Letter from the Chair of the Host Country Committee

Climate change is now recognized as a pressing global environmental issue in the developing world. The changes that are being observed in the behavior of climate could affect human welfare and the environment. The evidence—from hurricanes in the Caribbean to floods in Asia, and droughts in Africa—all points towards one thing: that human induced climate change is not something of the future but something we are already in the middle of. Climate change is a serious risk to poverty reduction and threatens to undo decades of development efforts.

While the developing world is not obliged to reduce emissions of greenhouse gases under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, its contribution to solving the climate change problem while at the same time improving livelihoods can be achieved through the Clean Development Mechanism (CDM). This mechanism allows developed countries to obtain greenhouse gas emission reductions by implementing CDM projects in developing countries, while assisting developing countries to achieve sustainable development—a win-win solution.

Presently, there are only three CDM projects in Sub-Saharan Africa. This is a regrettable situation given that the Kyoto Protocol was agreed to in 1997 and some regions such as Latin America and Asia command 95% of all CDM projects. The solution to this imbalance can be achieved if both carbon emission reductions buyers and the Africa governments play their roles effectively. Africa must ensure that the enabling environment is conducive, i.e., public institutions that deal with the CDM are strengthened, capital markets are developed, adequate security is guaranteed, and bureaucracy is avoided, among others. At the same time, regulators should not deliberately design conditions that make it very difficult if not impossible for some developing countries to receive any form of investment through the CDM. There is a need for capacity building for establishment of Designated National Authorities (DNAs) and project preparation, and a need to build awareness of the CDM among government line agencies and potential private sector project sponsors. Small-scale energy projects that fit the development needs of developing countries should be supported via investments made through the CDM. Currently, the majority of CDM investments are flowing into larger scale projects.

The Host Country Committee (HCC) can be used as a major promoter of CDM projects in developing countries and also to provide advice to the World Bank on pricing policy for carbon. Therefore, the effective functioning of the Host Country Committee is important for the success of the CDM and the Kyoto Protocol. The HCC would like to see issues pertaining to large hydro and biomass projects considered by the CDM Executive Board.

In the coming year there is need for follow-up on the call made by Parties and stakeholders for CDM reform in 2005, including CDM governance and streamlining of CDM regulations. Developing countries should take advantage of the CF-Assist Program that supports capacity building. With the support of CF-Assist, the number of countries that have submitted CDM projects for validation and registration has greatly increased.

I would like to appeal to all Parties to continue working together in order for the CDM market to continue to grow in the coming years, particularly for the benefit of sustainable development in developing countries.

Washington Zhakata
Chair
Host Country Committee