



Biofuel newsletter
Programme for **B**asic **E**nergy and **C**onservation - Saving energy for a better future
www.proBEC.org

Biofuel newsletter - # 18

July 2009



Editor's introduction

Welcome to the eighteenth edition of the monthly ProBEC Biofuel Newsletter. The newsletter reaches a great variety of readers representing some of the main stakeholders in the bioenergy field in Southern Africa. The aim of the newsletter is to raise awareness about general biofuel activity in the SADC region, as well as of GTZ ProBEC's engagements in the biofuel sector.

The newsletter contains four sections. The first section highlights **current ProBEC and partner biofuel activity** in the SADC region.

The second section contains further details of relevant biofuel developments in various SADC countries. This section offers an **excellent opportunity** for national actors to **announce their activities** to a broader public. Please contact anna.lerner@gtz.de if you wish to contribute to the newsletter.

In light of the globalised biofuel industry, each newsletter contains a third section analysing a relevant international event influencing the biofuel industry in the SADC region.

The fourth section of the newsletter is devoted to **"the Road to Copenhagen 2009"**. Every month we highlight important event and developments.

From 2010, the newsletter is likely to be distributed by the SADC Secretariat and its partners. This change will ensure the long term sustainability of the newsletter. It is also hoped that when the biofuel industry is more established, additional regional actors will contribute to the content.

Anna Lerner & Tina Schubert

If you wish to subscribe or to this newsletter, or if you received it without consent please send an email to biofuelnewsletter@gmail.com. Comments and questions are also more than welcome.

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation

Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



Table of Contents

1. The Programme for Basic Energy and Conservation	2
2. Ongoing ProBEC biofuel activities	3
3. Biofuel development in SADC Member States	4
German Research Institute (DIE) conducted a study on bioenergy in Namibia	4
SA Industrial Development Cooperation signs cooperation agreement with Brazilian Development Bank	7
5. Road to Copenhagen	7
<i>"Bonn climate talks 'augur badly' for Copenhagen summit"</i>	8
Euractiv.com, Tuesday 18 August 2009.....	8
Background:.....	8
International meetings and conferences July-September	10

1. The Programme for Basic Energy and Conservation

ProBEC's Mission

"ProBEC promotes improved energy solutions through market development and policy support"

ProBEC's Vision for SADC

"Low-income household groups in SADC have improved access to sustainable and affordable energy"

ProBEC's corporate vision

"Regional and national structures sustainably manage ProBEC's lead in basic energy solutions"

The Programme for Basic Energy and Conservation (ProBEC) aims to ensure that low-income population groups satisfy their energy requirements in a socially and environmentally sustainable manner. The primary goal is to enable a better quality of life for Africans by ensuring basic energy security and access for low income groups.

The programme lead is situated in the **SADC** Secretariat, Infrastructure and Services Directorate, and implementing agency is the Deutsche Gesellschaft fuer Technische Zusammenarbeit (German Development Co-operation).

ProBEC manages various projects based on basic energy conservation in 10 member states in SADC. ProBEC is involved in Malawi, Lesotho, South Africa, Mozambique, Tanzania, Zambia, Botswana, Namibia, DRC and Swaziland.

ProBEC has a mandate to further develop sustainable biofuel production in the SADC region. The ProBEC biofuel component has as main object to support discussions and policy development on SADC level regarding social and ecological standards. The results of the SADC lead discussions should support three SADC Member States in their development of a sustainable bioenergy strategy.

For more information and country-specific interventions, visit www.probec.org



Biofuel newsletter

Programme for **B**asic Energy and **C**onservation - Saving energy for a better future

www.proBEC.org



2. Ongoing ProBEC biofuel activities

State of Play study field visits in South Africa

ProBEC continued its research for the SADC State of Play study in July by visiting South Africa, the SADC Member State that was fastest with publishing its biofuel policy. Dr. Geoff Stiles shares some of his impressions:

SA Biofuels Industry: On Hold?

South Africa, the first country in the SADC region to develop a national biofuels strategy and the only one to base its strategy on development of a large-scale biofuels industry, now appears to be losing ground in terms of project implementation to other countries in the region. Recent reports from major biofuels developers in the country suggest that most projects are on hold, lacking sufficient clarity from government on issues such as price determination and the role of the petroleum refining industry.

