

Clean Development Mechanism projects vital for socio-economic development

By Gerald Kitabu

CLEAN Development Mechanisms (CDM) could be one of the best ways through which the National Vision 2025 and the National Strategy for Growth and Reduction of Poverty - (MKUKUTA) can successfully be achieved. But, despite the highest potential CDM business opportunities in the country which include energy, agriculture, waste management, mining and transport, Tanzania has not yet developed and implemented a large number of CDM projects compared to other countries like South Africa and the developed world.

So far Tanzania has only one CDM project which is in the stage of being registered, namely the Mtoni Landfill Methane gas capture and electricity generation project which is expected to generate 2.5 MW of electricity for grid connection. This is a joint partnership between the Dar es Salaam City Council and the Globus Company Limited. However, a few other projects are also in the pipeline.

There are a number of reasons behind this situation. They include inadequate training of a critical mass of climate change and CDM experts to facilitate negotiations and critical analysis of CDM projects and lack of capacity building particularly awareness creation of all key stakeholders.

The private sector in particular needs to be aware of CDM project processes because they are the major potential partners in the implementation of CDM projects. However, the slow progress in the efforts by the government in creating and

disseminating information on CDM related issues is also cited as another major setback.

If these CDM projects were fully developed in the country, they would have supported the National Vision 2025, and the National Strategy for Growth and Reduction of Poverty - (MKUKUTA) by, for example, improving rural development and the livelihoods of the poor and those who are marginalized, improving the environment and socio-economy, creating employment opportunities to the community and improving infrastructures.

CDM and Carbon Trading are among the fastest growing new markets in the world. There is great potential to revolutionize traditional approaches to infrastructure development and sustainability planning in countries like Tanzania.

At a workshop on CDM projects co-sponsored by UNEP Risoe Center, the Government of the Netherlands and the United Republic of Tanzania held recently in Dar es Salaam, it was revealed that many important stakeholders in Sub-Saharan Africa and Tanzania in particular are still unfamiliar with the mechanisms of carbon trading and the business opportunities that they represent.

In her opening remarks, the Permanent Secretary, Vice President's Office Ruth, Mollé observed that while some developing countries have been able to attract multi-billion profitable investments, Africa in general and Tanzania in particular has been slow to act. She pointed out that there is a large number of approved methodologies under energy, agriculture, waste management, mining and

transport globally, which means it is easier for Tanzanian project developers to use the same methodologies in developing such methodologies in the country.

She acknowledged that the government has a key role to play in enabling and promoting CDM projects in the country by empowering key stakeholders to be equal partners in negotiating with the developed countries and the private sector. She said that this could be achieved through capacity development and institutional strengthening.

Some participants observed that the performance of CDM projects in Tanzania could be inspired if CDM is included in the current Environment Management Act (EMA) of 2004. The issue is not included in the Act, thus there is need to amend it accordingly.

Another observation cited by the participants was that CDM projects should have their own regulations like the Environment Impact Assessment where the Minister of state responsible for Environment is in charge.

Since Designate National Authority for CDM currently sits at the VPO, it should therefore consider the establishment of a multi-stakeholders review team that would include Investment Promotion Centre, Commission for Science and Technology, local banks, Center for Energy, Environment, Science and Technology (CEEST) Foundation, Environment Protection and Management Services (EPMS) and government ministries responsible for energy, tourism, industry, trade and higher learning institutions.

They further observed that financial institutions should

also facilitate the implementation of projects by simplifying and putting in place financial credits for local investor and that various policy makers should be informed on the CDM projects so that they may be able to facilitate the foundation of the institutional and legal framework.

The seminar that attracted high level audience such as directors from line ministries, chief executives, bankers, financiers, project developers and other high ranking officials also observed that the public should also be equipped with knowledge on CDM projects so that they would be able to give support among others.

Looking at CDM opportunities in the country one would find that all projects that reduce greenhouse gas emissions (GHGs) such as carbon dioxide (CO₂), Methane (CH₄), and nitrous oxides (N₂O) are potentially eligible, only nuclear power technologies are excluded from CDM eligibility.

It is from this backdrop that the UNEP Risoe Centre launched the Capacity Development for the Clean Development Mechanism - (CD4CDM) in 2007 with financial support from the Dutch government. CEET Foundation and EPMS are the local partners implementing the projects in Tanzania.

The energy sector in Tanzania therefore, which, of course covers the non-commercial primary energy sources (mainly wood-fuels) and commercial energy (petroleum, natural gas, electricity, coal and some geothermal energy sources) could have enhanced the country's socio-economic development if CDM projects were fully utilized.