on the distribution of lamps. While inputs had been received from the Technical Committee, it was clarified that no Governing Board decision needed to be taken on the issue and that it is the prerogative of project proponents like ASER to choose among options provided in the methodology

for determining parameter values, and that several options are provided in the SCF electrification methodology and monitoring template.

### Decisions by the Governing Board

During the meeting, the Governing Board considered the recommendations made by the Technical Committee and took the following decisions:

- To launch the SCF Pilot without reservations
- To approve the SCF Program Protocol, subject to the technical changes requested by the Technical Committee
- To host and administer the SCF Pilot documents on the COMNACC website
- To integrate the Ministry of Finance and the private sector into the SCF Governing Board
- To meet again for the certification of the emission reductions from the ASER programme and for the evaluation of the SCF pilot in approximately 8-9 months and 10-11 months
- To include a diagram of the next steps and meetings of the Technical Committee and Governing Board in the meeting report (see Next Steps)
- Waiving the need for an inter-ministerial “arreté”, to request the Ministry of Environment & Sustainable Development to deliver the “arreté” containing the general principles of the SCF governance structure
- To include response timelines in the “arreté”, during which the Administrator will respond to listing requests by project proponents and the Governing Board will respond to verification reports by auditors. While the “arreté” should contain the principle of response times, it is up to the Governing Board to decide on the exact response times
- Following the recommendation of the Technical Committee to authorize the project proponent under the SCF Pilot to choose the verifier from a list of approved verifiers provided by the Administrator.

### Next steps

Figure 6 on the following page presents an overview of the SCF Pilot timeline. This also shows the second Governing Board meeting at the end of Verification, plus a meeting of the Technical Committee and Governing Board to review the lessons learning from the SCF Pilot.

Figure 6. Overview of SCF Pilot timeline and key meetings