There are four large-scale bio-ethanol projects presently in the SA pipeline:

- The **J & J Biofuels project**, a projected 200-million litre per year cane to ethanol plant in the Pondoland area of Eastern Cape-Kwazulu Natal.
- The **Cradock project** supported by IDC and CEF, which plans to utilise sugar beets as the feedstock and is by far the oldest project in the pipeline.
- The **Makhathini project** in Kwazulu Natal, also supported by IDC and CEF and hosted by major sugar producer Tongaat-Hulett, involving a large green field cane to ethanol plant.
- The **Hoedspruit project** in Mpumalanga, again with IDC and CEF report and utilising direct cane to ethanol technology.

Together, these 4 projects could supply between 400-500 million litres of ethanol per year, slightly more than the overall national strategy target for bioethanol and biodiesel combined, which would have resulted in a 2% contribution to national liquid fuels supply over the initial 5-year implementation period.

In addition, there are two large biodiesel projects in the works: The first, implemented by Rainbow Nation Renewable Fuels Limited at Coega in the Eastern Cape, will initially use imported soy oil as feedstock; and the second, implemented by PhytoEnergy SA, plans to produce biodiesel from canola oil grown in the Eastern Cape, and is aimed primarily at exports to the EU market.

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation

Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



Biofuel newsletter

Programme for **B**asic Energy and **C**onservation - Saving energy for a better future

www.proBEC.org

With the possible exception of the PhytoEnergy project (which claims to have long-term supply agreements with the EU), all of the other projects are on hold. The main reason developers give for these delays is their inability to obtain firm off-take contracts from the country's petroleum refineries, and for this they blame the national government's failure to provide the legal and pricing structures required for refineries to produce a cost-competitive blended fuel.

In the case of Cradock, which has been in the works for nearly 5 years, the lack of pricing clarity has created a situation where farmers have declined to plant sugar beets at all until minimum-price contracts are in place. In the case of J & J, the project is going ahead with development of the sugar crop using a combination of existing commercial sugar farmers and new out growers from the Pondoland tribal lands, but will not begin construction of the associated ethanol plant until J & J are able to obtain a firm off-take agreement from the petroleum refineries in Durban.

There is one other bio-diesel project in South Africa which merits discussion because it has a small-scale focus and good sustainability attributes: the Biodiesel Centre, which has two plants, in Cape Town and Johannesburg, with a third planned for Durban. This project supplies bio-diesel for vehicles used by Woolworths (a large retail food chain), produced from used vegetable oil. Efforts are also underway to bring McDonalds, KFC, and a few other major fast food chains into this or similar schemes, processing their spent cooking oil into biodiesel for use in their own vehicle fleets. This kind of approach to biodiesel production avoids issues of food vs. fuel competition and minimises the potentially negative environmental and social impacts of large-scale agribusiness development. It could also serve as a model for similar small-scale developments in other SADC countries, where large amounts of used cooking oil are wasted for lack of alternative uses.

3. Biofuel development in SADC Member States

German Research Institute (DIE) conducted a study on bioenergy in Namibia

The German Development Institute (DIE) conducted a study on bioenergy production in Namibia. The aim was to critically assess the opportunities and threats of Namibia's bioenergy potential to enable the stakeholders in the country to form well informed opinions on the topic.

The study focussed on the potentials of bioenergy for poverty alleviation, food security and rural development and assessed the institutional and regulatory framework necessary to guide bioenergy production.

The two presently most relevant bioenergy value chains were analysed: Jatropha-to-biodiesel, for which several large-scale private investments are currently proposed, and Bush-to-Energy, the transformation of invasive bush species into charcoal, wood gas or wood pallets. In depth interviews with a wide range of stakeholders were conducted, including ministries, civil society, farmers as well as local and traditional authorities, and

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation

Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



Biofuel newsletter
Programme for **B**asic Energy and **C**onservation - Saving energy for a better future
www.proBEC.org

all available literature.

