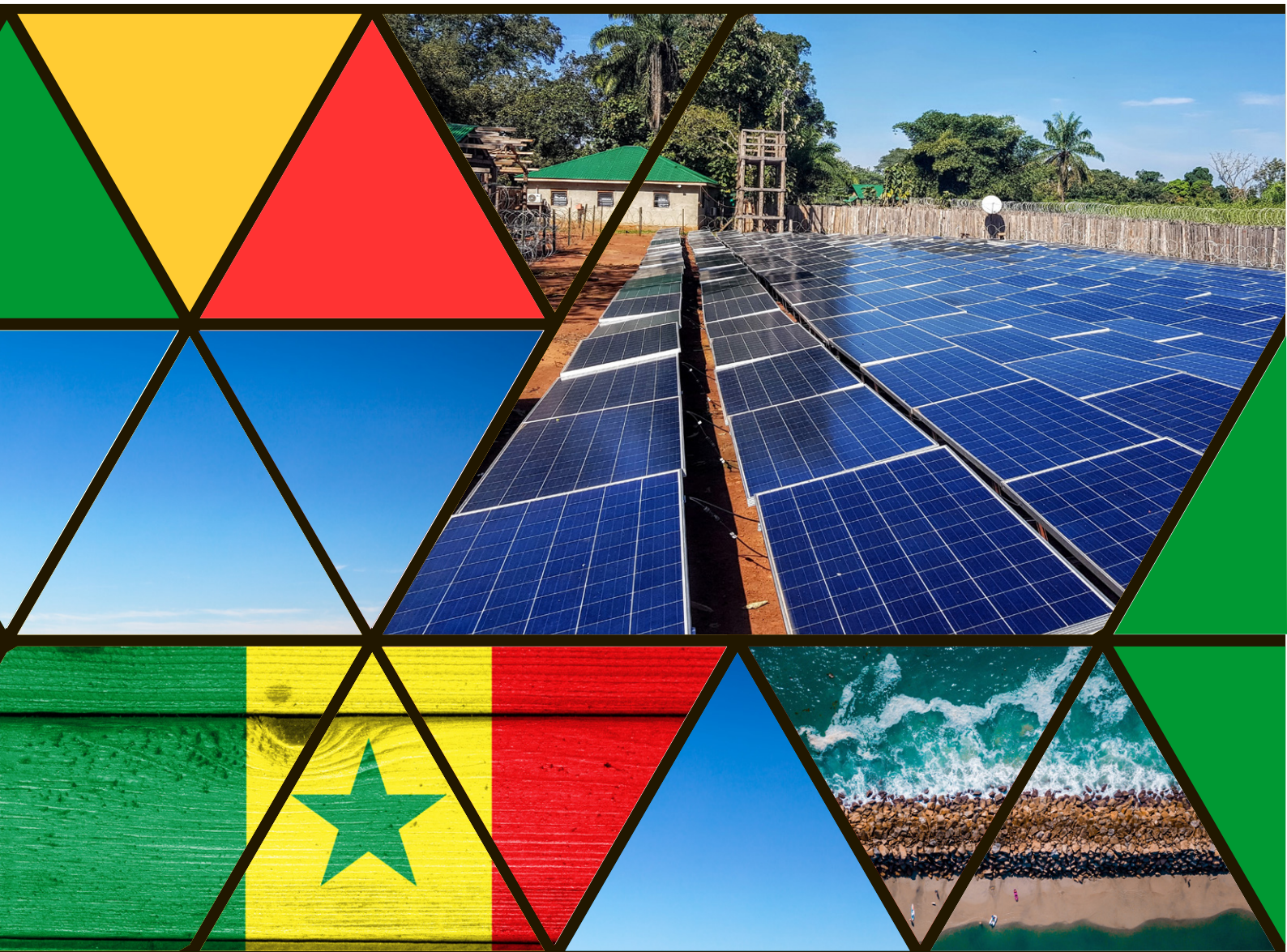Standardized Crediting Framework
for Energy Access

Program Protocol: Senegal Pilot

Version 1.1   31/10/2019

Table of Contents

> Key to the text:
>
> - Normal black text – the program rules
> - *Italic black text, indented – explanation or justification of program rules*

Version History

Version	Date	Contents revised
1.0	06/07/2017	Initial adoption
1.1	31/10/2019	Editorial changes for clarity: consistent use of "Listing Document", "Completeness Check Report", "Monitoring Report", and "Verification Report"; add footer with version number; correct other typographical errors.

