



**CENTRE FOR ENERGY, ENVIRONMENT, SCIENCE AND TECHNOLOGY  
(CEEST FOUNDATION)**

**PROCEEDINGS OF THE CDM BRIEFING MEETING FOR DEVELOPMENT  
PARTNERS IN TANZANIA**

14<sup>TH</sup> APRIL 2008  
KILIMANJARO HOTEL KEMPINSKI  
DAR ES SALAAM, TANZANIA

*Prepared by CEEST Foundation*

*Under the UNEP Project:*

*Capacity Development for the Clean Development Mechanism (CD4CDM)*

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## **1. BACKGROUND**

CEEST Foundation together with EPMS and the Vice President's Office (Division of Environment) are the national partners implementing the Capacity Development for Clean Development Mechanism (CD4CDM) Project in Tanzania, which is financed by the Dutch Government and managed by the UNEP Risoe Centre in Denmark. The main objective of the project is to develop human and institutional capacities in Tanzania to implement and regulate CDM projects.

Given the importance of institutional strengthening to regulate, govern, and promote CDM activities in Tanzania, CEEST Foundation in collaboration with UNEP Risoe facilitated the briefing to the development partners (donor community) in Tanzania on climate change, particularly CDM activities in Tanzania. The briefing meeting took place on 14<sup>th</sup> April 2008 during the Development Partners Group on Environment (DPG-E) Meeting at the Kempinski Kilimanjaro Hotel. This special briefing meeting was sponsored by the CD4CDM project and the Vice President's Office (Secretariat of the Tanzanian Designated National Authority for CDM).

During the meeting, the Government, CEEST Foundation and UNEP Risoe Centre together with the donor community shared their experiences, plans, and project activities on climate change mitigation and adaptation activities in Tanzania. The donor community provided an international perspective and guidance on the promotion of CDM, with a view toward adding value to the Government's formal approval process of CDM activities in Tanzania.

The briefing meeting started at 9.00 am. More than 20 participants attended the meeting (see **Annex 1, for the list of participants and Annex 2 for program**)

## **2. SUMMARY OF OPENING SPEECH**

**ABDUL WAKIL, DEPUTY PERMANENT SECRETARY, VICE PRESIDENT'S OFFICE**

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The Deputy Permanent Secretary, Mr. Abdul Wakil assured the development partners that the Government of Tanzania is committed to environment issues including the Climate Change Convention Process. This is because climate change poses a serious threat to humanity, particularly in least developed countries like Tanzania. There is, therefore, a need to strengthen the institutional capacity and coordination between Government institutions, private sector, civil society and development partners, in combating climate change. He added that Tanzania was among the first countries to ratify the Kyoto Protocol, and the decision for the ratification was mainly triggered by the global concern on the threats of climate change and its impacts on the country. It also has to do with the quest of policy makers to achieving sustainable development of the country as well as providing an economic opportunity to be achieved through the CDM investments.

He also mentioned the importance of having a well established institutional framework and relevant technical skills to be able to effectively participate in the implementation of CDM in the country. This is because CDM is market driven and Tanzanians must, therefore, be innovative to capture the market. But he noted that the challenges that face the include how to build the capacity of its institutions so that they can attract investors but at the same time maximize the national interests, as well as the need to harness the expertise and innovation of the private sector in partnership with government to meet these challenges. He called on the meeting to come up with implementable deliberations and recommendations on how to promote CDM projects without compromising the interests of the nation.

The Deputy Permanent Secretary urged the development partners and organizers that this kind of meeting should serve as an important forum for the provision of information that could assist the government in promoting as many CDM projects as possible. He also noted that active participation of relevant stakeholders in CDM activities would largely depend on the availability and timely delivery of the relevant information and available opportunities. He then hoped that the government in collaboration with the development partners would continue to raise awareness on this important issue. Since CDM projects are primarily implemented by the private sector, and other non-governmental actors, the government will continue to provide an enabling environment for the stimulation of CDM projects and that the government is taking this matter very seriously, as already, the Designated National Authority (DNA), which is the Division of Environment in the Vice President's Office has put a legal framework for climate change adaptation and mitigation through provisions in the Environmental Management Act, 2004, and the EIA regulations of 2005. The DNA also prepared the CDM Investor's guide in 2004, which is now being updated under the CD4CDM Project.

