



Piloting a Standardized Crediting
Framework for Scaling Up Energy
Access Programs

Roadmap for Rwanda Pilot

Final Phase I Report 15/11/2018





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1. Introduction

The Carbon Initiative for Development (Ci-Dev) supports low-carbon investments in least developed countries, using carbon-linked performance payments. Ci-Dev focuses on projects that improve access to energy using clean and energy efficient technologies. Although Ci-Dev started by using the Clean Development Mechanism (CDM) to support household energy access in African low-income countries, the Paris Agreement presents new opportunities and challenges for these carbon finance programs. 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 intention to catalyze self-sustaining private sector-driven businesses and programs that continue after the withdrawal of Ci-Dev’s intervention.

As part of ensuring that Ci-Dev programs can continue to benefit from carbon finance beyond 2020, Ci-Dev is piloting the “standardized crediting framework” concept in Senegal and Rwanda – a framework that could eventually form part of the Paris Agreement Article 6 crediting. This document presents a “roadmap” for the implementation of the SCF Pilot in Rwanda, after introducing the concept of the SCF and some of the key issues around future crediting frameworks.

1.1 The Standardized Crediting Framework concept

The Standardized Crediting Framework (SCF)¹ concept is a new approach to crediting emission reductions for energy access. The SCF is a simplified and streamlined standard that goes beyond the current CDM Program of Activities (PoA) model and could support the transition of the CDM project pipeline to the new regulatory environment of the Paris Agreement while enabling greater reform. The SCF could also provide a basis for disbursing payments under a results-based climate finance program, even it does not formally become part of a future crediting regime.

The SCF brings together many of the key reforms proposed for the CDM in recent years. The SCF supports greater private-sector engagement by providing simplified, predictable approaches to crediting for energy access, and allowing private sector developers to focus their MRV efforts only on issues that are relevant for their business (e.g. number of consumers and quality of service). Compared to existing crediting under the CDM, the SCF would, among other improvements, include the following elements.

- Standardized emissions reductions: The simplified approach to emission reductions would utilize more default parameters, including those based on national context, while still providing a high level of integrity. Focusing on a specific country and technology provides an opportunity to standardize not only baselines – as under the CDM – but also program emissions (e.g. emissions from grid electricity delivered to new consumers).

¹ <https://www.ci-dev.org/sites/cidev/files/documents/SCF.pdf>.

- Simplified program cycle: The SCF program boundary would be defined by the number of households receiving access in a given year, and so would increase each year as the program reaches more consumers. In other words, tracking the total number of connections or households with improved appliances (e.g. cookstoves) would eliminate the need for “including” a group of units, as with Component Project Activities (CPAs) under the current CDM PoA model. In addition, the SCF would build on earlier proposals for streamlining the program cycle by combining validation and verification of the program design and program performance into a single ex-post third party audit of program performance and compliance.
- Streamlined approaches: Other improvements, such as reduced need for site visits during validation and verification, use of local experts for auditing, and flexible calibration requirements appropriate to the country could also be incorporated into the SCF. Where appropriate, the SCF would use a “positive list” approach to additionality, building on experience in the CDM and voluntary carbon markets.
- Governance: most importantly, the SCF relies on a national governance structure for approval of programs and emission reductions, rather than an international one. Countries can therefore pilot the SCF concept even before all of the rules have been finalized for crediting under the Paris Agreement, and the SCF can build capacity in potential host countries for crediting activities.

The SCF aims to support generating 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 host governments 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.

1.2 The SCF Senegal Pilot

As mentioned above, after the adoption of the Paris Agreement in December 2015, the future policy landscape for crediting, and specifically for Ci-Dev, is changing. 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 Certified Emissions Reduction – CER - units²) extends beyond 2020 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 Emissions Reduction Purchase Agreement) 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

² Ci-Dev ERPA’s 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.”

framework, Ci-Dev will pilot the SCF concept in real cases and use the lessons learned to inform other programs. The first pilot started in Senegal in early 2017 and focused on the national electrification program under the Senegalese Rural Electrification Agency (Agence Sénégalaise d'Électrification Rurale). The focus of this pilot is on how to include a broad range of electrification technologies, using simplified methodological approaches. The results of the Senegal pilot will be presented in late 2018. As of June 2018, the governance structure had been agreed and implemented, the rules for the pilot approved, the first program listed and several months of monitoring already conducted. The rules and guidelines for the Senegal pilot are available on the website of the Senegal National Committee on Climate Change (COMNACC).³

1.3 The SCF Pilot for Rwanda

To explore the SCF in a different national context and different energy access technology area, Ci-Dev is launching a second SCF Pilot in Rwanda to focus on improved cookstoves. The Rwanda Pilot will build on the Inyenyeri improved cookstove program – and so will demonstrate not only different national circumstances but also different technologies to which to SCF concept could be applied.

The findings of these pilots 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 pilots could also indicate the types of governance structures that are more efficient, transparent and inclusive. The pilots will also enhance understanding of the interactions between carbon finance (i.e. crediting) and results-based climate finance, and their role in supporting the energy access agenda in low-income countries.

As discussed earlier, this report presents a “roadmap” for the SCF Pilot in Rwanda and builds substantially on a similar roadmap developed for Senegal. The roadmap includes 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. Inyenyeri CDM PoA) CDM registration, inclusion and verification process and will compare the two processes, timelines, governance structure, stakeholder engagement, and transaction costs.