A key finding is that the direction and level of potential impact varies extremely with the type of model chosen for any kind of bioenergy production, covering everything from small-scale community projects up to very large plantations and outgrower schemes and industrial transformation. Economic impacts are mostly expected to be positive, though no single project has already reached maturity. Technological uncertainties such as yields and transformation coefficients, oil and food prices, feed-in tariffs and other political incentives are major unknown variables for investors. However, a number of national and international investors are seriously interested in bioenergy in Namibia, though some of them admitted problems due to the financial and economic crisis.

A marked difference in options, risks and opportunities for bioenergy exists between commercial and communal lands, the latter having the best opportunities but also major obstacles. In general, dependency on individual investors, weak labour regulations and large project failure pose some risks for poor workers and smallholder farmers. A major threat for food security was not found, in particular because Namibia as a whole, including most poor households - both urban and rural - are already highly dependent on food imports and food markets which are relatively well working and integrated. Social and political tensions may well increase, especially where migration is induced and where large plantations are developed leading to disputes over land allocation, natural resource use rights and political power games. Ecological impacts of bioenergy vary from positive effects on biodiversity, water and soil conservation to very problematic large-scale clearing of natural vegetation.

Apart from uncertainties about economic viability of bioenergy in Namibia, the country's regulatory and institutional framework is not yet sufficiently developed to guide the emerging bioenergy value chains. Furthermore, proactive policies to reap the full benefit and prevent negative impacts are necessary. The observations and recommendations on this framework are grouped around eight policy areas: food security, rural development, agriculture, labour, land, environment, bioenergy output markets and policy coordination.

The need to design a food security and rural development policy for communal areas and assign a clear role to biofuel (or more generally cash crop) production within alternative options and objectives is foremost highlighted. Currently, the lack of a coherent approach in both fields is found to be a central obstacle for effective government decision-making on bioenergy. It frustrates not only bioenergy developers, farmers and local communities but also inhibits the development of alternatives that serve broad based rural pro-poor growth. Even if in the long run, the country opts for urban development as the key for absorbing the rural poor, in the short and medium run this is not enough to solve the fate of the rural poor. Thus, Namibia needs to develop a coherent vision about what it understands by and seeks for poverty alleviation, rural development and food security (in rural areas). In addition, any rural development strategy must seek to strike a balance between nature conservation - including for tourism - and broad based agricultural development.

The analysed bioenergy proposals have the potential for wide-scale integration of smallholders into commercial value chains, something past government initiatives have



Biofuel newsletter

Programme for **B**asic Energy and **C**onservation - Saving energy for a better future

www.proBEC.org

often failed to do. To reap those potential benefits for rural poverty reduction and minimize negative effects, pro-active agricultural support systems however are necessary, including guiding those large-scale investments and mediating between different stakeholder interests.

Wage employment within bioenergy value chains can address the pressing problem of wide-spread rural unemployment in Namibia. Major institutional obstacles currently include the inadequacy of labour legislations to address particularities of rural economies, weak labour inspections and inadequate representation of agricultural workers by existing unions.

Furthermore, the study highlights the need to design an inclusive and integrated land and natural resource use policy which also clarifies the space for bioenergy projects. The role of Traditional Authorities and Communal Land Boards in communal areas with regard to planning and management of natural resources on the local level needs to be clarified and their capacity strengthened. Currently, insecurities in land rights and the lack of transparent land-use management processes pose great risks for successfully developing bioenergy projects.

Bioenergy production in Namibia has potentially positive and negative environmental impacts. The study thus highlights the need for conducting independent and continuous research on environmental issues of bioenergy value chains and setting up knowledge management systems to allow informed risk assessment by political decision makers, the public, farmers and investors. Furthermore capacities of local communities in sustainable resource use planning and implementation need to be strengthened as well as capacities of governmental authorities to better implement and enforce environmental regulations.

A prerequisite for introducing bioenergy production is the existence and accessibility of bioenergy output markets. This can be supported for example by drawing up a National Renewable Energy Policy and designing incentive schemes to achieve economies of scale for reaching national and international markets.