1. Introduction

This document outlines the rules for a pilot program in Senegal for results-based financing for climate change mitigation. This pilot is based on the Standardized Crediting Framework (SCF) for energy access[1], which is a streamlined approach that combines many of the reforms previously proposed for the Clean Development Mechanism (CDM) under the Kyoto Protocol. While the SCF Pilot cannot guarantee that the activities undertaken will be eligible for crediting under the Paris Agreement, the results of the pilot will inform not only future climate change mitigation cooperation between Senegal and other countries, but also the development of rules of the new carbon market mechanisms.

The SCF Pilot covers only Senegal and isl initially be limited to rural electrification. The SCF Pilot will initially include only one program - the rural electrification program undertaken by the Senegalese Rural Electrification Agency (Agence Sénégalaise d'Électrification Rurale - ASER). The Program Protocol, however, may be revised by the relevant authorities to include other technology areas in the future and allow for other programs. In fact, the Program Protocol has been designed to allow for future flexibility to accommodate other results-based finance programs.

The SCF Program Protocol has been approved by the Governing Board, as described in the next section.

Most sections of the Program Protocol include two parts:

- The actual rules for the SCF Pilot, which are in standard black text
- An explanation of the rationale for the rules, where necessary, or other comments on how they were developed, which is shown in *black italic text*
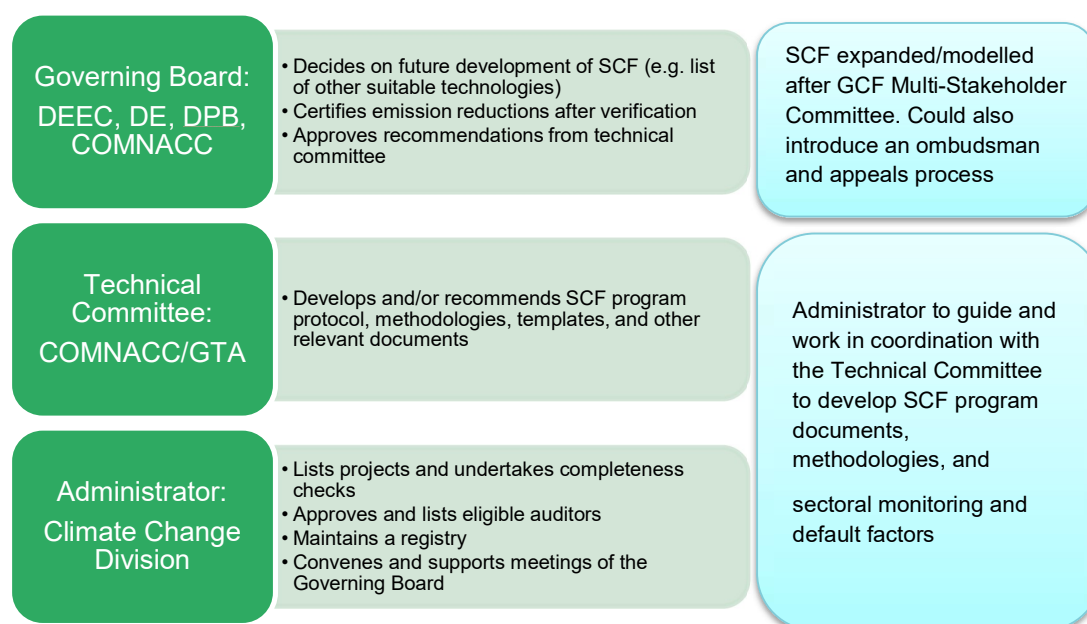
2. Program governance and institutions

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[1] https://www.ci-dev.org/sites/cidev/files/doucments/SCF.pdf

The SCF Pilot has an efficient governance structure that builds on the existing climate change institutional setup in Senegal. This leaner structure will test the appropriateness and effectiveness of the structure, relevant governance functions during the SCF Pilot and can potentially inform the establishment of a more permanent institutional setup in the future should the country decides to adopt such a framework as one of the most effective means of accessing climate finance for energy access programs. In addition, the SCF Pilot governance applies lessons learned from different carbon market standards, distinguishing more clearly policy and oversight-related functions from executive and administrative ones. The institutional arrangement for piloting of SCF in Senegal will be as follows:

Figure 1. Governance structure of the SCF pilot

Governing Board: DEEC, DE, DPB, COMNACC	• Decides on future development of SCF (e.g. list of other suitable technologies) • Certifies emission reductions after verification • Approves recommendations from technical committee	SCF expanded/modelled after GCF Multi-Stakeholder Committee. Could also introduce an ombudsman and appeals process
Technical Committee: COMNACC/GTA	• Develops and/or recommends SCF program protocol, methodologies, templates, and other relevant documents	Administrator to guide and work in coordination with the Technical Committee to develop SCF program documents, methodologies, and
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	sectoral monitoring and default factors

In the future, a more permanent institutional setup for the SCF may incorporate additional structures, including, for example, a link to an independent ombudsman to address stakeholders' concerns and an administrative review process where technical decisions may be reviewed.

