Standardized Crediting Framework
Rwanda Pilot

Second Capacity Building Workshop

Agenda

Time			Description	Presenter
8:30	-	9:00	Registration; Tea and Coffee	
9:00	-	9:15	Welcome and Opening by REMA & World Bank	REMA, WB
9:15	-	10:00	Context: crediting under Paris Agreement, CDM transition	Consulting team
10:00		10:45	SCF concept for Senegal and Rwanda Lessons learned so far from SCF Senegal Pilot on rural electrification	Consulting team
10:45	-	11:15	Tea break	
11:15	-	11:45	Rwanda SCF Pilot governance issues and proposals	Consulting team
11:45		12:30	Rwanda SCF Pilot technical issues: scope, eligibility, project cycle	Consulting team
12:30		13:30	Lunch	
13:30	-	14:30	Rwanda SCF Pilot technical issues: methodology, baselines, other issues	Consulting team
14:30	-	15:00	Discussion and next steps	All
15:00			Closing	Chair

SCF concept and lessons from first pilot

SCF Rwanda Pilot: Second Capacity Building Workshop
14 November 2018

Background on the Standardized Crediting Framework (SCF)

- Carbon crediting using the Clean Development Mechanism (CDM) under the Kyoto Protocol has had limited impact on energy access

- The *Sustainable Energy For All* goals for Rwanda and other countries require massive investments in energy access and new financial tools

- The Carbon Initiative for Development (Ci-Dev) was created to find new ways to link carbon finance/carbon crediting to energy access by
  - developing a portfolio of energy access CDM programs while building local capacity, and
  - simplifying and improving the methodologies and tools used for assessing the GHG impacts of energy access programs

- In Rwanda, Ci-Dev has signed an agreement with Inyenyeri to purchase emission reductions resulting from improved cookstoves up to 2024

- Paris Agreement includes the possibility of new mechanisms for carbon crediting and trading
  - =▶ urgently need to pilot new crediting approaches to ensure this and other Ci-Dev programs continue to generate credits and revenue post-2020

Context for SCF: Ci-Dev purchasing beyond 2020

| CDM Standard | PA standards? | | | |

Dec 2016
ERPA signature

Dec 31, 2020
End of KP CP2

Dec 31, 2024
End of Ci-Dev Monitoring Periods

June 30, 2025
"CER" issuance deadline

Dec 31, 2025
Ci-Dev Closure

- Almost all programs need carbon revenue support beyond 2020
- Uncertainty about usage of CDM standard
- Treatment of credits generated and their (potential) usage towards NDC implementation
- Emission Reduction Purchase Agreement (ERPA) conditions include generation of credits using a 'comparable' standard
- Need to create a new crediting system that could be used post-2020 => "SCF"

Basics of carbon crediting

Foreign country/donor or another domestic sector

Carbon offset/credit payment

**Mitigation project developer/owner**

Emission reduction credits

"Methodology" determines how emission reductions are calculated and monitored

What is the "SCF Pilot"?

- The SCF Pilot will simulate a new approach to measuring GHG emission reductions from energy access programs:

  - Simplified approaches and streamlined process compared to the CDM
  - No credits issued during pilot phase, but provided basis for this in the future
  - Will inform future crediting mechanisms under the Paris Agreement
  - *Opportunity for Rwanda to lead in the development of future crediting mechanisms and influence the negotiations so that the rules benefit Rwanda and similar countries*

- First Pilot in Senegal focused on rural electrification
  - Built on national rural electrification by public agency (ASER)
  - Program has been registered (listed) and completed first monitoring period => starting verification
  - All program standard documents, templates and pilot program documents are on public website

Rules for SCF Pilot

- Draft rules are presented in "Draft Program Protocol"

- Rwanda Pilot until 2019 will include one program as a case study – **Inyenyeri improved cookstoves PoA** – but concept could be expanded after the pilot phase

- SCF Pilot in Rwanda is an opportunity to:

  - Cost-effectively support energy access
  - Prepare to take advantage of Article 6 of the Paris Agreement
  - Harness more climate change-related financing
  - Positively influence negotiations on crediting

