



Key recommendations of meeting on:
“Assessing the status of
Bio-Fuel investments in
Southern Africa”



A strategic programme of
the SADC Water Sector

The World Wide Fund for Nature (WWF) is working on bio-fuels in a number of Southern African countries with financial support from WWF-Sweden. It commissioned two studies in 2008. The first focused on sugarcane-ethanol production in Malawi, Mozambique and Zambia. The second was on bio-fuel investments in Botswana, Malawi, Mozambique, Zambia and Zimbabwe. The five countries were selected for the following reasons:

- ▶ They are involved in some bio-fuels work; and,
- ▶ They fall under the Miombo eco-ecoregion which is one of the 35 priority

regions of WWF worldwide. The Miombo covers parts of nine countries of the Southern African Development Community (SADC) namely Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

The overall objective of the studies was to assess the status of bio-fuels in the study countries (stock taking) and identify gaps for follow up work at national and regional levels. They came up with recommendations in the areas of policy; feedstock production and supply; technology and processing equipment; product quality and environmental standards; and the impact of bio-fuels on the landscape, food security and the wellbeing of smallholder farmers.

WWF Southern Africa Regional Programme Office (SARPO) and SADC co-hosted a regional meeting to review findings of the two studies on 25-26 February 2009. The specific objectives of the meeting were to:

- ▶ Receive national reports on the status of bio-fuels in the study countries;
- ▶ Review and input into consultancy and regional synthesis reports on the studies; and,
- ▶ Identify and agree on areas for follow up work on bio-fuel investments in the region.

The meeting was attended by 29 policy and technical experts on bio-fuels from government and non-governmental organizations of the five study countries, SADC and WWF. Given the cross cutting nature of the subject, participants were drawn from the energy, crop production, environment and community development sectors (Annex I).

This report highlights key recommendations made by the meeting.

KEY RECOMMENDATIONS

Development of a regional policy framework/model

Bio-fuels policies in the five study countries (viz. Botswana, Malawi, Mozambique, Zambia and Zimbabwe) are still evolving and their provisions are general statements of intent on biomass energy, renewable energy or bio-fuels. They are not specific on strategies, institutional frameworks and supporting legislation for implementation. In addition, they are not yet harmonized with relevant sectoral policies.

The meeting highlighted the need for a regional bio-fuel policy and strategy framework/model that will be used to inform more focused national policy and strategy development processes. The following elements were proposed for such a framework/model:

- ▶ Articulate specific strategies that support and synchronize various parts of the bio-fuels value chain. They include feedstock selection, production, processing, marketing and investment;
- ▶ Address issues of bio-fuel product quality and environmental/social sustainability standards in line with global ones (e.g. the draft global principles and criteria on the sustainable production of bio-fuels);
- ▶ Set bio-fuel and fossil fuel blending targets and time frames in order to stimulate national demand;
- ▶ Ensure that local communities benefit from bio-fuel investments and that their land rights are recognized and respected;

- ▶ Ensure that a balance between bio-fuels and food production is maintained within participating communities;
- ▶ Prioritize capacity building of institutions involved in bio-fuel initiatives across the value chain;
- ▶ Ensure that related sectoral policies are complementary to and supportive of bio-fuels in order to attract new investment and provide guidance on where such investments should take place; and,
- ▶ Articulate incentives for investors. They should include incentives such as tax rebates for environmentally friendly operations and for demonstrating responsible corporate social responsibility and duty free importation of machinery; and clear and user friendly regulatory guidelines that include licensing and registration.

Disconnect in the bio-fuels value chain

Malawi, Mozambique and Zimbabwe have some bio-fuel processing capacity. This capacity is currently underutilized due to feedstock shortages. Some jatropha farmers are also failing to secure markets for their feedstock due to the absence or inadequacy of processing capacity in some of the study countries. This demonstrates a disconnect in the bio-fuels value chain and highlights the need to synchronize feedstock production and bio-fuel processing investments. The meeting therefore recommended that:

- ▶ Study countries should, as much as possible, synchronize investments in feedstock production with those in bio-fuel processing based on well planned projections and targets. Possibilities of exporting feedstock from one country to another should also be explored with emphasis on their economic viability;
- ▶ All key sectors in the value chain should be involved in formulating and implementing bio-fuels policies/strategies. The sectors include energy, agriculture, engineering and community/rural development;
- ▶ Study countries should consider expanding their feedstock range to minimize gaps in feedstock supply to processing plants. Jatropha, sugarcane and sweet sorghum are priority feedstocks in the study countries;
- ▶ Research and development should be carried out on feedstocks such as jatropha whose yield is very low and probably economically unviable at the moment; and,
- ▶ A cost benefit analysis of localized production and processing of feedstocks (supported by a centralized refinery) should be carried out in study countries.