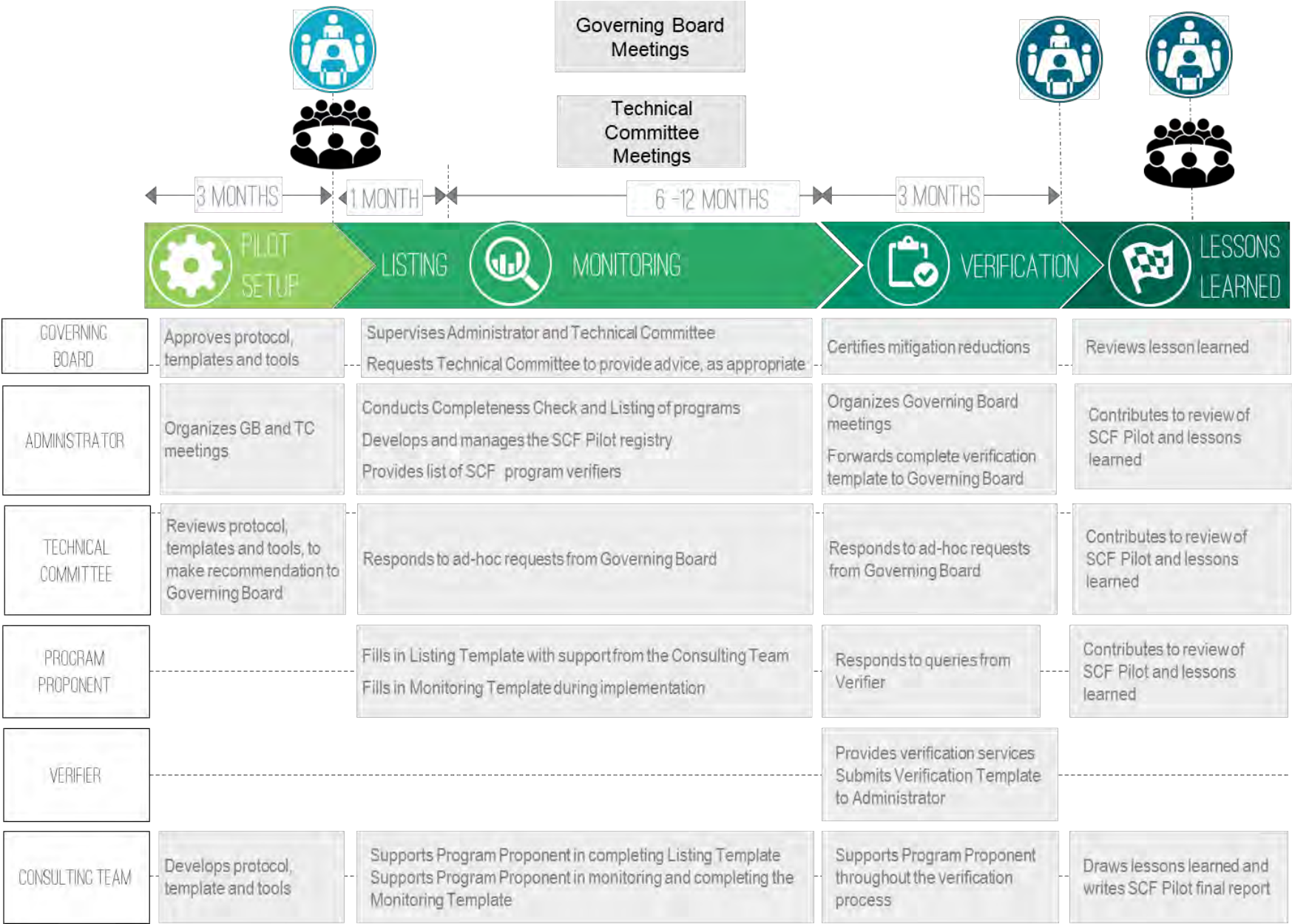
An important qualification of the scope of the SCF Pilot is that, while the purpose is to help both Rwanda and Ci-Dev explore ways to ensure that carbon and climate finance can support energy access post-2020, there is no guarantee that SCF Pilot activities will be internationally recognized and eligible 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 relevant host governments and purchasing government(s) interested in acquiring units. This is why the SCF Pilots will operate as a “simulation”, initially building on the ongoing CDM activity in Rwanda (in addition to the pilot in Senegal) and testing

³ www.comnacc.org.

arrangements that have minimal incremental costs, so that these countries 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.

The governance and process issues were discussed with a range of stakeholders during a workshop in Kigali on 26 April 2018. The notes from the workshop were also confirmed with the Rwandan Environmental Management Authority (REMA), as the lead agency for the SCF Pilot. 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 generic 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 work with REMA and engage with various stakeholders to support implementation of the SCF Pilot. The Roadmap will guide the full implementation of the pilot over the next 18 months, 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, program cycle, baselines, verification requirements). The Program Protocol would then be updated during Phase 2 of the pilot (see section 7 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 should establish a lean and efficient governance structure which reduces the administrative and financial burden on the national government, while ensuring transparency and predictability in decision-making. This could best be achieved through an institutional arrangement that avoids, as far as possible, the creation of new institutions and overlapping mandates and instead builds upon the existing structures in the country for developing and approving climate change programs 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 United Nations Framework Convention on Climate Change. 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 to become eligible under Article 6.4 or be consistent with guidance on Article 6.2 cooperative approaches, Rwanda will in the 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 Rwandan Government will thus be responsible for constructing an institutional arrangement that is fully embedded into the Rwandan 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 define strategy for the development of the SCF.

- Enact regulations.
 - Co-ordinate and interact with international financiers and donors.
- (ii) Executive functions (“Executive Functions”):
- Approve overall technical standards and guidelines.
 - Certify emission reductions.
 - Approve and identify auditors for verification.
 - Develop SCF forms, templates and tools.
 - Develop sectoral monitoring and default factors.
- (iii) Technical functions (“Technical Functions”)
- Evaluate SCF methodologies, templates and tools.
 - Assess the role of crediting in the context of the NDC.
 - Development of an accreditation framework.
- (iv) Administrative functions (“Administrative Functions”):
- List eligible programs under the SCF.
 - Convene Governing Board meetings.
 - Compile data and manage information and 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 Rwanda is provided in section 2.1. This section then provides recommendations on how the Rwandan government could organize and implement its authority over the SCF Pilot.

2.1 Existing Climate Governance

Rwanda has strong institutional arrangements for climate change-related issues. The Ministry of Environment (MoE) provides policy guidance on environment and climate change. MoE has implementing entities, including Rwanda Environment Management Authority (REMA). REMA provides Ministerial oversight for all climate change-related activities. The REMA Director General is therefore the focal point for many UN conventions, including the UNFCCC, as well as for the Global Environment Facility.

Among the different departments of REMA, the Climate Change and International Obligations Department (CCIOD) coordinates all climate change mitigation and adaptation actions and policies. CCIOD is responsible for coordination, consultation, information-sharing, management and monitoring of the activities related to the implementation of the UNFCCC and its legal instruments (see Box 1). CCIOD functions as a technical department to implement the objectives of the UNFCCC at the national level. CCIOD also serves as permanent secretariat for Rwanda’s CDM Designated National Authority (DNA) and the National Designated Authority (NDA) for the Green Climate Fund (GCF). The CCIOD within REMA covers all aspects related to the development and implementation of Rwanda’s NDC, carbon markets and climate finance strategy.

In addition, in its role as CDM DNA and GCF NDA, CCIOD is supported by a CDM Technical committee that was established in 2010. This is a multi-stakeholder committee that includes the private sector, public institutions and civil society representatives. For example, to address energy efficiency and renewable energy technical issues, the committee includes the Ministry of Infrastructure (MININFRA) (which oversees the energy sector), private energy companies and NGOs operating in the energy sector. The CDM Technical Committee supports the CCIOD in REMA when assessing CDM proposals and providing Letters of Approval.

For the operation of the SCF, given that the pilot targets the energy access program, MININFRA, is also a key player. Its role is to develop energy policy, including biomass policy and national programs for energy efficient cookstoves, and it coordinates the implementation of the Energy Sector Strategic Plan.