2.1 Governing Board

The Governing Board provides the overall authority and strategic direction for the SCF Pilot.

Composition: During the SCF Pilot, in order to establish a board that is lean and efficient, build on existing structures in the country and supports energy access programs, the Governing Board will comprise the Directorate of Environment and Classified Establishments (DEEC) in the Ministry of Environment & Sustainable Development (MEDD), the Directorate of Electricity (DE) in the Ministry of Energy & Renewable Energy Development (MEDER), the Directorate of Budget Planning (DPB) in the Ministry of Economy, Finance, and Planning (MEFP), and a representative from the National Committee on Climate Change (COMNACC).. These bodies can effectively carry out the relevant functions of a Governing

Board without altering their current mandates. Although only DEEC and DE were part of the initial meeting of the Governing Board to launch the SCF Pilot, they will communicate with DPB prior to the next meeting.

Main Responsibilities: The Governing Board has the following responsibilities:

- Announces the SCF Pilot
- Provides strategic direction to the SCF and recommends future changes to representation of the relevant Ministries in the Governing Board.
- Approves the SCF Program Protocol and related templates and guidance (e.g. methodologies, monitoring, verification, etc.), based on the recommendation of the Technical Committee
- Certifies the emission reductions achieved based on the verification reports provided by eligible verifiers (see section 8)
- Supervises and guides the Administrator
- Requests the Technical Committee to provide advice and develop technical inputs (tools, templates, methodologies, guidance) as appropriate
- Co-ordinates and interacts with international financiers and donors

Decision-making process: Governing Board decisions will be made in joint meetings of the members. Meetings would be convened by the Administrator on an as-needed basis.

Additional responsibilities related to tasks during program cycle (see list of processes in section 4):

- In the case of negative verification opinion where the Program Proponent appeals, the Governing Board would review the submission from the Program Proponent and the Verifier, and request additional clarifications and evidence as necessary. The Governing Board may also choose to enlist ad-hoc technical support to evaluate an appeal.
- If the Governing Board supports the negative verification opinion, then the Program is rejected and there are no verified emission reductions.
- If the Governing Board disagrees with the negative verification opinion, then it may certify the emission reductions.

> *After the pilot phase, the Government of Senegal may opt to formally adopt a more permanent setup for the Governing Board based on lessons learned and need for having such structures for mainstreaming SCF concept for accessing climate finance, if this arrangement proves successful. Accordingly, it could establish new mandates and functions as deemed appropriate to the operation of the SCF beyond the pilot. Adjustments to mandates and functions could also reflect an expansion in scope of the SCF and/or international developments on Article 6 of the Paris Agreement.*

2.2 Technical Committee

The Technical Committee for the SCF Pilot provides technical inputs and recommendations to the Governing Board.

Composition: The Technical Committee is provided by the National Committee on Climate Change (COMNACC). To leverage the existing functions, the Thematic Group on Mitigation

(GTA), with additional invited experts as needed, will serve as the Technical Committee during the SCF Pilot. In performing the role of a Technical Committee, the COMNACC Thematic Group can continue functioning per its current rules of procedure.

Main Responsibilities: The Technical Committee has these key responsibilities:

- Develops[2], reviews and recommends approval of the SCF Program Protocols, methodologies and templates, as per the guidance from the Governing Body.
- Provides recommendations for specific rules and guidelines to be adopted by the Governing Board to make the SCF pilot successful
- Participates in the review of lessons learned during the SCF Pilot.

Decision-making process: The Technical Committee would serve as an advisory body rather than a decision-making body and would meet as necessary on an ad-hoc basis or as suggested by the Governing Board.

Additional tasks during program cycle (see list of processes in section 4):

- While the Technical Committee would review all the documents for the SCF Pilot, they would not have a direct role in the Program Cycle, except when asked for specific inputs on an ad-hoc basis by the Governing Board

    After the pilot phase, the Government of Senegal may opt to establish a new COMNACC sub-group to house the Technical Committee, and/or expand the roles of the Technical Committee.

2.3 Administrator

The Administrator carries out most of the day-to-day executive and administrative functions of the SCF.

Composition: Given that the Climate Change Division already acts as the focal point in the Senegalese CDM Designated National Authority (DNA) and in the GCF National Designated Authority (NDA), the Climate Change Division of the DEEC serves as the SCF Administrator.