The bio-fuels versus food security versus environment debate

Study countries have committed considerable areas of land to the cultivation of jatropha, sugarcane and sweet sorghum. Statistics from the two studies confirm that bio-fuel production requires substantial amounts of land for feedstock cultivation. Such land comes from opening up new areas or switching from current crops to bio-fuel feedstocks. Both scenarios can impact on food security; environmental sustainability; and human displacement and disenfranchisement. The meeting recommended the following measures to address such challenges:

- ▶ Countries should undertake national land assessment and zoning exercises to identify and map out potential areas for bio-fuel investments and potential “no go” areas;
- ▶ Countries should be encouraged to opt for non food crops for bio-fuel production;
- ▶ Strategies that promote the co-existence of bio-fuel feedstocks and food crops should be promoted. For example, investors should be encouraged to plant a certain percentage of land allocated to bio-fuels to staple food crops;
- ▶ Study country governments should provide incentives to investors who implement environmentally friendly practices in feedstock and bio-fuel production and support smallholder farmers;
- ▶ The region and study countries should review and adopt relevant elements of the draft global principles and criteria on sustainable bio-fuels production;
- ▶ Study countries should develop market links that promote sustainable bio-fuel production. In this regard, they should recognize market opportunities that will develop if they are able to export bio-fuels produced in an

environmentally and socially sound manner. This will have to be complimented by strategies that encourage consumers in developed countries to insist on bio-fuel products made from certified feedstock plantations and to demand that their companies exercise responsible corporate social responsibility in the countries they operate; and,

- ▶ Study country governments should encourage bio-fuel producers to ensure that a certain percentage of feedstock fed into their processing plants comes from smallholder farmers.

Role of regional bodies

The meeting recognized the critical role played by regional bodies such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (Comesa) in the bio-fuels value chain. The following roles were identified for such organizations:

- ▶ Handling and sharing information on bio-fuels and ensuring that activities of different development partners are coordinated;
- ▶ Facilitating the updating of relevant regional protocols in order to incorporate bio-fuel issues;
- ▶ Coordinating the development of a regional policy and strategy framework/model on bio-fuels;
- ▶ Facilitating the development of regional bio-fuel product and environmental/sustainability standards that are consistent with international ones;
- ▶ Assessing the comparative advantages of study countries in the bio-fuel value chain in order to facilitate trade;
- ▶ Facilitating the setting up of bio-fuel blending targets and time frames to stimulate national demand;
- ▶ Assisting in the mobilization of financial and related resources for bio-fuels investment from international cooperating partners such as the World Bank and Government Aid Agencies;
- ▶ Facilitating the negotiation of favourable trade terms between study countries and the investor and/or market. This should include an assessment of the financial stability of the potential investor or project given the current global financial meltdown; and,
- ▶ Coordinating regional level research on germplasm evaluation and agronomy on priority feedstocks such as jatropha.

Priority actions to move the bio-fuels agenda forward

The meeting prioritized the following actions:

- ▶ The development of a regional bio-fuels policy and strategy framework/model;
- ▶ • Speeding up and concluding the development, fine tuning and elaboration of national bio-fuels policies and strategies with guidance from the regional policy and strategy framework/model;
- ▶ Assessing national bio-fuel demand; current and potential feedstock production levels; and bio-fuel processing capacities in order to narrow the disconnect in the bio-fuels value chain;
- ▶ Undertaking national land assessment and zoning exercises to identify and map out potential areas for bio-fuel investments and potential “no go” areas in study countries;
- ▶ Drawing up bio-fuel product and environmental standards to facilitate trade and promote “good environmental stewardship”;
- ▶ Setting up criteria for selecting potential bio-fuel feedstocks;
- ▶ Developing national frameworks that ensure that communities benefit from bio-fuel investments;
- ▶ Conducting a human skills audit for the bio-fuel industry in study countries;

- ▶ Drawing up comprehensive and practical national and regional bio-fuels implementation strategies and action plans;
- ▶ Developing and implementing national bio-fuels investment strategies and action plans;
- ▶ Putting in place mechanisms that facilitate the involvement of all key sectors in the bio-fuels policy and strategy discourse, project design and implementation; and,
- ▶ Managing and sharing information on bio-fuels for awareness raising and project design and implementation. Information generated by the two studies should provide a useful basis for formulating and implementing national and regional communication strategies.

ANNEX I: PARTICIPANTS’ LIST – REGIONAL BIOFUELS INVESTMENTS WORKSHOP

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