In concluding, Mr. Wakil said that the measures taken by the government, together with a more conducive investment environment should be able to stimulate more CDM projects. The government still needs to create a critical mass of experts both within the government, in non-governmental organizations and other institutions. He noted that this could be best done through intensive training and participation in CDM project development processes.

### **3. PRESENTATIONS:**

The briefing meeting was chaired by Mr. Stephen Mwakifwamba, Deputy Executive Director of CEEST Foundation, Raporteurs: Ms Neema Raphael and Ms Mariana H Massawe, Coordinator, Mr. Hubert Meena

#### **3.1 OVERVIEW OF THE CD4CDM Project**

**By Dr. Glenn Stuart Hodes, UNEP Risoe Center**

Glenn Hodes started his presentation by giving a brief introduction to climate change science, especially the increase of CO<sub>2</sub> emissions from fossil fuel and its concentration in the atmosphere. He added that the purpose of the CDM as stipulated in the Kyoto Protocol Article 12.2 is: to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention; and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3. He mentioned that there are some barriers to carbon finance in order to achieve the objectives of the CDM, and he grouped the barriers into general barriers including complex modalities and procedures, high transaction cost, heavy institutional requirements for project cycle, and knowledge gap between buyers and sellers. Another group of barriers are African specific, including limited equity and access to finance by potential developers, lack of knowledge of CDM in financial institutions, lack of trained national consultants, unfavorable investment climate, limited budgets for operations of DNAs, lack of entities capable of bundling many small(er) projects.

He highlighted various activities being undertaken by UNEP Risoe Centre in the area of climate change including CDM. He gave a short history of the CD4CDM project in Tanzania, which started early 2007 and will end in 2008, and that the project has reached ¾ of its life so far. The main goals of the CD4CDM project in Tanzania were, among others, to improve policy and legal framework for CDM; raise awareness of benefits and opportunities; train/capacitate project sponsors, national experts and local consultancies (including EPMS and CEEST); support development of an initial pipeline of CDM projects; and assist national entities to promote CDM investment in the country.

Hodes mentioned that the activities accomplished by CD4CDM project in Tanzania to date, included; preparation CDM web site: [www.cdm.or.tz](http://www.cdm.or.tz); updating of CDM Investors' Guide; Government briefings; and drafting CDM regulation. The project also assisted in the preparation of a pipeline of CDM projects in collaboration with local and international consultants. The project also facilitated the participation of Tanzanians and their interaction with carbon buyers in Carbon Expo in Cologne, the African Bankers' Carbon Investment Forum in Johannesburg, and an IETA trade mission. The project conducted capacity building workshops mainly targeting all national stakeholders, especially policymakers, private sector, technical consultants, investors, bankers and financial intermediaries. Furthermore, the project conducted sectoral mini-workshops including municipal decision-makers, engineer associations and the development partners' consultative meeting.

Hodes mentioned key project outcomes as, among others; demonstrated scope for CDM opportunity; interest created among investors and banks; sound human capacity foundation to undertake CDM projects created; and Tanzania being more connected to a fast growing global carbon market. He then proposed on how to sustain the momentum by implementation of demonstration projects and identification of additional projects; two projects among the already prepared PINs will be supported to PDD level. Further ensuring an enabling environment including enhancing the policy and regulatory framework by the Government of Tanzania as well as increasing stakeholders consultation and outreach. This should go together with more in-depth, hands-on training and investment in key intermediaries. He said that in order

to achieve the sustainability of the momentum the development partners have a key role to play in all the proposed activities.

Hodes reiterated that UNEP Risoe Centre is **not a buyer** and **not a seller**, but rather can provide unbiased technical assistance and policy advisory services, as well as research products that are trusted by both buyers and sellers. He lastly thanked the Government of Tanzania for the positive cooperation in the CD4CDM project, which has enabled UNEP to facilitate the preparation of most of the fifteen (15) CDM projects in the pipeline (**see Annex 3**) in collaboration with both local and international consultants.