Standardized Crediting Framework for Energy Access: Rwanda Pilot Draft Program Protocol

Version 0.0 (Draft)

25/09/2018
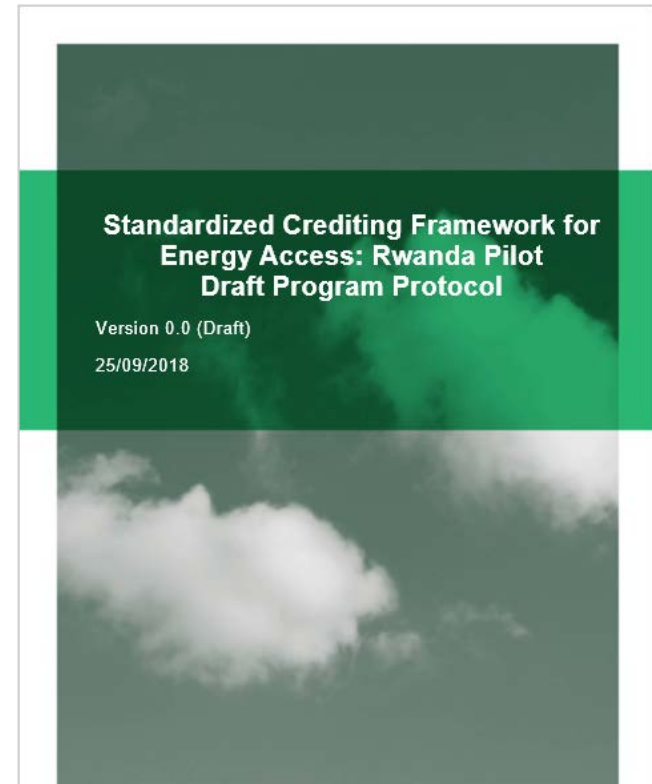
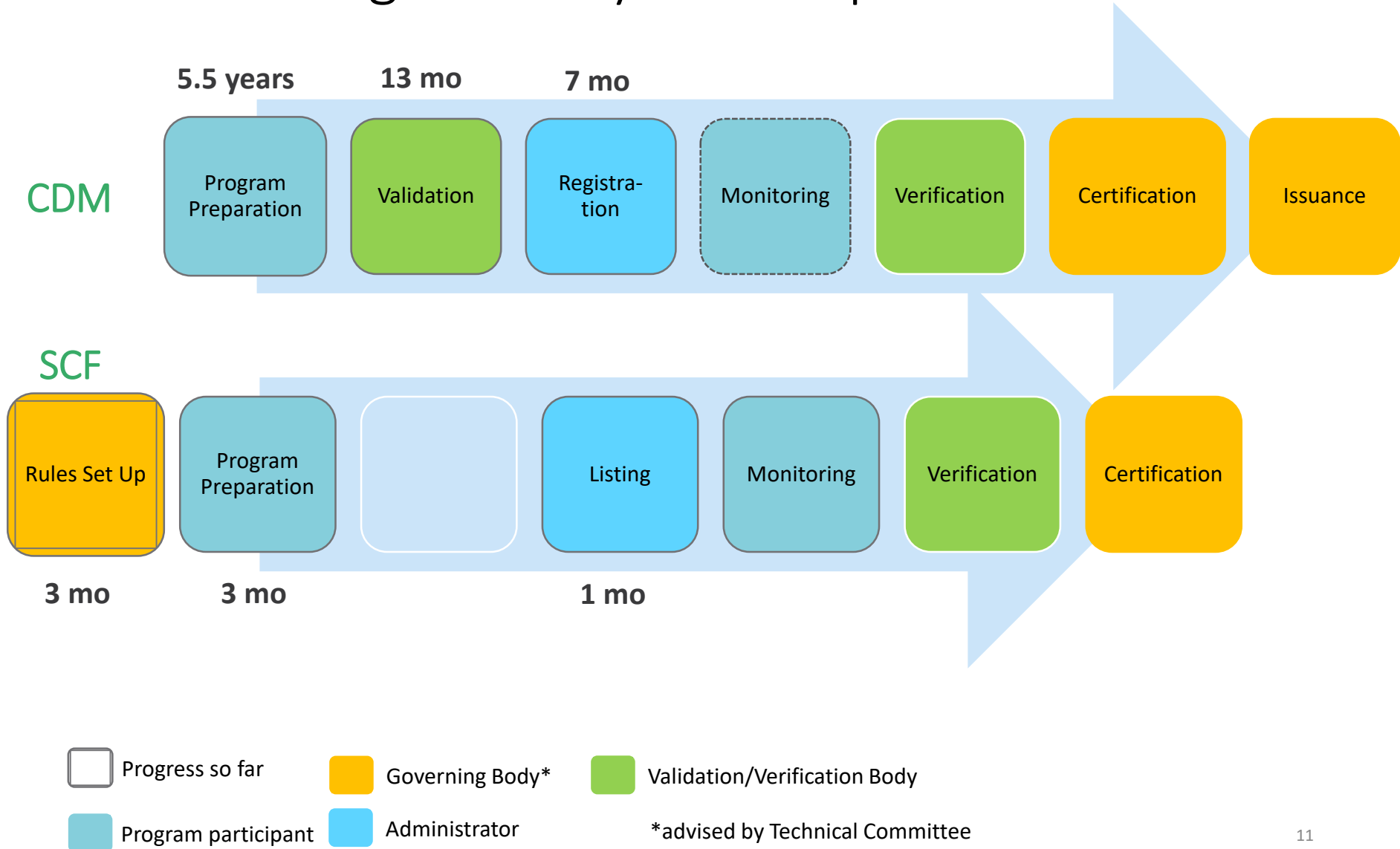# Overall timeline for SCF pilot
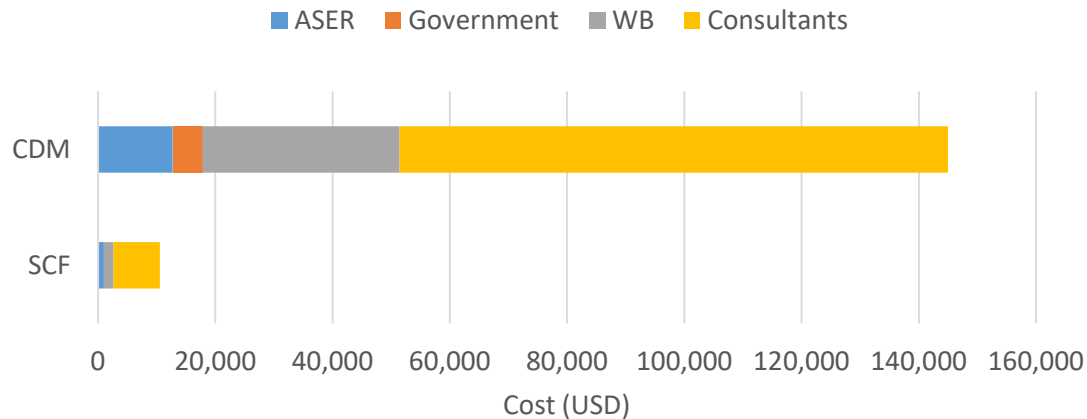