Box 1. REMA's Climate Change and International Obligations Department: CDM DNA and GCF NDA Permanent Secretariat

As the Permanent Secretariat for the CDM DNA and GCF NDA, CCIOD coordinates and manages activities related to the implementation of the UNFCCC and Paris Agreement. With support of the CDM Technical Committee and GCF National Coordination Team, CCIOD leads strategic engagement with national stakeholders on climate change initiatives. In particular, the Technical Committee and NCT have the following responsibilities:

- CDM Technical Committee: Members of the committee from each priority sector are responsible for assessing whether proposed CDM Project activities comply with Rwanda's sustainable development objectives, national policies, regulations and programmes. The Technical Committee provides recommendations on approving or rejecting proposed CDM Project activities to the CDM DNA.
- GCF National Coordination Team: the multidisciplinary NCT includes members from the private sector, government and civil society in priority sectors. The NCT is responsible for updating the country strategic framework for national engagement with the GCF, updating the national approval procedures for no-objection letters for projects seeking GCF funding, and updating the list of national priority sectors.

2.2 Possible Governance Approaches

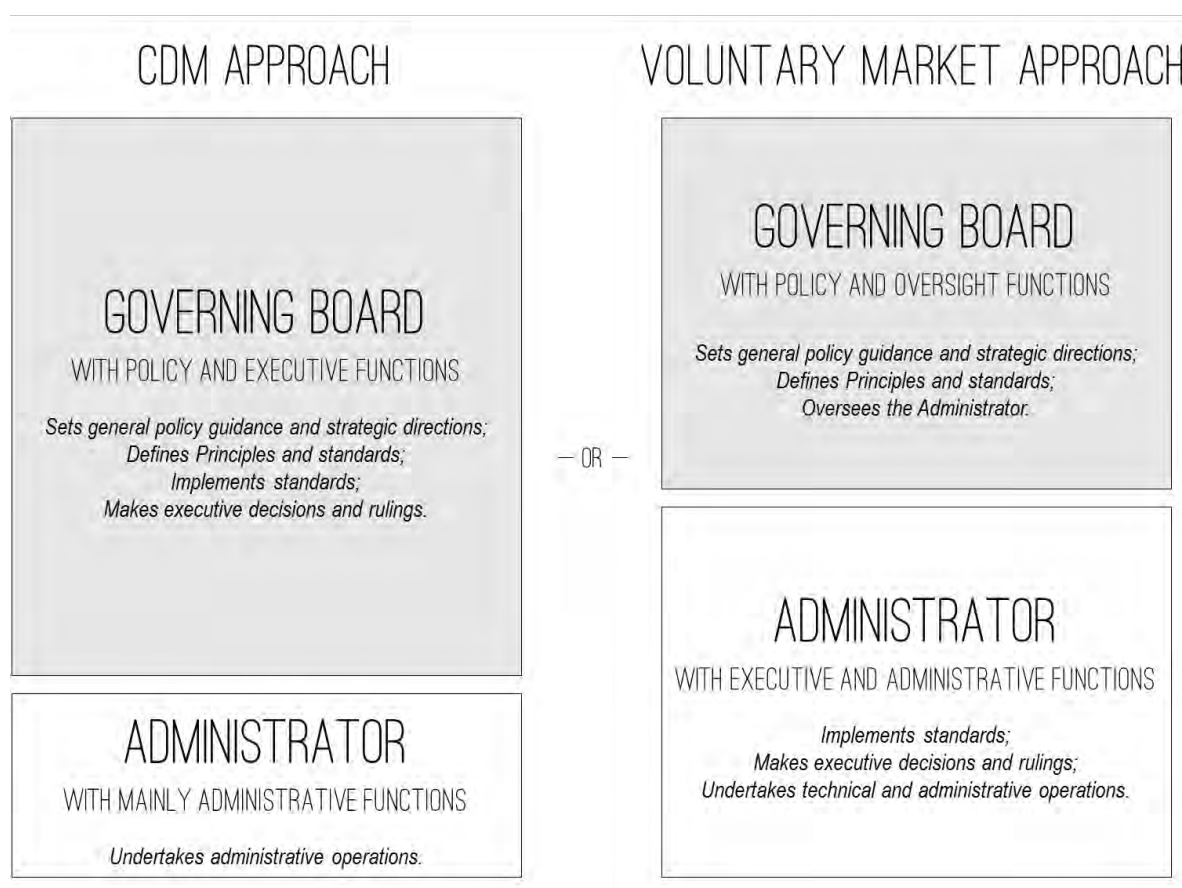
The core of the institutional set-up for the SCF could consist of a Governing Board and an Administrator. Mirroring the set-up of the CDM and most other carbon certification standards but leaner and more efficient, these could be the backbone of the SCF during the operational lifetime of the Pilot and possibly beyond.

What must 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 cluster 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) Program,⁴ 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 delegate 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.

Figure 2. Possible governance approaches



2.3 Governing Board

The Governing Board would be established or appointed by the Rwandan Government and would represent the highest decision-making authority for implementing and operating the SCF. As it would be tasked with decisions affecting the crediting of emission reductions in

⁴ 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).

Rwanda, which would impact international climate change cooperation and potentially also Rwanda's ability to implement its NDC, it should be anchored in Rwandan authorities responsible for climate change policy. In addition, authorities in charge of the sector covered by the SCF should be involved. While during the pilot phase the SCF would only be a simulation exercise and not involve actual financial flows, it may do so in future. Hence involving finance authorities in the Governing Board can also be considered. Finally, involving civil society or the private sector in the Governing Board can be an option to increase the credibility of the scheme and to involve those that are expected to participate in the scheme in its decision-making structure. This was discussed during the Senegal pilot as well, but, in the end the government decided to keep the Governing Board very small, with only three national ministries represented during the pilot phase. One concern was how to ensure that private sector members of the Governing Board did not have a conflict of interest, if they might also be involved in programs supported under the SCF (i.e. during the pilot or beyond the pilot). In the case of Rwanda, the discussion in the first workshop with government suggested that the private sector could be an important addition to the Governing Board, particularly given that many private sector actors could be engaged in the improved cookstove sector. At the same time, to avoid any conflict of interest, the representatives should not be from individual companies that might have a financial interest in the outcomes of the SCF Pilot. The Private Sector Federation – Rwanda (PSF), which replaced the Chambers of Commerce in 1999, could play this role, because it represents a variety of commercial and industrial interests across ten professional chambers. The PSF has played this role in other stakeholder bodies as well.

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 Rwandan climate change context. Accordingly, the following option could be considered:

Governing Board under REMA

An option proposed by REMA during the first mission would be to establish a Governing Board that is chaired by REMA and comprised of other members including:

- Ministry of Environment (MoE), Director General for Climate Change (chair)
- REMA, Director General (co-chair)
- MININFRA, Division Manager, Energy
- Rwanda Green Fund (FONERWA), Fund Manager
- Ministry of Land and Forestry, Director, Forestry and Conservation Development Department
- Rwanda Energy Group, Chief Operations Manager
- International Union for Conservation of Nature (IUCN), Regional Country Coordinator

Given that the SCF Pilot focuses on the Inyenyeri improved cookstoves program and thus would benefit from a Governing Board with CDM experience, the composition of these members would put the SCF Governing Board under supervision of REMA and its parent ministry, the MoE. This option would provide a robust and efficient structure and allow for a prompt start of the SCF, building on the existing competences and mandates of REMA.