### **3.2 CLIMATE CHANGE AND CDM IN TANZANIA;**

#### **By Mr. Hubert Meena, CEEST Foundation**

Mr. Meena started his presentation by highlighting climate change studies being undertaken by CEEST Foundation. Apart from the CD4CDM project, CEEST Foundation is also doing other climate change studies under the National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), which includes the Greenhouse Gas Inventory, GHG mitigation studies, vulnerability and adaptation to climate change impacts, and an assessment of systematic observation in Tanzania done under the Tanzania Meteorological Agency. The preliminary findings of GHG Inventory study indicate that emissions have been increasing over time compared to the findings of the Initial national Communication, submitted to the UNFCCC in 2003. With regard to vulnerability and adaptation to climate change impacts, the scenarios show a trend of increasing temperature and decreasing rainfall, which will have negative impacts to various sectors of the economy. Sectoral climate change impacts studies, among others, include; impacts on forestry, biodiversity and tourism; impacts on sea level rise; impacts on health especially malaria and cholera; impacts on water resources; and on rangelands and livestock.

He informed the participants that CEEST Foundation also participated in the Netherlands Climate Change Support Programme (NCAP) which involved undertaking climate change adaptation studies at community level, including livelihood impacts of floods and drought to the people living in Rufiji river basin and climate change impacts to smallholder farmers in Kilimanjaro region, which is a mountain ecosystem. The aim of these studies were to develop the bottom-up approach and policy prescriptive in addressing the climate change impacts and adaptation at community level which complements the sectoral top bottom studies of vulnerability and adaptation to climate change impacts under Second National Communications.

Mr. Meena gave an overview on clean development mechanism (CDM), established in Kyoto, Japan in 1997 at the third Conference of the parties to the UNFCCC, which was a mechanism for achievement of the UNFCCC through collaboration between developed and developing countries. He further noted that there are criteria set for the CDM in a country, which include: voluntary participation, approval of projects by each party involved; the proposed activity should be real, measurable, and have long-term benefits related to the mitigation of climate change; the reductions in emissions to be additional to any that would occur in the absence of CDM projects; and lastly CDM projects should not divert ODA funds.

Mr. Meena then highlighted some pertinent challenges facing the African countries, which make them not able to attract CDM projects and investment, which include, among others, to put in place CDM guide and implementation framework particularly the National sustainable development criteria for CDM; increase the number of CDM projects implemented as well the number of projects in the pipeline projects; include

CDM in the Environmental law; put in place the appropriate institutional framework; capacity building; public and awareness creation.

He also recommended that for the case of Tanzania, the government should consider strengthening of the multi-stakeholders review committee under the VPO, to include, among others the following institutions: Investment Promotion Centre (TIC), Commission for Science and Technology (COSTECH), local banks, organization currently active and participating in CD4CDM issues including CEEST Foundation and EPMS, Ministry of Energy and Minerals (MEM), Ministry of Industry and Trade, Ministry of Natural Resources and Tourism, and higher learning institutions. In concluding he stressed the importance of establishing a roster of CDM local experts and a list of private and NGOs dealing with CDM projects at the office of the DNA so that they are easily accessible when their expertise is a needed.

He reiterated that the foreign actors who are development partners should provide funds for developing appropriate capacity and infrastructural support for CDM process. Also the foreign actors who are investors should prioritize Tanzania as one of the partner and avail investment funds, facilities and technologies for CDM projects. While awareness and capacity building initiatives should take place separately from actual CDM project to avoid high transaction cost. Also foreign investors should play a role of building the capacity of local investors so as to make them active and effective partners.

He also noted that most CDM projects are very expensive and require high levels of technology, conditions that are difficult for local investors to meet. Therefore there should be more capacity creation in terms of both financial and human resources. Financial institutions should also offer opportunities for local investors to invest in bigger projects than– bigger CERs – hence bigger money.