We are here – end of setup phase

SCF Senegal Pilot –Lessons Learned

- **Significant time and cost savings are possible, even considering the set-up phase**

- Additional host country institutional requirements mean that stakeholder engagement and capacity building are even more important than for the CDM

- Host countries will need additional technical expertise, leading to further cost savings in set-up and verification phases

- Transparency and dissemination of results can support development of cooperative approaches and discussions on Article 6 rules

- Additional pilots are needed to understand implications of different technologies, roles of private sector, and different types of NDC goals

SCF can significantly reduce process time

CDM

5.5 years	13 mo	7 mo				
Program Preparation	Validation	Registra-tion	Monitoring	Verification	Certification	Issuance

SCF

Rules Set Up	Program Preparation		Listing	Monitoring	Verification	Certification

3 mo   **3 mo**   **1 mo**

Legend:
- ☐ Progress so far
- 🟧 Governing Body*
- 🟩 Validation/Verification Body
- 🟦 Program participant
- 🟦 Administrator
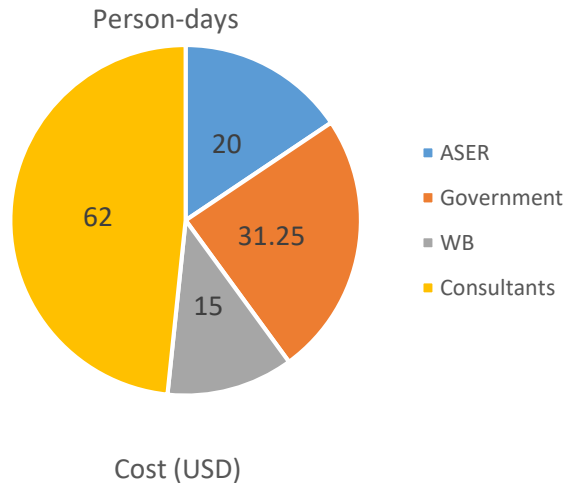- *advised by Technical Committee

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Dramatic reductions in time and cost for program preparation

Progam Preparation
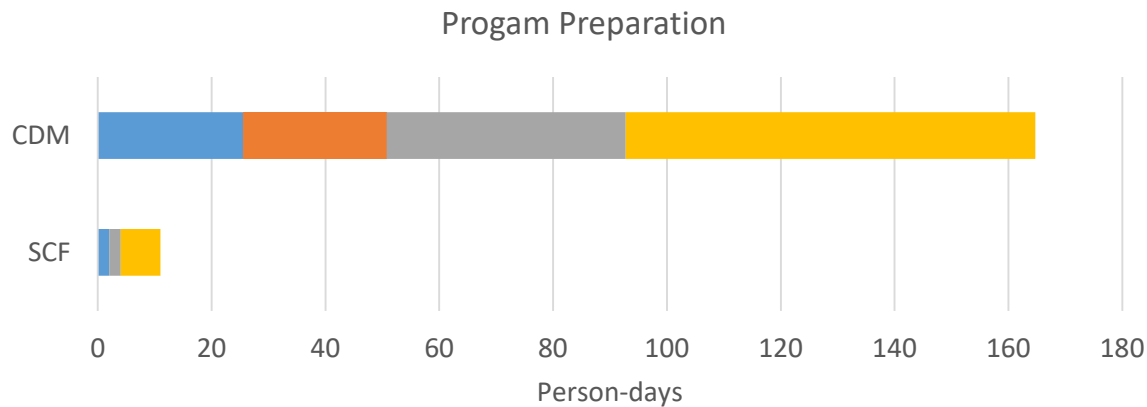
Caveat: SCF pilot was built on years of CDM PoA preparation – ideally need to evaluate for new case

Significant time and effort to set up local program

Person-days

- ASER: 20
- Government: 31.25
- WB: 15
- Consultants: 62

Cost (USD)

- ASER: 10,000
- Government: 6,250
- WB: 12,000
- Consultants: 73,850

- Set up is mostly a one-time investment in creating new overall rules and institutional infrastructure

- Important to adapt SCF concept to **local context and policy environment**

- Expanding to other technology areas requires **additional methodologies**, which are a substantial share of this time and investment

- Setting up national CDM infrastructure required time investment, but possibly less than the SCF

- Still significant **capacity building and training** required for national governance and administration to be self-sustaining

Host country institutional needs and opportunities

- Building on existing national climate policy institutions strengthens understanding, reduces costs and builds momentum

- Working with institutions to bring them on board is critical, and requires support of a strong local consultant

- Identifying champions is essential for buy-in and effective implementation

Governing Board: DEEC, DE, DGF
- Decides on future development of SCF (e.g. list of other suitable technologies)
- Certifies emission reductions after verification
- Approves recommendations from technical committee

Technical Committee: COMNACC/GTA
- Develops and/or recommends SCF program protocol, methodologies, templates, and other relevant documents
- Initially reviews work of consulting team to set up program

Administrator: Climate Change Division
- Lists projects and undertakes completeness checks
- Approves and lists eligible auditors
- Maintains a registry
- Convenes and supports meetings of the Governing Board