Main Responsibilities:

- Conducts completeness checks on submitted Listing[3] Documents
- Lists programs in the SCF that pass the completeness check
- Maintains a registry of listed programs and emission reductions achieved
- Identifies eligible auditors to verify emission reductions from listed programs, based on guidance in the Program Protocol
- Convenes meetings of the Governing Board and Technical Committee

Decision-making process: The Division Chief of the Climate Change Unit in DEEC would lead the SCF Administrator and draw upon the CCU staff as required. The Administrator would operate on a continuous basis.

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[2] During the pilot phase, these documents will be prepared by the World Bank appointed consultants.

[3] Listing here means recognition of the eligible projects as part of the SCF based on fulfilment of certain requirements as specified in the template

Tasks during program cycle (see list of processes in section 4):

- The Administrator will conduct a Completeness Check during listing and notify the Program Proponent if changes are required.
- Once the Administrator judges that Listing Document is complete, the Administrator will enter the data for the listed program into the registry.
- The Administrator will inform the Program Proponent of the list of accredited verifiers
- In the case of a positive verification opinion, the Administrator will check that the Verification Report follows the SCF Pilot rules.
- The Administrator will then forward the Verification Report to the Governing Board, who will certify the emission reductions.
- The Administrator will record the emission reductions achieved in the registry (see section 9) and notify the national authorities charged with tracking NDC implementation of the emissions reductions certified.

   After the pilot phase, and as institutional capacities and resources increase, the Governing Board may choose to widen the scope of the SCF Administrator roles, such as guiding and approving the work of the Technical Committee.

3. Scope and eligibility

3.1 Sectors, technologies and project types covered

The SCF Pilot focuses on specific energy access technologies and project types – in other words the supply and distribution of modern energy services to new users. Emission reductions are from displacement of fossil fuel use such as in fossil fuel-based lighting systems, stand-alone diesel generators and diesel-based mini-grids.

The initial list of technologies and project types covered in the SCF Pilot include the following:

- Grid electrification
- Hybrid solar PV-diesel mini-grid electrification (new, extended or rehabilitated)
- Individual solar PV systems (e.g. solar home systems, solar water pumping, solar public lighting)
- Solar lanterns

The Governing Board may choose, at its discretion, to include other technologies in the SCF over time.

   The starting point for the pilot is the suite of technologies used in the rural electrification program that is currently under implementation by ASER. More project types could be added later, if additional methodologies are also approved by the Governing Board.

3.2 Geographic scope

The geographic scope of activities under the SCF Pilot is the entire country of Senegal.

This SCF pilot is specific to Senegal and rural electrification, and so only covers activities in Senegal. The methodology, during the pilot, supports the technologies for rural electrification only.

3.3 GHGs covered

Emission reductions under the SCF Pilot will only cover carbon dioxide (CO_2). This may be expanded if additional technologies, and hence additional GHGs like methane (CH_4), are added after the initial pilot.

The technologies currently included in the SCF Pilot for Senegal primarily reduce CO_2 emissions, and baseline and project emissions factors for these technologies, since the pilot proposes to build on approved CDM methodologies for rural electrification, only include CO_2.

3.4 Program proponents

During the SCF Pilot, the only program proponent will be ASER. Future eligibility requirements for allowing more program proponents will be agreed by the Governing Board.

This section is a "placeholder", in case the Senegal wants to move beyond just the ASER program. For the ASER program, the concessionaires collect monitoring data, but this all goes through ASER as the program proponent. The Governing Board will need to specify any qualifications or criteria for participation for an extension to the pilot.

3.5 Program Start Date

The Program Start Date is the start of actual implementation of the technologies and activities included in the scope of the program, supported by relevant documentation (e.g. installation reports, commissioning reports, operational reports). If the program is already under implementation, the Program Proponent may include activities in the scope of the program that started up to one year prior to the listing date. In this case, the Program Start Date may be up to one year prior to the listing date. If no implementation has begun at the time of listing, the start date will be after the listing date and should reflect the Program Proponent's best estimate of when implementation will start.

The purpose of allowing an earlier start date is to ensure that delays in the SCF Pilot process do not jeopardize the eligibility of programs. This has been a common problem in the CDM, with long delays leading to problems and limiting the generation of credits. One year is a reasonable length, given that the SCF process is excepted to be much faster than the CDM process.