### **3.3. CDM PROJECT DEVELOPMENT EXPERIENCE: TANZANIA PROJECT DEVELOPERS**

#### **3.3.1 KATANI PROJECT: BIOGAS AND ELECTRICITY GENERATION FROM SISAL WASTE**

##### **By Francis Nkuba, Katani Limited**

Mr. Nkuba reported that Katani project is a CDM project for biogas to electricity production from sisal wastes. It is a small-scale project with its plant construction being started in January 2007 and to be ended in September 2008. The project is on the final stages of PIN preparation and the PDD development will start soon. The project director Mr. Nkuba claimed that it is only 2% of the sisal plant that is presently utilized while the remaining 98% wasted at great cost financially and to environment.

According to the new development in sisal industry, Mr. Nguba said that there is a change from large plantation agriculture to smallholder and out grower farming. Also they intend to make the development to be the first in the world biogas plant using sisal waste to produce biogas/electricity/organic fertilizer. The company now has new outlook on sisal as an energy crop through biogas and ethanol production therefore, new industry vision is to produce 1,000,000 tons of sisal fiber countrywide, 500MW of electricity through biogas, involvement of 150,000 smallholders and out grower farmers. There is also development of biotechnology in the sisal industry through Meristematic Tissue Culture and pulp and paper, which is an added advantage to the company in addition to CDM.

Mr. Nguba informed the participants that, the sisal industry for many years has known the biogas to electricity production technology; however, it was only in 2005 when Katani Limited was selected among 4 Tanzanian companies to implement a pilot 150 kW CFC /UNIDO /Tanzania Government funded biogas

project utilizing sisal leaf waste to produce biogas for funning electricity generator and the by products used as fertilizer. The construction started in January 2007 and the plant was completed in September 2007.

Mr. Nguba also presented on the future plan of the company, he said that Katani Limited plans to replicate the technology on all its 5 estates. For the period to 2012 the company plans to establish 6 units with an installed capacity of 4 MW. Investment required amounts to US\$ 15 million over the period 2008-2012. The NPV generated at 10% rate of interest is US\$ 1,402,639 over the period. The Internal Rate of Return is 12.27% at 10% cost of capital.

Mr. Nguba gave a justification to the development partners why they should assist sisal industry in the country, especially the Katani Ltd. He said that they have research results, which have cost US \$ 12 million and show great potential. Sisal is still a major agricultural industry in Tanzania. It is the only industry Tanzania has excelled at International scale, and the industry is presently emitting methane which needs to cut down to avoid global warming. On the other hand there are favorable attributes of sisal which reduce the risk of plant failure, among others include; tolerance to adverse weather conditions, can be planted and harvested through out the year, has few diseases and its input requirements are not as heavy as in other crops, can be intercropped and mixed with livestock farming, and assistance provided to sisal will benefit rural areas.

On CDM developments Mr. Nguba said that Katani Limited has benefited from EPMS, UNEP Risoe and the Division of Environment from their capacity building efforts. The project has been designated as small scale, the PIN is in the final stages and the PDD will soon start. As CDM is new he said they need demonstration plants to attract investments in CDM in Tanzania since even the biogas plant is a pilot one.

He highlighted the developmental impact of CDM: sisal contributes to sustainable development by contributing to rural employment through farms, industry, services developed, as smallholders are the sources of the raw material for the biogas plants, increased incomes will reduce rural poverty, development of energy in rural areas will contribute to rural economies and rural livelihoods, sisal products have local and export markets (eg. Polishing Cloth, Bags, Geotextiles, Carpets, Yarn & Ropes, Paper Pulp, Handcrafts, and Composites), increased foreign exchange, and increased income to Government.

### **3.3.2 FOREST PLANTATION PROJECT**

**By Mr. Kimaro A.N (Chief Executive Officer), Community Development Corporation Ltd (CDCL)**

Mr. Kimaro told the development partners that this is a large-scale project aiming for sequestration of CO<sub>2</sub> expected to mitigate 3,000,000 tCO<sub>2</sub> equivalents. The technical consultant of this project is CEEST Foundation with the assistance from UNEP Risoe Centre under the CD4CDM project.

The project's objective is to sequester CO<sub>2</sub> by establishing forest on degraded agricultural lands with a view of biodiversity conservation and GHG mitigation. The area to be afforested will be in Bagamoyo district at 0 – 100 meters above sea level in a tropical climate with average rainfall of 800 to 1,000 mm per year. The project will be taken into three villages of Bagamoyo district, coastal region namely Kimange, Kwang'andu and Rupungwi about 170 kilometers from Dar es Salaam city center.