The fact that bioenergy is a cross-cutting issue affecting various ministries and sectors makes policy coordination a key challenge for introducing a new value chain. In the case of bioenergy, this area has been identified as a serious obstacle. Inter-agency cooperation and communication between stakeholders, both at inter-ministerial and local level is a fundamental prerequisite to develop viable and inclusive bioenergy value chains.

The final report will be available end of this year at the DIE homepage (www.die-gdi.de)
For more detailed information on results of the study please contact: Anna.lerner@gtz.de

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation

Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



Biofuel newsletter

Programme for **B**asic **E**nergy and **C**onservation - Saving energy for a better future

www.proBEC.org

SA Industrial Development Cooperation signs cooperation agreement with Brazilian Development Bank

South Africa's biofuel industry has failed to take off after years of research. Now the government has reached out to Brazil in the development of South Africa's bio-ethanol industry. After 4 years of informal information sharing, the South African Industrial Development Corporation (IDC) signed a co-operation agreement with the Brazilian Development Bank. The agreement will lead to regular technical information exchange, product design and co-financing between the two organizations in industrial biofuel projects.

The IDC states that "The co-operation will focus on industrial strategy formulation, financial product and policy development, joint financing of projects on the African continent, as well as strengthening of trade and economic relations between South Africa and Brazil, subject to the respective mandates of both institutions."

Trade and Industry Deputy Minister Thandi Tobias-Poloko stated that SA vehicle pollution was set to increase by 44% by 2011. The collaboration with Brazil and its re-emerged focus on the biofuel industry could hopefully assist South Africa in developing more environmentally friendly transport fuels.

Brazil has increased its bilateral activities in Angola and Mozambique as well as its regional presence through ongoing discussions to support the SADC Biofuel Taskforce coordinated by the Energy and Infrastructure Department of the SADC Secretariat.

5. Road to Copenhagen

African leaders have a real possibility of influencing the climate agenda and the design of future mitigation tools during the post-Kyoto negotiations in Copenhagen 2009. Given the urgency of climate change action (mitigation and adaptation) in the region, as well as the close link between biofuels and climate change mitigation, the GTZ-ProBEC/SADC newsletter will devote a section in its monthly newsletter to "the Road to Copenhagen 2009".

1. This month we will provide a brief summary of the climate change talks that took place in Bonn from the 10th to 14th August. The consultation was part of a series of six gatherings this year designed to culminate in an ambitious and effective international



gtz



Biofuel newsletter
Programme for Basic Energy and Conservation - Saving energy for a better future
www.proBEC.org

climate change deal in Copenhagen in December. The information is mainly gathered from BBC news and Euractiv.com

"Bonn climate talks 'augur badly' for Copenhagen summit"

Euractiv.com, Tuesday 18 August 2009.

The latest round of international climate talks last week ended with disappointing results, raising concerns that a lack of progress is now effectively making a comprehensive climate deal in Copenhagen in December unrealistic.

Background:

The first United Nations Framework Convention on Climate Change (UNFCCC) talks in Bonn (29 March–8 April) launched negotiations for a draft agreement in view of the final conference in Copenhagen later this year.

The draft negotiating text revealed a divide between rich and poor countries. Developing nations are asking their industrialised counterparts to commit to sizeable CO₂ reductions and to offer financial aid to help poor nations in their efforts. But developed countries have not made any firm commitments on funding, and only the EU has taken on a firm CO₂ reduction target, which nevertheless fails to meet the developing world's demands. No agreement was reached at the June talks on financing for developing countries to mitigate and adapt to global warming.

At the sidelines of a G8 meeting in Italy on 9 July, the Major Economies Forum, comprising 17 countries that are accountable for 75% of global emissions, agreed for the first time to limit global warming to two degrees Celsius failed to come up with targets.

Only "selective" progress was made to consolidate the huge text, according to UNFCCC Executive Secretary Yvo de Boer stated. "If we continue at this rate, we are not going to make it," he warned.

Disagreement over who picks up the bill

Funding for climate change mitigation and adaptation in developing countries remains the main stumbling bloc.

Poor countries insist that rich nations have a historical responsibility for climate change and should assist them in acquiring technologies needed to halt greenhouse gas emissions. But the EU and other industrialised countries want the developing countries

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation
Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



gtz



Biofuel newsletter

Programme for **B**asic **E**nergy and **C**onservation - Saving energy for a better future

www.proBEC.org

to chip in, at the very least, by compiling national emission reduction strategies, before they put any money on the table.