- Wide-ranging stakeholder consultation from beginning of process is key to ensure success in local context and identify key players

- Need to find balance between generating stakeholder interest and managing pilot expectations

- Need to consider fees for different project cycle stages

Transparency, dissemination and Paris Agreement negotiations

- Easy **public access** to SCF rules, procedures, decision and project information increases transparency, acceptance and impact
    - Consider support for **website development** and maintaining future updates
    - Future need for registry

- SCF lessons can **inform ongoing negotiations** on Article 6 with inputs from practical experience with cooperative approaches

- **Links between the SCF Pilot and NDC goal** (i.e. how this might affect future transfer of units) still need more exploration later in the Pilot, after verification

Standardized Crediting Framework for Energy Access Program Protocol: Senegal Pilot

Timeline: **2-3 mo** — **1 mo** — **6-12 mo**

Phases: **Pilot Setup** | **Listing** | **Monitoring**

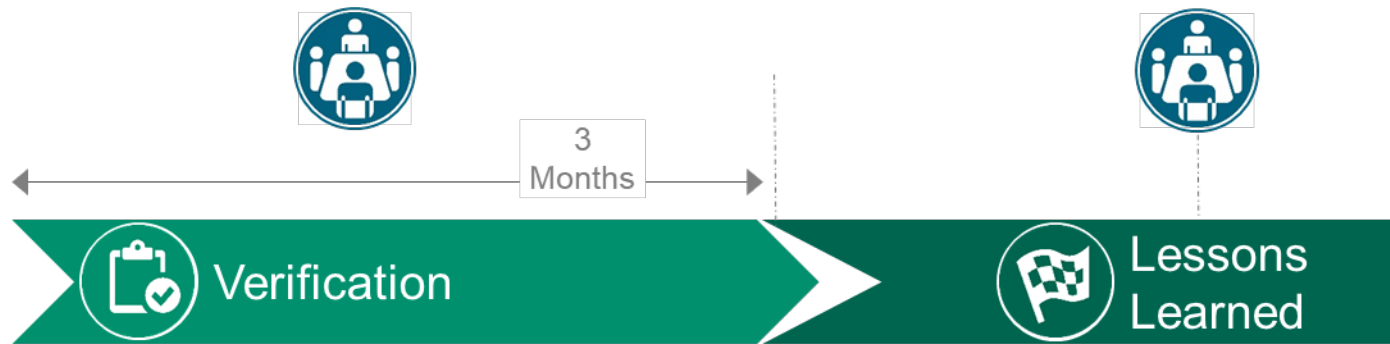| Role	Pilot Setup	Listing / Monitoring
Governing Board	Approves protocol, templates and tools	Supervises Administrator and Technical Committee. Requests Technical Committee to provide advice, as appropriate
Administrator	Organizes first Governing Board meeting. Organizes first Technical Committee meeting	Conducts Completeness Check and Listing of programs. Develops and manages the SCF's registry. Chooses SCF program verifiers
Technical committee	Reviews protocol, templates and tools. Makes recommendation to Governing Board	Responds to ad-hoc requests from Governing Board
Program Proponent		Fills in Listing Template with support from the Consulting Team. Fills in Monitoring Template during implementation of Program
Verifier		
Consulting Team	Develops protocol, template and tools	Supports the Program Proponent in completing Listing Template. Supports the Program Proponent in monitoring and completing the Monitoring Template

Verification → Lessons Learned

3 Months

	Verification	Lessons Learned
Governing Board	Certifies mitigation reductions	Reviews lesson learned
Administrator	Organizes **Second** Governing Board meeting Forwards complete verification template to Governing Board	Contributes to review of SCF Pilot and lessons learned
Technical committee	Responds to ad-hoc requests from Governing Board	Contributes to review of SCF Pilot and lessons learned
Program Proponent	Responds to queries from Verifier	Contributes to review of SCF Pilot and lessons learned
Verifier	Provides verification services Submits Verification Template to Administrator	
Consulting Team	Supports the Program Proponent throughout the verification process	Draws lessons learned and writes SCF Pilot final report