The project is generally considered to have a positive impact on the environment, which will help reduce soil erosion, contribute to soil formation in the long run, provide habitat for free dwelling species and produce a renewable raw materials. In additional to reducing GHG emissions, offsets commonly produce other environmental social and economic co-benefits which include reduction in other atmospheric pollutants.



The secondary objective of this project is to improve efficiency in production, harvesting and processing to reduce wood waste, offer new employment opportunities, open up markets for forest products and increase government revenues both local and foreign. The project's social and economical impact include creation of employment, source of energy, non-wood forest products and services, protective function, production function, provision of fodder, biodiversity and indirect benefits like maintaining local climate.

Transitional impacts of the project include the introduction of the most cost effective means of achieving the compliance in supply/sell of project based emission reduction from CDM of Kyoto protocol.

CDCL is a private company. It has signed a memorandum of understanding with Swiss Company **Factor Consulting + Management AG** which shall assist the project in several issues including:

- Facilitating transactions of emissions reductions from the initial offering to the completion of final contracts and assisting the project in finding suitable buyers
- Facilitate the conclusion of emission reduction purchase agreements at optimum terms
- Advise the project on compliance with international, national and voluntary commitments to reduce GHG emissions
- Assess GHG emissions from business operations and forecast future emissions liabilities
- Support project in setting up voluntary targets and measures to reduce emissions from their business operations.
- Advise on new financial products for the carbon market to manage the unique risks of this market.

The **way forward** includes looking for financing of the project design document (PDD) development, completing the feasibility and business plan, and undertaking the environmental impact assessment.

#### **4. DISCUSSION**

A general discussion was held after all the presentations. Participants raised different questions and the presenters were given an opportunity to answer them.

An issue was raised on the controversy of including CDM in the environment law that it might be counter productive in encouraging CDM investors. A clarification was made that CDM should not be implemented by law but rather regulatory provisions for the implementation of CDM included in the existing laws, such as the Environmental Management Act, and the regulations for the Environmental Impact Assessment.

A clarification was request with respect to the DNA's proposed CDM review committee. Participants wanted to know whether it was not in fact too small. The presenters clarified by saying that the committee being proposed should be multisectoral containing members from different government departments/organizations, NGOs knowledgeable of CDM issues, also that the committee should neither be too big nor too small. The Vice President's Office provides a Secretariat to the committee, so the committee effectively advises the Permanent Secretary, VPO.

It was pointed out that at the Vice President's Office (VPO) there exists an official CDM investor's guide. Therefore, participants (development partners) and other stakeholder were encouraged to get a copy of the same so as to be familiar with CDM guidance issues for Tanzania, and see how they can assist to improve the guide.

One participant wanted to know why donors are insisting on on-job training. It was clear that there is high requirement of on-job training since there are a lot of challenges such as on the analysis of the best project ideas also how to work with project developers. It was also noted that as more CDM projects are developed, it means more people to engage in, thus more training to be provided. Apart from the technical part of the CDM projects, training is needed to guide project developers since developing a project comprises various elements and steps such as calculation of CERs, emission factors, PIN and PDD development to mention few.

Participants advised that it is important to comply with the feelings of the district councils and other relevant authorities towards projects and more specific in this case to the Forest plantation project. This means that the proposed project should be authorized by the relevant authority in order to get the required support during the implementation phase.

During discussions it was observed that there are a lot of activities going on in Tanzania in respect of climate change and CDM issues, unfortunately there is little coordination. Donors encouraged a stronger institutional framework, which could take the coordinating role of the climate change and CDM issues in Tanzania. This should go together with taking into consideration that there is no duplication of activity and hence increase resource utilization efficiency. The donors were informed that VPO (Division of Environment) is the focal point of all climate change and CDM issues in the country. It was urged that VPO should strengthen its coordination role by understanding who is doing what and where, as well as by establishing a roster of experts on climate change and CDM issues for easier follow-up.