Figures released by the UNFCCC on 11 August showed that the emission reduction pledges so far tabled by industrialised countries would result in a 15-21% cut from 1990 levels. But this falls far short of the 25-40% that the UN scientific body Intergovernmental Panel on Climate Change (IPCC) says is necessary to halt global warming below the critical 2°C threshold.

Developing countries have called for the developed countries to shoulder their full responsibility by committing to at least 40% cuts in the midterm. The EU has so far made the most ambitious offer by pledging to raise its 20% goal to 30% in case other industrialised countries, notably the US, take on comparable targets.

The US has, however, clearly indicated that it will not budge from its 2020 targets, preferring to focus on the long-term instead.

Observers are now toning down their expectations for Copenhagen, as a complete agreement seems to be slipping out of sight in favour of a basic framework that could then be filled with substance in the course of 2010.

2. ProBEC would also like to highlight that the Renewable Energy Sources (RES) directive of the European Union is now available in its final form.

The final European Directive "on the promotion of the use of energy from renewable sources" (RES-Directive) which was published in the Official Journal of the European Union on 5 June 2009 (in English and French version) is now available for the public.

This document will govern the development and institutional support of renewable energies (including biofuels for transport) in the European Union. The new RES-Directive mandates a 20 % target for the overall share of energy from renewable sources and a 10 % target for energy from renewable sources in transport. Important information addressing biofuels and sustainability issues can be found in the articles 17-21.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:EN:PDF>

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation

Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634



gtz



Biofuel newsletter
Programme for **B**asic Energy and **C**onservation - Saving energy for a better future
www.proBEC.org

International meetings and conferences July-September

July

2nd Joint International Workshop on Bioenergy, Biodiversity Mapping and Degraded Land

7th – 8th July 2009 in Paris.

The presentations and the Workshop Outcome Report are available at the Bio-energy Wiki:

http://www.bioenergywiki.net/images/1/15/2nd_Paris_WS_Report.pdf

August

15th Asia International Sugar Conference (AISC) 2009

17-18 August 2009, Bangkok, Thailand

Themes: sugarcane, ethanol, sustainability, [Better Sugarcane Initiative](#)

<https://www.abc->

[asia.com/ibcasia/marlin/system/render.jsp?MarlinViewType=MARKT_EFFORT&siteid=3000000901&marketingid=20001636384&proceed=true&MarEntityId=8b03912949702801c9c2a5fca9a7fada&entHash=2540be7e8](https://www.abc-asia.com/ibcasia/marlin/system/render.jsp?MarlinViewType=MARKT_EFFORT&siteid=3000000901&marketingid=20001636384&proceed=true&MarEntityId=8b03912949702801c9c2a5fca9a7fada&entHash=2540be7e8)

4th International Bioenergy 2009 Conference - Sustainable Bioenergy Business

31 August-4 September 2009, Finland

Themes: green, climate, agriculture, forests

<http://www.bioenergy2009.finbioenergy.fi/>

International Workshop on Global Agro fuels: Sustaining What Development?

30 August – 3 September, 2009 in Maputo, Mozambique

Co-organised by the Transnational Institute (TNI) and Uniao Nacional de Camponeses (UNAC) of Mozambique

The main objective of the workshop is to broaden and deepen the debate, to continue addressing the profound issues at stake, while drawing in more people into an informed public discussion. The workshop attempts to foster active participation and exchanges, particularly among and between grassroots activists from two broad areas – the environmental justice movement and the agrarian justice movement. It will analyse trade and investment links among countries, as a basis for joint research and advocacy across countries.

September

SADC Biofuel Taskforce meeting

15-16th September 2009, Johannesburg, South Africa

German Agency for Technical Cooperation (GTZ) - Programme for Basic Energy and Conservation
Address 15th Floor, Sable Centre, 41 De Korte Street, Braamfontein, Johannesburg, South Africa

biofuelnewsletter@gmail.com, Tel: +27 11 3396633, Fax: +27 11 3396634