4. Program cycle

4.1 Program cycle overview

The program cycle includes the following steps:

- *Preparation*: The Program Proponent develops a project concept and presents the program by filling in the **Listing Document template** using the **Listing Document Guidance**
- *Completeness Check and Listing*: The Administrator, using the **Completeness Check Report Template** and **Completeness Check Report Guidance**, conducts a Completeness Check on the contents of the Listing Document. If the document is incomplete, the Administrator will request changes from the Program Proponent. If the document is complete and meets all requirements, the Administrator will inform the Program Proponent and the Governing Board of the acceptance of the program, and it will be listed in the official SCF Pilot registry.
- *Monitoring*: The Program Proponent monitors the performance of the program and uses the monitoring data to complete the **Monitoring Report** template referring to the **Monitoring Report Guidance**. At the end of the monitoring period, when the Monitoring Report is complete, the Program Proponent requests the Administrator to identify a list of Verifiers. The Program Proponent selects a verifier from this list.
- *Verification*: The Verifier verifies the monitoring data presented in the Monitoring Report using the **Verification Report** and **Verification Report Guidance**.[4]
- *Certification*: upon receipt of the Verifier's positive verification report, the SCF Governing Board will certify the emission reductions. This step is not related to the CDM Executive Board in any way, although the same term is used in the CDM for the final approval of the verified emission reductions.

The SCF Pilot will not issue any transferable units as in the CDM. The objective is to simulate all activities leading up to certification of emission reductions to compare with processes under CDM. The pilot will consider how frameworks like these can support countries accessing climate finance more effectively with less transaction costs while accommodating country circumstances. If the framework is recognized as an appropriate way to deliver tradable units internationally, the Governing Board may choose to streamline and revise the SCF as necessary so that the process can deliver transferable units.
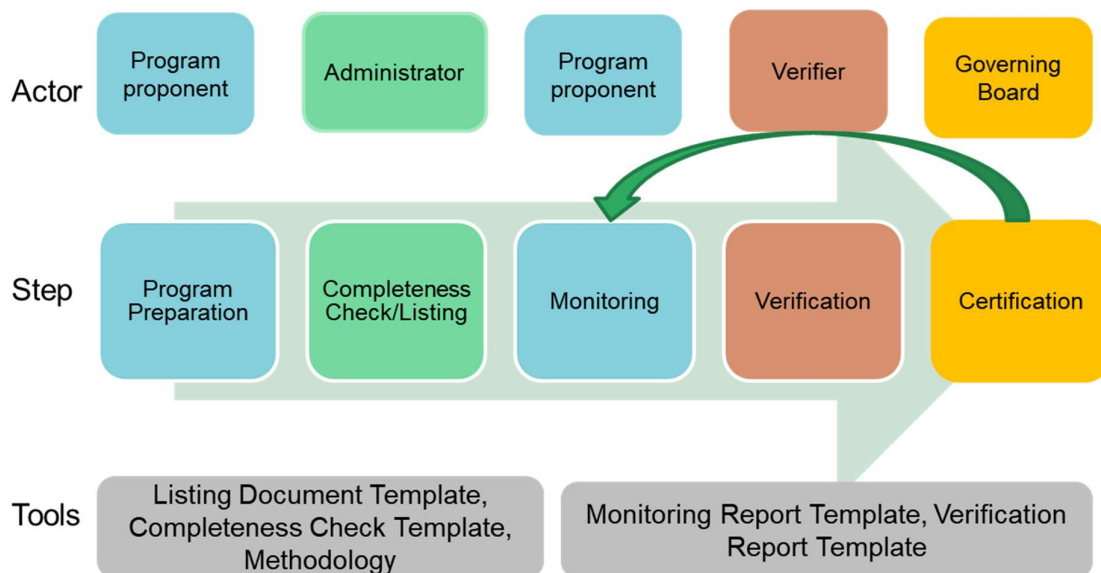
Figure 2 below presents the full program cycle including the steps explained above. More detailed process diagrams for each step are shown in the following sub-sections. Note that, unlike the CDM PoA process, there is no "inclusion" step for adding more units or households to the program. The size of the program is rather determined each year through the monitoring process. The figure also indicates which entity is responsible for each step of the process.

> *Although the Technical Committee, as described above, is involved is developing and approving the rules, methodologies, and documents for the SCF Pilot, they are not directly involved in the Program Cycle. This is part of the streamlined process of the SCF, where the technical work and consultation on methodological issues is all done up front when establishing the pilot, so that the program cycle can be more efficient and have lower transaction costs.*

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[4] During the pilot, the costs of verification will be covered by the World Bank.