Lastly, it was acknowledged that CD4CDM has laid an important foundation for CDM implementation in Tanzania, especially on training local experts to develop projects from PIN to PDD stages. However, in order to succeed in promoting capacity building in CDM the development partners must recognize that they also have key roles to play. Further, the Government should continue to provide a good enabling environment for capacity building and the implementation of CDM projects at different levels.

## Annex 1: List of Participants

S/ no	Name of participant	Institution/Organization	Title	Contacts
1	Mr. Abdul Wakil	Vice President's Office	Deputy Permanent Secretary	P. O. Box Dar es Salaam, TANZANIA E-Mail:
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18	Glenn Stuart Hodes	UNEP-RISO center Denmark	Energy Economist & CD4CDM Project Manager	
19	Mr. Deogratus Mfugale	The Guardian Ltd	Journalists	
20	Mr. Katabu	The Guardian Ltd	Journalists	
21	Representative	Cannadian Embassy	Programme Officer – Environment	
22	Representative	Norwegian Embassy	Programme Officer – Environment	

## ANNEX 2: MEETING PROGRAMME

### BRIEFING MEETING ON THE CDM FOR DEVELOPMENT PARTNERS IN TANZANIA

14 APRIL 2008

KEMPINSKI - KILIMANJARO HOTEL, DAR ES SALAAM, TANZANIA

09.00 am – 09.20 am	<b>Welcome Address and Remarks</b> <i>Deputy Permanent Secretary (Vice President's Office)</i>  (Tanzanian views, priorities and international commitments on climate change; Status of CDM and carbon trading regulation in Tanzania)
09.40 am – 10.00 am	<b>Overview of the CD4CDM</b>  <i>Dr. Glenn Stuart Hodes</i> Energy Economist, United Nations Environment Programme – Risø Center (Denmark)
10:00 am – 10.20 am	<b>“Climate Change Issues in Tanzania”</b>  <i>Mr. Hubert Meena</i> Director, The Centre For Energy, Environment, Science And Technology (CEEST Foundation)  (An Overview of Climate Change Issues in Tanzania including CDM, under CD4CDM perspective - Key elements for Attracting CDM Investment; Role of Public, Private, development partners and Civil Society Sectors; Promoting partnerships around CDM)
10:20 am – 10.40 am	<b>CDM Project development experience</b>  Tanzania Project Developers Mr. Francins Nkuba – KATANI PROJECT (Katani Limited) Mr.Amini Kimaro – Afforestation Project (Community Development Corp.Ltd.)
10:40 am – 11.00 am	<b>Questions / Discussions and End of the Meeting</b>

**ANNEX 3:**

**OPENING SPEECH BY ABDUL WAKIL, DEPUTY PERMANENT SECRETARY, VICE PRESIDENTS OFFICE**

**CDM BRIEFING MEETING FOR DEVELOPMENT PARTNERS AT THE KEMPINSKI – KILIMANJARO HOTEL, DAR ES SALAAM, TANZANIA ON 14<sup>TH</sup> APRIL 2008**

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**Your Excellency Ambassadors,  
Representatives from UNEP Risoe Centre,  
Representatives from Vice Presidents Offices,  
The Organizers of this briefing meeting,  
Ladies and Gentlemen,**

I am privileged and indeed happy to officiate the opening of this important briefing meeting on Climate change, particularly Clean Development Mechanism (CDM) to our development partners in Tanzania. I wish to warmly welcome you to the briefing meeting and I am convinced you will find your interactions rewarding.

I wish to take this opportunity, on behalf of the people and Government of the United Republic of Tanzania, to express our gratitude and appreciation to the people and The Royal Netherlands Government for the leadership role they have played in supporting capacity building in CDM issues. CD4CDM for developing countries is a clear indication of their commitment to the climate change process.

I also wish to express our gratitude and appreciation to UNEP and its staff for the support they have given and continue to give to Tanzania. I want to particularly thank the UNEP Collaborating Centre on Energy and Environment and more particularly Dr. Glenn Hoddes who has devoted a lot of his time to assist us. I commend the organizers, The Centre for Energy, Environment, Science and Technology (CEEST Foundation) for the timely organization of the briefing meeting to enable us interact with our development partners on how to promote CDM activities and investments in Tanzania.