In addition, the CCIOD of REMA could serve as the Administrator for the SCF Pilot, given that it already supports the CDM DNA and the GCF NDA. This would build on existing structures and experiences from the CDM (see section 2.5 below).

The initial stakeholder workshop in April 2018 also showed interest from civil society in being engaged with the SCF Pilot, and REMA suggested including such a representative in the Governing Board. The civil society member will be chosen based on relevant and proven experience on issues pertaining to renewable energy and energy efficiency, climate mitigation and finance, applicable national laws, and environmental and social impacts.

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 Rwanda. 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 Technical Committee

To strengthen the technical capacity of the Governing Board, a technical committee 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 experts that are familiar with Rwandan national circumstances and climate frameworks as well as energy efficiency and renewable energy, lending additional credibility to the SCF.

In addition to its technical advisory role, the technical committee could also assist with carrying out certain advisory 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. Moreover, it would also include evaluating the SCF and assessing the role of crediting in the context of the NDC, to further support Rwandan NDC implementation.

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.

To ensure the necessary technical expertise under this option, the CDM Technical Committee, Rwanda's existing multi-stakeholder committee serving to review CDM projects, could be tasked with becoming the SCF Technical Committee and provide technical recommendations.

2.5 Administrator

An Administrator of the SCF would be assigned to perform the administrative functions. The Administrator role could be exercised by the Climate Change Department of REMA, which serves as the secretariat of the CDM DNA, and would be able to use and build on existing structures and experiences from the CDM.

Regardless of the final decision by the Rwandan 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 Administrative Functions to the Administrator. These could include, among others:

- Implementing standards and policy guidance agreed by the Governing Board.
- Listing programs under the SCF and undertaking completeness checks.
- 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.
- Approving and listing eligible auditors.

2.6 Other roles

Verifiers

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. There are several options that could be exercised under the SCF regarding the function of the auditor. While additional capacity and training is initially expected so as to have protocols fully assimilated by accredited auditors, it is possible to have local companies become certified and accredited to carry out independent auditing, further reducing transaction costs. This would include strengthening local capacities, establishing an accreditation system – possibly based on the already existing CDM accreditation framework – and implementing training programs.

Other options would include relying on entities already accredited under accepted international standards such as the CDM, Gold Standard or VCS. The Gold Standard Audit Framework for instance uses an ‘approved list’ of audit firms and individual lead auditors based on specific criteria (e.g. International Organization for Standardization options). The Gold Standard’s Audit Framework and Guidance and the training offered provide better direction and information for both auditors and program developers.

Developing a national accreditation process, however, would be a future development option after the pilot phase. During the pilot, drawing on entities that have already secured accreditation under other standards would reduce transaction costs and the burden on the Rwandan government. These entities could also be asked to provide training for local firms that could, in the future, become accredited. Those local firms could also participate in the verification process as part of their “learning by doing” for the future. Further reduction of transaction costs linked to auditing functions would be supported by clear and objective listing template, monitoring template, and verification guidelines.

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 attract participation by both

private and non-private actors under the future phases of the SCF. It should be noted that impossibility of appealing against decisions of the CDM Executive Board has been identified as a major shortcoming of the CDM, one which Parties to the UNFCCC have not been able to remedy despite an agenda item and a draft proposal having 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.⁵

For social and environmental safeguards, an ombudsman could be designated to receive complaints from stakeholders directly affected by the SCF, similar to the process and authority already in place in Rwanda. 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 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.

2.7 Recommendations

Overall, it would be beneficial for the SCF Pilot to rely, as far as possible, on the existing institutional arrangements and technical capacities of REMA and institutions such as those discussed above in section 2.3. These bodies are currently associated with most (if not all) carbon market and carbon finance-related activities in Rwanda. REMA’s leading role in the SCF governance structure would help ensure the alignment of efforts and strategies associated with Rwanda’s activities under the CDM, the GCF, and Article 6 of the Paris Agreement.

Based on the experiences with different carbon market standards and functions already executed by existing institutions in Rwanda, 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 Administrator: Listing programs in the SCF that pass the completeness check; and identifying eligible auditors to undertake verification.

⁵ 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.

- 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.

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.

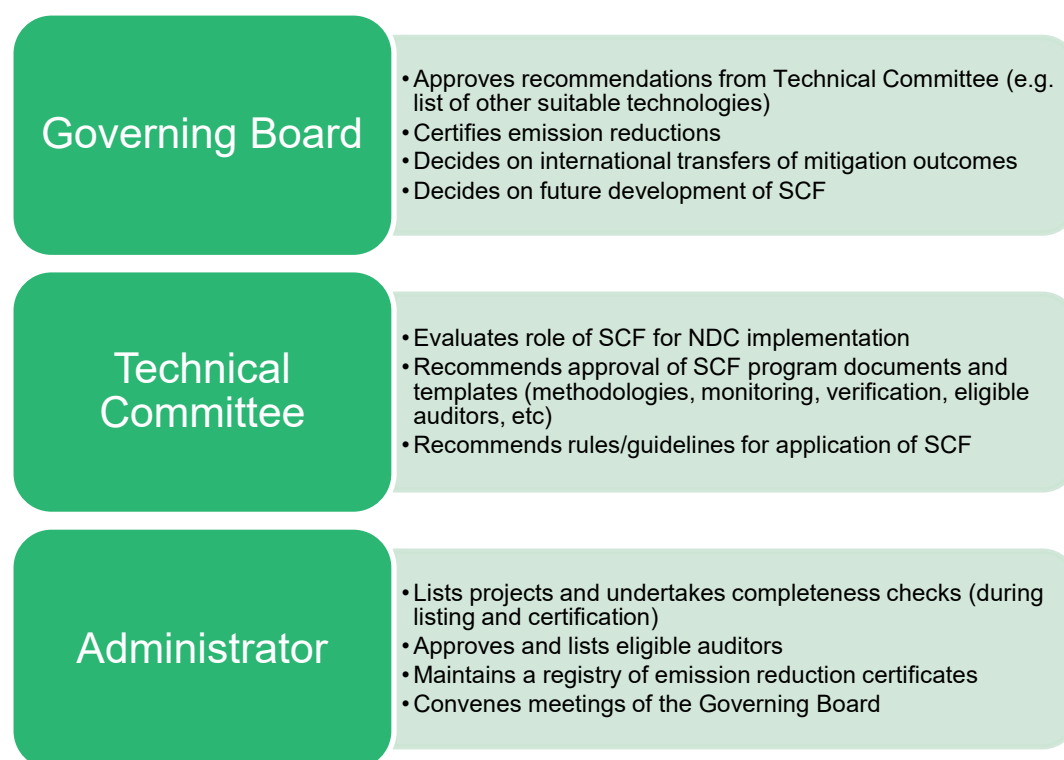
During the SCF Pilot, it would be beneficial to simulate and test the Governing Board’s role by combining institutional experience and expertise with both climate change in general and renewable energy and energy efficiency more specifically. REMA could then test the waters for the Governing Board and exercise key Policy Functions without altering their current mandates. This option would allow for a prompt set-up of the SCF Pilot, and also pave the way for a future expansion of the SCF concept into other programs and even other technology areas.