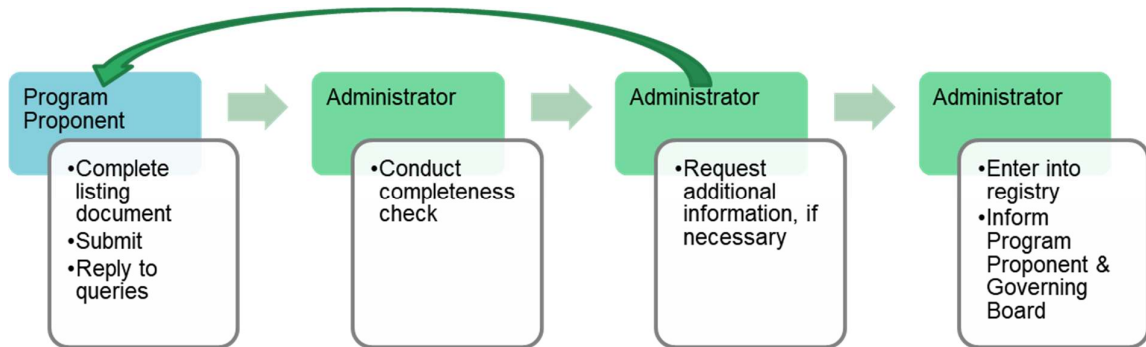Figure 2. Overview of program cycle, actors and tools

4.2 Listing process

The process for listing is shown in Figure 3 and the steps are explained below.

- The Program Proponent should use the current version of the Listing Document template and related Listing Document Guidance, covering general program information, eligibility, emission reduction and monitoring, stakeholder consultation and environmental impacts. The Program Proponent should submit the completed Listing Document to the SCF Administrator electronically.
- The Administrator will conduct a Completeness Check, referring to the Completeness Check Report Guidance, and notify the Program Proponent if changes are required.
- The Program Proponent will make any required changes and send the revised Listing Document to the Administrator.
- Once the Administrator judges that Listing Document is complete, the Administrator will enter the data for the listed program into the registry[5]. The listing date will be the date that the Program Proponent sent the final version of the Listing Document to the Administrator.

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[5] Relevant data for the registry at the time of listing would include: program proponent, program start date, program crediting period start date, listing date, technologies included and estimated annual emission reductions.
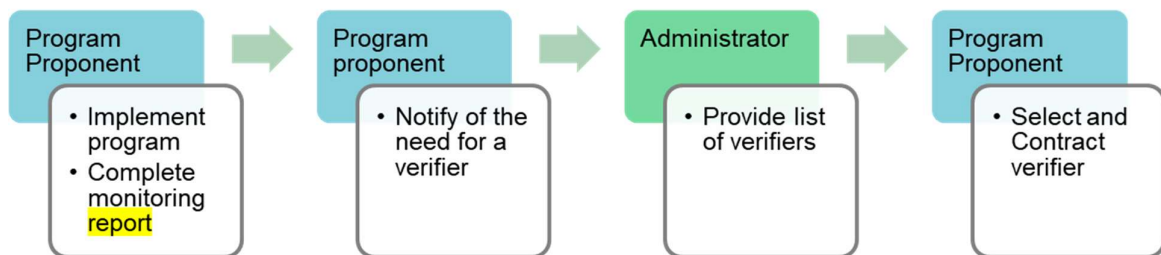
Figure 3. Listing process

4.3 Monitoring requirements and process

The process for monitoring is shown in Figure 3 and the steps are explained below.

- The Program Proponent will implement the program.
- The Program Proponent should use the current version of the Monitoring Report template and related Monitoring Report Guidance to present the monitoring data.
- Two months prior to the end of the monitoring period the Program Proponent will request the Administrator to provide a list of verifiers.
- The Program Proponent will then select and contract a verifier.
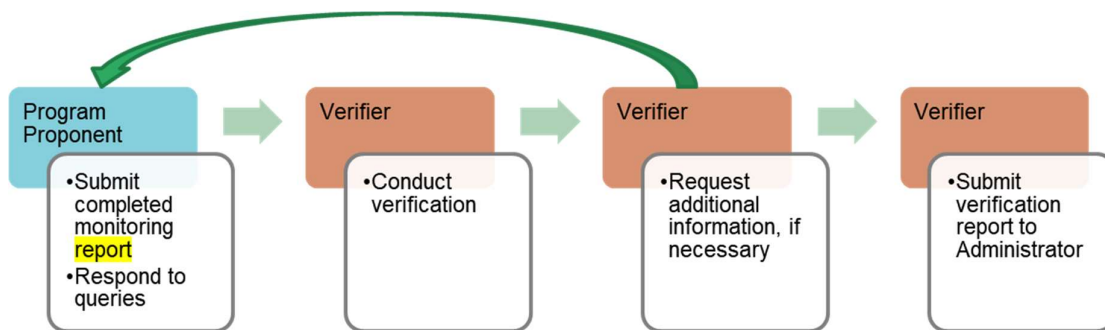
Figure 4. Monitoring process

4.4 Verification process

The verification process is shown in Figure 5 and the steps are explained below.