The Government of Tanzania is committed to environment issues including the Climate Change Convention Process. Climate change poses a serious threat to humanity, particularly in least developed countries like Tanzania. There is, therefore, need to strengthen our institutional capacity and coordination between Government Institutions, private sector, civil society and development partners, in combating climate change.

Tanzania is among the first countries to ratify the Kyoto Protocol. The decision for ratification was mainly triggered by the global concern on the threat of global warming and its impacts on our country. It also has to do with the quest of our policy makers to achieving sustainable development of our country. Thus for Tanzania, ratification of the Protocol also provides an economic opportunity to be achieved through the CDM investments.

Clean Development Mechanism is key to the political success of the Kyoto Protocol; it has raised large sums of public and private finance and attracted and created important market players. It

has raised awareness of climate change internationally, and became an important tool for mitigating greenhouse gas emissions.

**Ladies and Gentlemen,**

The Government of Tanzania has committed itself to eradicate poverty through its Vision 2025 and other supporting interventions namely National Strategy for Reduction of Poverty (NSRP) and other supporting programmes such as MDGs and others. Liberalization of the economy has created a conducive investment climate. We are therefore, calling for investors to come and invest in CDM projects among others.

The Clean Development Mechanism (CDM) provides an additional investment opportunity, which Tanzania must seize. However, we need an institutional framework and relevant technical skills to be able to effectively participate in the implementation of CDM, thus empowering our people to this opportunity. CDM is market driven and we must, therefore, be innovative to capture the market. The challenge that faces all of us here today is how to build the capacity of our institutions so that we can attract investors by reducing bureaucratic red tapes but at the same time maximize our national interests. However, I hope this briefing will enable us minimize bureaucracy without compromising ethics and integrity, and thus promoting and enhancing the speed of CDM investments and projects in Tanzania.

We also need to promote collaboration to stimulate research and investment including specific agreements on scaling up efforts to develop low carbon technologies and energy efficiency and an expanded approach to handling large flows of investment to transfer technology to Tanzania and other developing countries.

We Tanzanians are committed to work closely with partners in developed countries to improve the CDM, through piloting new approaches that will make this market opportunity deliver and contribute significantly towards our countries' investment and development priorities.

There is a need to harness the expertise and innovation of the private sector in partnership with governments to meet this challenge. Carbon markets and carbon finance will play a pivotal role. It should be noted that, of recent, the carbon market has been growing at a very fast speed. In 2005 the total volume of carbon traded was 710 million tones of CO<sub>2</sub> worth US\$ 7 billion, while in 2006 it grew to 1,639 million tons of CO<sub>2</sub> worth US\$ 30 billion.

A closer look at CDM projects distribution reveals that out of more than 900 projects that have been approved by the CDM Executive Board, Asia and Pacific countries have most projects, totals exceeding 500 projects, followed by Latin America and Caribbean with more than 300 projects. Africa has number of projects not exceeding 21 out of which Tanzania has only 1 project.

Effective exploitation of the CDM market opportunities is a challenge which will ultimately require the political will of Governments, businesses and individuals, as well as entrepreneurship of both the public and private sector organizations/businesses, together with our development partners.

**Ladies and Gentlemen,**

As we all are aware the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) at its Seventh Session held in Marrakech, Morocco in 2001 adopted the Marrakech Accord, which promotes implementation of the UNFCCC and early entry into force of

the Kyoto Protocol. The Marrakech Accord called on developed country Parties to assist developing countries develop required capacity to enable them actively participate in the CDM. The Royal Netherlands Government was among the first Governments to respond to this call and is funding "*Capacity Development for CDM*". We understand that there are many initiatives going on in Africa which involve Tanzania in implementing the Marrakesh Accord as well as the Nairobi Framework which was adopted at the 12<sup>th</sup> Conference of the Parties to the UNFCCC which took place in Nairobi, Kenya in 2006.