In turn, the Administrator role could be exercised by the CCIOD of REMA. The CCIOD could take on several executive and administrative functions. Finally, building on its current technical and advisory profile, the existing CDM Technical Committee could operate as the Technical Committee for the SCF. Figure 3 below depicts the proposed governance structure.

In the medium-to-long term, as Rwanda may choose to continue with the SCF beyond the pilot and as the Paris rulebook is completed, the Governing Board could seek a more permanent and broad structure. 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 April 2018 in Kigali. Based on those discussions, the next mission 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 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 the launch of the Pilot.

Figure 3. 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 in the negotiations), the intention is to provide valuable lessons for future crediting mechanisms – both for Rwanda 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 Rwanda made in their NDC under the Paris Agreement.

Rwanda's NDC *does not include any quantitative emission reduction commitments*, either absolute or relative to business-as-usual. The NDC does list specific actions to be taken in various sectors, including:

- **Promote environmentally sustainable use of biomass fuels:** “Given the fact that poor performing cook stoves are still used in most cases leading to inefficiencies in fuel consumption and health effects, Rwanda intends to increase the diffusion of improved cook stoves and reach 100% of all households in needs 2030. Additional supporting initiatives are mainly the installation of 35 000 domestic biogas digesters and 15 institutional biogas digesters annually, and increasing average charcoal yields up to 50% by 2030. In addition, Rwanda will enhance the use of LPG through tax reductions on importations.”

The NDC does not say whether these actions are unconditional or conditional, or how they would relate to specific levels of emissions or emission reductions.

Rwanda also states in the NDC that they “intend to sell carbon credits during the period [2020-2030] to contribute towards achieving its Green Growth and Climate Resilience Strategy. Rwanda will also participate in other international emissions reduction mechanisms such as the Clean Development Mechanism (CDM), Nationally Appropriate Mitigation Actions (NAMAs), and the mechanism for Reducing Emissions from Deforestation and Forest Degradation (REDD+). Rwanda supports the development of effective accounting rules under the UNFCCC to guarantee the environmental integrity of market mechanisms.” Considering this intention, implementing the SCF Pilot in Rwanda will prepare the country to host programs under future international climate mechanisms

The activities under the SCF Pilot will be undertaken and completed prior to 2020 and will therefore provide an opportunity for Rwanda to actively participate in developing simplified and standardized approaches to crediting in parallel with ongoing CDM projects, international negotiations related to Article 6 and potential refinement of the country’s NDC. As mentioned earlier, there is no guarantee that the SCF framework will be recognized and allow for creation of internationally recognized units under Article 6 of the Paris Agreement. Amendments to the SCF concept and framework after the pilot phase are possible as the rules on Article 6 of the PA are developed. If a program like the SCF Pilot in Rwanda will eventually proceed beyond the pilot phase, and if elements of the framework are recognized under the PA and potentially can be used for actual crediting under the PA, then issues related to avoidance of double counting and baseline-setting with respect to Rwanda’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 Inyenyeri under the CDM with Ci-Dev 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 Rwanda. The SCF Pilot will also pave the way for other cookstove developers to benefits from future carbon finance opportunities, and eventually mitigation programs in other sectors as well, as the framework evolves. In addition, discussions with the Rwandan government during missions and roundtables/ workshops will also support Rwandan 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 Rwanda. This will include several types of engagement:

- Discussion with key public-sector and private-sector stakeholders on the Roadmap and Program Protocol for the SCF Pilot (April 2018 and November 2018).

- Individual meetings with members of Technical Committee and Governing Board prior to their first meeting.
- Presentation of Inyenyeri clean cooking program as part of SCF Pilot (i.e. when the Inyenyeri 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 drafts the Roadmap (i.e. this document) and an accompanying Program Protocol, which details the rules for the SCF Pilot, like other carbon market standards. The first discussions took place in April 2018, to review the experience of the Senegal pilot and highlight how the next pilot could be tailored to Rwanda and to the improved cookstoves sector.

The full drafts of the Program Protocol and accompanying templates were then circulated to key stakeholders prior to the second mission in November 2018. This includes the full Governing Board and Technical Committee members.

Comments were solicited via email, face-to-face meetings with key stakeholder during the second mission to Rwanda (14-16 November 2018), during a dedicated capacity building workshop to discuss the SCF Pilot (14 November 2018), and at meetings of the newly constituted Technical Committee and Governing Board (15 November 2018).

Individual meetings with members of Technical Committee and Governing Board prior to their first meeting: In addition to the more formal meetings and workshops mentioned above, the local consulting team met with individual members of key institutional structures prior to the November 2018 mission. These meetings introduced the more detailed content of the Program Protocol and methodology, as well as explaining the overall process of the SCF Pilot.

Launch of SCF Pilot and Presentation of Inyenyeri Program: As part of the formal launch of the Pilot, the Technical Committee and Governance Board for the SCF Pilot will be convened to approve rules for the program. Formal listing of the program would only take place after the launch workshop, based on the listing procedures. Given that the Inyenyeri program has already undergone extensive consultation as part of the CDM project cycle, this information would focus more on how the Inyenyeri program and SCF Pilot could pave the way for future crediting activities for Rwanda under the Paris Agreement. The consulting team would also meet with Inyenyeri staff to review monitoring systems and available data even before the listing of the program, to ensure that the monitoring and verification rules for the Pilot reflect local needs.

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 section 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 Rwanda. This final workshop would, in addition to the stakeholders from earlier meetings, include potential program 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 Inyenyeri program has already gone through part of the CDM project cycle (i.e. it is currently at validation), however, this comparison will be simulated rather than achieved by conducting two entirely separate processes. For example, most of the program development for the Inyenyeri program is complete already, because this was required to start validation under the CDM. The consulting team and Inyenyeri will therefore have to estimate the time that would have been required to develop the Inyenyeri program as an SCF Pilot program from nothing.

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)? In addition, what is the cost of the time inputs from the World Bank and any other organizations supporting the program? Finally, what is the cost of the time invested by the stakeholders in the Governing Board, Technical Committee and Administrator to set up and run the SCF Pilot?
- **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 Rwanda's ability to access to climate finance.