- The Program Proponent will submit the completed Monitoring Report and all relevant supporting documentation to the Verifier.
- The Verifier will conduct the verification based on the current version of the Verification Report Template and related Verification Report Guidance.
- The Verifier will submit a Verification Report to the Administrator, including an unqualified verification opinion. The Verifier will clearly justify a positive or negative verification opinion.
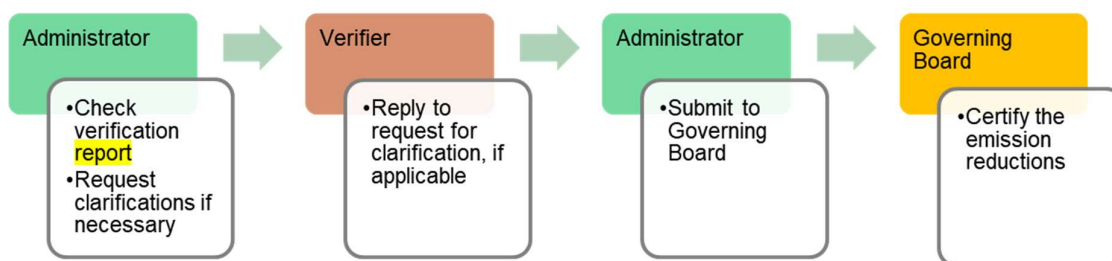
Figure 5. Verification process

4.5 Certification process

- In the case of a positive verification opinion, the Administrator will check that the Verification Report follows the SCF Pilot rules.[6]
- The Administrator will then forward the Verification Report to the Governing Board, who will certify the emission reductions.
- In the case of negative verification opinion, the Program Proponent may appeal to the Governing Board. In this case, the Governing Board would review the submission from the Program Proponent and the Verifier and request additional clarifications and evidence as necessary. The Governing Board may also choose to enlist ad-hoc technical support to evaluate an appeal.
- If the Governing Board supports the negative verification opinion, then the Program is rejected and there are no emission reductions are certified by the Board.
- If the Governing Board disagrees with the negative verification opinion, then it may certify the emission reductions.

Figure 6. Certification process

4.6 Crediting period

- The start of the first crediting period is the Program Start Date or Listing Date, **whichever is earlier**.

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[6] During the pilot, this task may be done by consultants supporting the pilot

- The crediting period during the pilot should finish on December 31, 2025[7].
- Subsequent crediting periods should be five years and align with the timeline for revising NDC commitments under the Paris Agreement.
- The Governing Board will agree on a process for crediting period renewal, including the impact on the baseline and program emissions calculation parameters.

  The crediting period should align with the timeline of NDC revisions, because updates to the NDC commitments may affect baselines for crediting.

5. Methodologies

5.1 Baseline and additionality principles

Additionality for rural electrification is addressed using a "positive list" approach. The following technologies are considered automatically additional, based on rules developed under the CDM.

- Individual solar PV systems (e.g. solar home systems, solar water pumping, solar public lighting)
- Solar LED lamps
- Hybrid diesel-solar PV mini-grid electrification (new, extended or rehabilitated) where the total system capacity is less than 15 MW

In addition, under the SCF concept, grid electrification programs are considered additional if either of the following is true:

- The national rural electrification rate is less than 20%
- The implementing country is a least developed country (LDC) or small island developing state (SIDS)

Because Senegal is an LDC, grid electrification is considered additional.

5.2 Methodologies and tools included in initial Program Protocol

The following methodology(ies) is(are) included in this initial version of the Program Protocol:

- Rural electrification in Senegal

Methodologies, and the related templates and guidance documents, may be updated periodically by the Technical Committee and Governing Board.

  Additional methodologies approved later would be added to this list.

5.3 Process for approval of additional methodologies

The Governing Board may, after the initial pilot, agree on a process for approving additional methodologies, which would be developed by the Technical Committee.

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[7] This is the end of crediting for Ci-Dev programs.

A new methodology development process will only be needed after the conclusion of the pilot, so the Governing Board may ask the Technical Committee to develop it during the pilot phase, if there is interest in more methodologies and technologies. This could include simply accepting methodologies already approved under other standards (e.g. CDM, VCS, Gold Standard) or could also include development of new methodologies specific to the Senegal SCF.