**Ladies and Gentlemen,**

This meeting should serve as an important forum for the provision of information that can assist the government in promoting as many CDM projects as possible. Active participation of relevant stakeholders in CDM activities will largely depend on the availability and timely delivery of the relevant information and available opportunities. It is our hope that the government in collaboration with the development partners and other developed countries that are parties to the Kyoto Protocol will continue to raise awareness on this important issue. Since CDM projects are primarily implemented by the private sector, and other non governmental actors, the government will continue to provide an enabling environment for the stimulation of CDM projects. Already, the Designated National Authority (DNA), which is the Division of Environment in the Vice President's Office has put a legal framework for climate change adaptation and mitigation through the provisions in the Environmental Management Act, 2004, and the EIA regulations of 2005. The DNA also prepared the CDM Investor's guide in 2004 which is now being updated under the CD4CDM Project.

**Ladies and Gentlemen,**

We believe, these measures, together with the conducive investment environment being created through a more coherent and predictable economic growth, our traditional peace and tranquility at all levels as well as good Sectoral policies and strategies, all combined should be able to stimulate more CDM projects. The government, however, still needs to create a critical mass of experts both within the government as well as in the non governmental organizations and institutions. This can be best done through intensive training and participation in CDM project development processes. Information on the situation of the global as well as national carbon markets, transaction costs and taxes involved will also be essential for the national project developers. This briefing meeting is, therefore, a forum to share such information and experience on CDM and carbon trade business in general.

I Once again wish to thank all of you for sparing your time to attend this briefing meeting. We, in Government, look forward to receiving the report of your deliberations, in order to assist us in pushing further the agenda of CDM in Tanzania. It is now my pleasure to declare this meeting open.

**Thank you for your attention.**



#### ANNEX 4: Initial CDM Project Pipeline

s/n o	Project name	Sector	Expected CERs (tCO <sub>2</sub> e/year)	Status	Type	Champion	Consultants
1	Bio-latrines Methane gas capture and energy generation	Biomass energy	3,750	PIN	Small Scale	CARMATEC and prisons	EPMS
2	Biogas capture in sisal waste to generate electricity at Katani, Tanga Ltd	Biomass energy	40,000-50,000	PIN	Small Scale	Katani Ltd	EPMS
3	Biogas capture in sisal waste to generate electricity at Dominion Estates Ltd	Biomass energy	15,000-35,000	PIN	Small Scale	Sagera estates	EPMS
4	Biomass co-generation project at Tanga Cement, Ltd	Biomass energy	86,938	PIN	Large Scale	Tanga cement Co. Ltd	EPMS
5	Same and Project (SMFP)	LULUCF	> 1,000,000	PIN	Small scale	SafariJet Services Ltd	CEEST
6	Forest Project in Bagamoyo, Coast Region	LULUCF	> 500,000	PIN	Small Scale	Community Development Cooperation Ltd	CEEST
7	Biomass Efficiency in SME (Prison, Schools, colleges and Restaurants)	Energy efficiency	TBD	PIN	Small scale	TASONAB	CEEST
8	Mpanda Mini-Hydro project in Rukwa Region	Renewable energy	TBD	PIN	Small Scale	TASONAB	CEEST
9	Fuel switching from the use of HFO to natural gas in Mukwano industry	Fuel switching	2,000-3,000	PIN	Small Scale	Mukwano Group Ltd	EPMS
10	Landfill gas recovery and power generation at Kinondi, Dar	Waste management	15,000	PIN	Small Scale	SafiAnzania	EPMS
11	Partial substitution of coal by biomass residues in cement manufacturing	Biomass energy	TBD	PIN	Large Scale	Mbeya Cement Co.	EPMS
12	Fuel switching from the use of gen sets to natural gas in Mtwara and Lindi	Fuel switching	25,000-32,000	PDD	Small Scale	Artumus Ltd.	ESD-CAMCO
13	Wind power energy in Singida	Renewable energy	70,000	PDD	Large scale	Wind energy Dar es Salaam	ESD-CAMCO
14	Reforestation project in Mafinga, Iringa	LULUCF	56,000	PIN	Small scale	Green resources Ltd	Green resources Ltd.
15	Valorization of Coconut Shell Waste	Biomass energy	TBD	PIN	Small scale	Ministry of Industry	
16	Biodiesel project	Biomass energy	TBD	PIN	Small scale	TaTedo, SSN/REEEP	TaTedo