6. Support for listing and verification of program activities

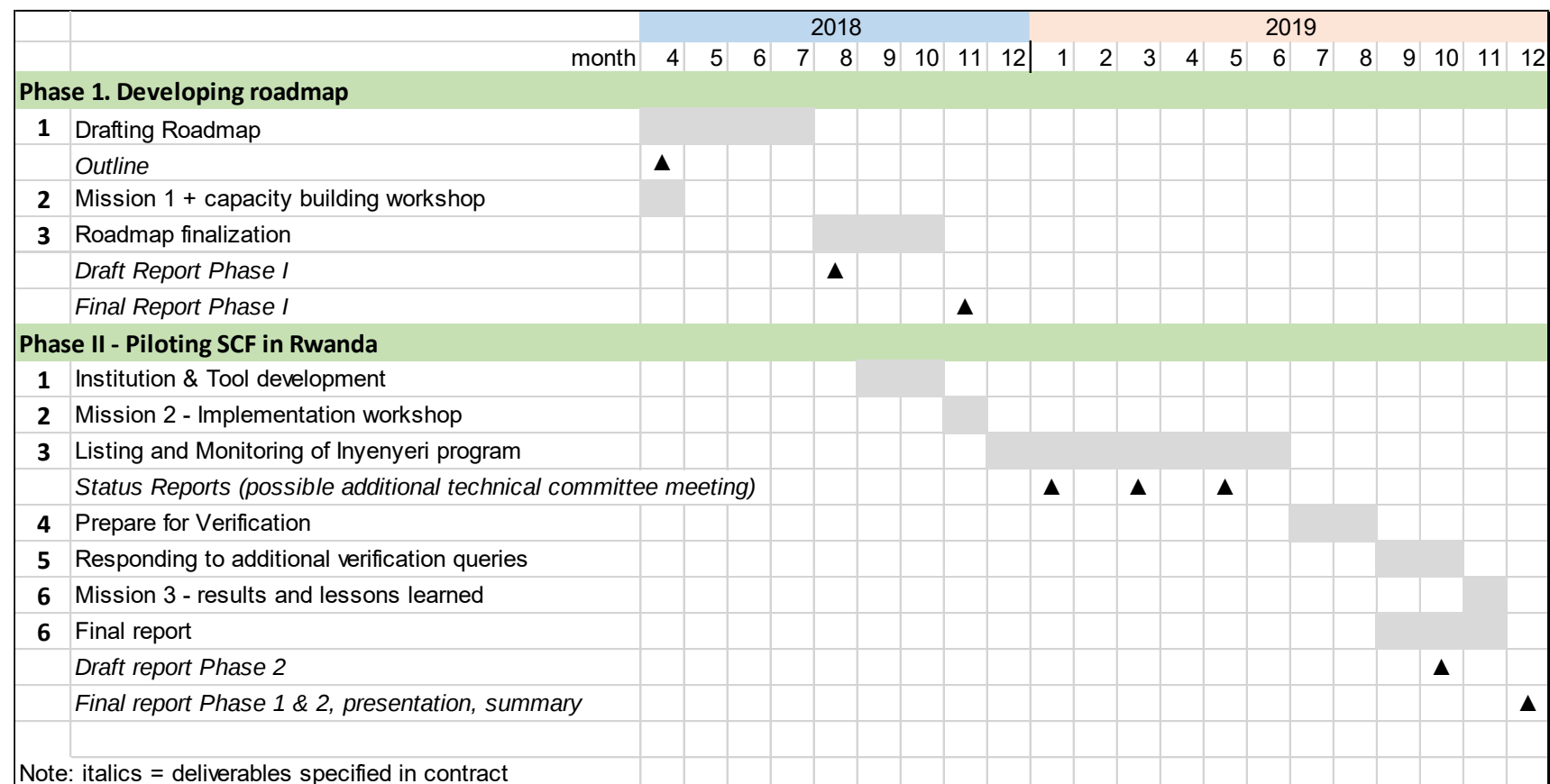
As part of their overall support, the World Bank has engaged the consulting team to support the listing of the new program under the SCF Pilot. This means that the consulting team will assist Inyenyeri in filing in the listing template, as well as the monitoring template for verification. While the monitoring period until verification could span six months, the consulting team will request more regular updates from Inyenyeri 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 REMA, 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 includes a mission by the consulting team to Rwanda to consult with key stakeholders and holding a workshop to finalize the Roadmap. The second phase is the implementation of the SCF Pilot in Rwanda. 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 Inyenyeri 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 Rwanda.

Note that the monitoring period in the Senegal SCF pilot was six months, and a similar timeframe is recommended for Rwanda, subject to the approval of the Governing Board. This will help in maintaining momentum and interest from other potential future developers, learning lessons more quickly.

Figure 4. Timeline for the SCF Pilot in Rwanda



Annex A. First Workshop Report (without annexes)

Summary

The first capacity-building workshop for the Standardized Crediting Framework Pilot for Rwanda was held on 26 April 2018 in Kigali and attended by 21 participants representing the Rwandan government, cookstove program developers, non-governmental stakeholders, the consulting team and the World Bank. The Consulting Team and the World Bank presented the concept behind the “Standardized Crediting Framework Pilot”, as well as the experience so far with the Senegal pilot. The Rwanda Pilot would build upon the Clean Development Mechanism (CDM) Programme of Activities (PoA) by Inyenyeri on improved cookstoves, that is currently selling 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 for 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 Inyenyeri continues to receive revenue for greenhouse gas (GHG) emission reductions.

During the workshop, the participants discussed potential governance roles and learned about some of the technical issues that would be addressed in the rules for the Pilot. 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, the Rwandan Environmental Management Authority (REMA) proposed having a Governing Board comprising REMA (Chair); Ministry of Environment, Director General for Climate Change, Ministry of Infrastructure, Division Manager, Energy; Office of Private Sector Federations; and a representative of civil society organizations. The Technical Committee should be drawn from the CDM Technical Committee (Rwanda’s existing multi-stakeholder committee to review CDM projects). In addition, REMA, which serves as the CDM Designated National Authority (DNA) and the GCF National Designated Authority (NDA), would serve as the Administrator for the SCF Pilot.

The next mission 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 (SCF) Pilot for Rwanda was held on 26 April 2018 at the Lemigo Hotel in Kigali. A summary of the project is included in **Error! Reference source not found.**, and the agenda for the workshop and a list of participants is included in **Error! Reference source not found.** and **Error! Reference source not found.**, respectively. The purpose of the workshop was to introduce the SCF Pilot and discuss a proposed governance structure for the Pilot.