6. Sustainable development

Programs in the SCF Pilot should also include sustainable development co-benefits. Programs with strong sustainable development benefits are more readily embraced by the stakeholders and have a good chance for successful implementation. During the Pilot, programs should highlight potential benefits and indicators that could be used to measure them, but will not be required to conduct monitoring. They may also choose to use the voluntary "Sustainable Development Co-Benefits Tool"[8] provide by the CDM. Examples of direct socio-economic effects include employment creation, positive impacts on disposable income for low income households, foreign exchange effects, technology transfer and diffusion. Local environmental benefits could include reduction in local air, water and other pollution. The programs may also highlight the contribution to the Sustainable Energy For All goals in Senegal.

7. Stakeholder participation and engagement

For the pilot, programs that already completed stakeholder consultation under the CDM are not required to conduct an additional consultation process. Otherwise, stakeholder consultations should follow relevant national guidelines (i.e. consideration of inputs from various national stakeholder, but not a global stakeholder consultation as in the CDM).

Note that the ASER program has already completed a stakeholder consultation process under the CDM.

8. Accreditation

During the SCF Pilot, the following entities may serve as a Verifier:

- Companies accredited as Designated Operational Entities (DOEs) by the CDM Executive Board[9] under "Sectoral Scope 1. Energy industries (renewable / non-renewable sources)"

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[8] http://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20140401114548484/reg_tool01.doc

[9] For the full list of DOEs, see http://cdm.unfccc.int/DOE/list/index.html

- Companies accredited as Accredited Independent Entities (AIEs) under Joint Implementation Supervisory Committee[10] under "Sectoral Scope 1. Energy industries (renewable / non-renewable sources)"
- Companies accredited as Validation/Verification Bodies by the Verified Carbon Standard[11] under "Sectoral scope 1. Energy (renewable/non-renewable)"

While the SCF or other Senegalese crediting programs may wish to enlarge this list to include more local certification organizations in the future, the time constraints for the SCF Pilot do not allow for new accreditation process specifically for the SCF.

9. SCF Registry and public access to information

The SCF Pilot will provide publicly available information on the status of any listed SCF Program. During the Pilot, however, this will be simple because only one program will be listed[12]. Upon successful listing of the SCF Program, the Administrator will publish the approved Listing Document on the website of the Senegal CDM DNA and/or the SCF Administrator. At the completion of verification, the Administrator will also publish the completed Monitoring Report and Verification Report, as well as the date when the emission reductions were certified by the Governing Board.

If the pilot phase is extended or expanded, an online database of programs may be needed, but not with only one program. Note that this initial registry is different from a registry that tracks tradeable units – the SCF Pilot will only make relevant document and decisions available to the public.

10. Fees

No fees will be levied for listing of programs or certification of emission reductions for the pilot activity.

The SCF Pilot is a simulation that will not generate additional revenue for the Program Proponent. However, in the future and if the SCF evolves in a mechanism of issuing tradable units, the Governing Board may choose to levy fees during listing and/or certification to support the costs of administering the SCF.

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[10] For the full list of AIEs, see http://ji.unfccc.int/AIEs/List.html.

[11] For the full list of VVBs, see http://database.v-c-s.org/verification-validation/find-vvb

[12] Unlike the CDM process for Programmes of Activities, where new groups of sub-projects or households need to be added in "Component Project Activity (CPA)", under the SCF the program includes all of the activities implemented so far in a given year. In the rural electrification example, this means that all of the grid connections, mini-grid connections and solar home systems that have been installed as of a given year (since the Program Stat Date) are part of the program.

11. Templates and guidance documents

The section lists the templates and guidance documents that are used in the SCF Pilot. If any of this documentation is revised, the most current version will appear on the COMNACC website or other designated SCF Pilot website.

Templates and guidance documents:

- Listing Document template for rural electrification
- Listing Document guidance for rural electrification
- Completeness Check Report template for rural electrification
- Completeness Check Report guidance for rural electrification
- Listing Notification Template for rural electrification
- Monitoring Report template for rural electrification
- Monitoring Report guidance for rural electrification
- Monitoring Calculation Tool for rural electrification
- Verification Report template for rural electrification
- Verification Report guidance for rural electrification

The website will also include the current version of approved methodologies. For the Pilot this will be the methodology "Rural Electrification for Senegal".

12. Liability and redress

During the pilot, the SCF will not actually issue credits, so there is no liability for future reversals of emission reductions. Where social and environmental safeguards are violated, this should be addressed per national law.

> *The Governing Board may choose to review these provisions after the initial pilot.*

13. Support to actors

During the pilot, program proponents will receive support from a consulting team to complete the Listing Document and Monitoring Report.