Opening, background and context

Faustin Munyazikwiye, Deputy Director General of the Rwanda Environment Management Authority (REMA), opened the meeting and welcomed the participants. He noted his expectations that the SCF Pilot would both provide information about the negotiations on the transition of the CDM into the Paris Agreement and help Rwandan CDM projects to continue to earn mitigation revenues post-2020. He also noted the importance of developing a memorandum of understanding kind of collaboration arrangement between the World Bank and REMA. The agreement would clearly specify the roles and responsibilities of each party and timeframe of the SCF Pilot implementation.

Harikumar Gadde from the World Bank introduced the SCF and explained why Rwanda is selected for the Pilot and what the expectations from different stakeholders are. He also emphasized the importance of ownership of the pilot by the government and how the pilot could help the Rwanda government in advancing their national role in UNFCCC negotiations.

Governance of the SCF Pilot

The consulting team provided background on the governance roles needed for a successful SCF Pilot, and the experience from the Senegal Pilot so far on governance. During the pilot a leaner governance structure that builds on existing structures can be adopted, as the pilot represents only a simulation of the workings of the SCF and does not generate any compliance grade credits and does not involve any actual monetary transaction. In the coming years, as negotiations allow for progress on the implementation of Article 6, the Rwandan government may need to revisit the governing arrangements if it wishes to continue with the SCF concept.

REMA also suggested that the Rwanda Pilot should build on existing structures. The Administrator should be the Climate Change Department of REMA, which serves as the secretariat of the CDM DNA. The existing CDM Technical Committee should serve as the SCF Pilot Technical Committee – especially because of the importance of the expertise in this body. For the Governing Board, the following members were suggested:

- REMA (chair)
- Ministry of Environment, Director General of Environment and Climate Change
- Ministry of Infrastructure, Division Manager, Energy
- Rwanda Water and Forestry Authority (RWFA), Director of Forestry Department
- Office of Private Sector Federation (this is like a federation of chambers of commerce)

- A representative of civil society organizations – this might be “Rwanda Environmental NGO Forum” but should be discussed further.

Stakeholders suggested identifying relevant people with expertise and available time from the institutions considered as part of the Governing Board, Technical Committee and Administrator.

It was also suggested that there should be a second capacity building workshop to engage with the Technical Committee and support it in reviewing and finalizing the SCF Pilot Program Document, templates, guidelines, etc.

The consultants explained that 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 Rwandan side would be required if the government decides to expand the SCF beyond the pilot, as that also involves making changes to the rules and/or templates.

It was also emphasized that the current pilot program is limited to only one program in Rwanda and, depending on success of the piloting and need for more learning, the same can be extended to different technologies and in different countries and the decision on this will need to be taken by Ci-Dev. This will also be discussed again later in the Pilot, as the lessons from the initial pilot program start to be learnt.

Technical issues in the SCF Pilot

The consulting team provided a technical overview of the SCF Pilot, including the following topics:

- Scope and initial program: The pilot will focus on the Inyenyeri improve cookstove program, and so cover both high efficiency stoves and use of renewable cooking fuels.
- 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).
- Quantifying emission reductions for improve cookstove programs: The SCF Program Document will include a simplified methodology that will standardize more of the parameters used to calculate emission reductions. This can reduce the cost and time required for listing as well as for verification.
- Given this is a pilot, all the templates and tools needed for implementing it will be developed by the consulting team but will have to be approved by the Technical Committee established under the governance structure.

Discussion during and after the presentation included the following points:

- Baseline technology mix is one of the key issues, and issues related to data quality in Rwanda were raised. Because people may not use or replace improved cookstoves, their actual penetration rate is much lower than the reported penetration rates (which assume all stoves distributed are still in use). All participants agreed on the importance of baseline

data. REMA noted that, at the same time, conducting a national survey for baseline data just for the pilot would be quite expensive and time consuming, so should use national statistics wherever possible, and possibly update the baseline regularly if needed as more data is available (e.g. National GHG Inventory update, also Initiative for Climate Action Transparency may help in Rwanda?)

- Standardizing more parameters would save time and cost of program developers.
- Quality standards for cookstoves are very important for the market and also for accurate MRV. Only very high efficiency stoves that support reducing emissions (and therefore reducing pressure on forest resources) should be receiving international support. This is very important to address the current challenge with the gap between supply and demand of sustainable biomass in the country. 20% efficiency stoves might be suitable for local support and manufacturing, but any supported internationally should be much higher than this. In fact, REMA notes that having some kind of threshold on baseline cookstove efficiency is desirable and the baseline efficiency for the program might be higher than 20% and may reflect widespread use of some form of improved stove. Carbon market programs should have much higher goals (include as an eligibility criterion in methodology).
- Where a renewable fuel is provided as part of a cooking program, careful attention should be paid to the sustainability of the fuel source – how can this be verified? How to consider the entire value chain?
- Measuring stove efficiency – CREEC in Uganda has international accreditation – Rwanda does not have a local lab with international accreditation.
- REMA also noted that, because the SCF Pilot is a model/simulation and no actual credits are issued, all of the challenges with baselines, crediting, etc need not be addressed right now. The best data available should be used and should highlight where future improvements are needed.
- It was also indicated that the consulting team will support Inyenyeri in the monitoring process.
- Next steps: The next mission and discussion with the proposed Technical Committee for the SCF Pilot should include a capacity building 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.

Next steps

Based on the discussions in the workshop and TOR for the SCF Pilot, the key milestones in the coming months are as follows:

Activity	Who is responsible	Date
World Bank provides TORs for consultants to REMA for comment	World Bank	End April
REMA to send outline of MOU to World Bank	REMA	End April
Send workshop report to REMA for distribution to meeting participants	Consultants	Mid-May
REMA and World Bank to have an agreement for the SCF Pilot	REMA, World Bank	End of May
REMA to provide list of CDM Technical Committee members (to include this in the SCF Pilot Program Document)	REMA	Mid-May
Draft Roadmap and Program Document (e.g. all of the rules, templates and guidance for the Pilot)	Consultants	3 rd week June
Circulate Draft Program Document to all SCF Pilot participants via REMA for comments	Consultants, REMA	(see timeline)
Receive comments from stakeholders	REMA	(see timeline)
Organize second mission to approve Program Document and launch SCF Pilot	Consultants	(see timeline)
Technical Committee reviews, revises and approves Program Document	REMA, Consultants	(see timeline)
Meeting of the Governing Board to formally approve the Program Document	REMA, Consultants	(see timeline)

Annex B. Report of Joint First Governing Board and Technical Committee meeting

Summary

The joint first meeting of the Rwanda SCF Pilot Governing Board (GB) and Technical Committee (TC) was held on 15 November 2018 at the Hôtel des Mille Collines in Kigali. The attendees included four members of the GB and six members of the TC. The Consulting Team for the SCF Pilot participated as observers and a resource to the committees. All the participants also had attended the full day capacity building workshop on the previous day, and so were familiar with the proposed rules.

The GB, with the consensus input of the TC, agreed to approve the rules for the SCF Pilot, including the Program Protocol, methodology, all related templates and the Monitoring Calculation Tool, as presented to the TC and GB. The GB also agreed that editorial corrections to any of the rules could be made simply by the Administrator, while substantive updates would require the input of the TC and approval by the GB.

Introduction

The joint first meeting of the Rwanda SCF Pilot Governing Board (GB) and Technical Committee (TC) was held on 15 November 2018 at the Hôtel des Mille Collines in Kigali. The agenda for the meeting and a list of participants for each body are included in **Error! Reference source not found.** and **Error! Reference source not found.**, respectively. The purpose of the meeting was to review and approve the Program Protocol (i.e. the rules, templates and forms for the system) for the SCF Pilot in Rwanda. All the participants had also been at the one-day capacity building workshop on the previous day.

Governance

The group reviewed the governance structure and proposed list of members of the GB and TC and agreed on all of these. REMA also asked that all GB and TC institutions confirm in writing the person who will represent them in future meetings, to facilitate communication in the future.

Scope and program cycle

The group discussed the proposed threshold of 30% minimum thermal efficiency for program devices. While there are some locally produced “improved cookstoves” that have lower efficiency, the group agreed that this threshold was reasonable for an internationally-supported program and would provide an incentive for local stove manufacturers to raise the performance of their products. The Rwanda Bureau of Standards (RBS) is currently

developing a standard for improved cookstoves, so that standard might also be incorporated into the guidance when it is complete (no timeline available for this). One participant also noted that the Green Climate Fund expects proposals related to improved cookstoves to have at least 30% thermal efficiency as well.

Also, in terms of stove performance, the group reiterated the importance of having an internationally accredited testing centre in Rwanda. Currently, the nearest one is in Uganda, which means there is an added cost for program proponents to have their devices certified under an international standard. REMA was asked to work with the RBS to explore possible funding sources for securing accreditation for a centre in Rwanda. This might be supported by climate change mitigation MRV-related donor funded initiatives. The group acknowledged that this local centre would not be operational during the period of the SCF Pilot.

The streamlined program cycle and related elements were all agreed by the group, noting that the program proponent would select the verifier (i.e. Figure 4 in the Program Protocol). The GB and TC recommended that the SCF pilot build capacity of local audit firms to serve as verifiers in future.

Technical issues: methodology and baseline

The group agreed that it may be important during or after the pilot to assess how Rwanda's current and future possible NDC commitments would affect future crediting. Currently, Rwanda does not have specific mitigation commitments in the NDC. The NDC does mention the goal of increasing access to improved clean cooking to all households by 2030, but this is not linked to emission reductions, and the mitigation contributions are conditional on international support. The SCF Governing Board members could also be important advocates for related policies, such as finalizing the national biomass strategy and supporting innovative policies related to clean cooking.

The group noted that the methodology builds upon the CDM experience as well as Inyenyeri's CDM PoA, but also can accommodate a range of other improved cookstove projects. This also includes the possibility of providing renewable biomass to consumers (e.g. pellets, briquettes, etc.). There was some discussion about leakage, and the consultants explained this concept in GHG mitigation accounting. The SCF methodology includes leakage related to energy use to produce pellets/briquettes, as well as leakage from impacts on the market conditions for biomass (both of these are taken directly from the relevant CDM methodologies).

There was also a question about methane emissions from cooking, because this is included in the national GHG inventory (i.e. using Tier 1 default factors). The team explained that methane emissions from combustion are not included in any carbon market methodologies for clean cooking, due to the wide variation in emissions and high cost of measuring these – as well as the relatively small quantity compared to carbon dioxide (even in CO₂ equivalent). This is also conservative, because improved cookstoves will reduce methane emissions compared to traditional open fires.

Sustainable development, stakeholder engagement and other issues

On sustainable development (SD), the group agreed that this would not be monitored during the SCF Pilot, but suggested that, in the future, any SD evaluation could be based on the existing SD criteria used in CDM project approval in Rwanda.

On accreditation, the group agreed to use verifiers accredited under existing carbon market standards, as proposed in the Program Protocol, but emphasized the need to train local companies to take on this role in the future. The group also understood that it will be the role of the SCF Administrator to list relevant accredited verification bodies but ultimately the Program Proponent's decision on which one to select for their program. The verification phase of the SCF Pilot should include a workshop for local companies and the opportunity, if possible, for one or more of these to participate in meetings during verification. The group noted that, if SD is also monitored in the future, then local firms or individuals accredited by the Gold Standard specifically for SD evaluation could be used.

Decision of Governing Board

The GB, with the consensus input of the TC, agreed to approve the Program Protocol, methodology, all related templates and the Monitoring Calculation Tool, as presented to the TC and GB.

The GB also agreed that editorial corrections to any of the rules could be made simply by the Administrator, while substantive updates would require the input of the TC and approval by the GB.

Agenda

Date: 15 November 2018
Venue: Hôtel des Mille Collines, Kigali, Rwanda

Time	Description	Presenter
8:30 - 9:00	Registration; Tea and Coffee	
9:00 - 9:15	Opening and objectives of joint meeting	Chair, Co-Chair
9:15 - 9:45	Review of Program Protocol: Governance	Discussion (1)
9:45 - 10:15	Review of Program Protocol: Scope and eligibility, Program Cycle	Discussion (2)
10:15 - 11:00	Review of Program Protocol: Cookstove Methodology and baseline	Discussion (3)
11:00 - 11:20	Tea	
11:20 - 11:50	Review of Program Protocol: sustainable development, stakeholder engagement, and other issues	Discussion (4)
11:50 - 12:30	Discussion of recommendations of Technical Committee and Governing Board	Discussion
12:30 - 13:00	Approval of SCF Pilot Program Protocol and next steps	Discussion, Chair
13:00 - 14:00	Lunch	

List of meeting participants

	Name	Organization	Function
Governing Board			
1	Herman HAKUZIMANA	Rwanda Environmental Management Agency (REMA)	Public Awareness
2	Dr. Alain NDOLI	IUCN	Senior Program Officer
3	Martin MUSONERA	Rwanda Energy Group (REG)	Environmentalism and Carbon Finance Officer
4	Florien MUGABO	Rwanda Green Fund (FONERWA)	Monitoring Officer
Technical Committee			
1	Cecile UWIZEYIMANA	Rwanda Housing Authority (RHA)	Public Awareness Officer
2	Dr. Jean de Dieu HAKIZIMANA	University of Rwanda, Center for Excellence and Innovation (ACE-EESD)	Head of Research Department
3	Papias KARAGANWA	Energy Development Corporation Ltd (EDCL)	Environmental Officer
4	Jean NDAMAGE	ARCOS-Network	Conservation and Development Strategic Advisor
5	Jean Bosco RWIYAMIRIRA	Rwanda Renewable Energy Alliance (RREA)	Chairperson
6	Marie Dalie DUKUZE	REMA	Green Economy Specialist