



International Conference 'Bioenergy Policy Implementation in Africa'

Round Table 2

How to ensure value creation of bioenergy development in Africa

27 May 2009, Lusaka, Zambia



FANRPAN
Food, Agriculture and Natural Resources Policy Analysis Network

CEEEZ

Centre for
Energy, Environment and
Engineering Zambia Limited

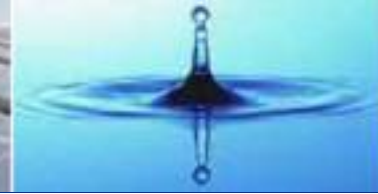
Round Table 2

Value creation of bioenergy development in Africa

Chair: Dr. Rainer Janssen, WIP, Germany

Panellists

- Mr. Gustavo Best, REMBIO, Mexico
- Mrs. Khamarunga Banda, FANRPAN, South Africa
- Mr. Jensen Schuma, TaTEDO, Tanzania
- Mr. Oscar Kalumiana, Director Department of Energy, Zambia
- Ms. Francesca Farioli, University of Rome, Italy
- Dr. Thomas Krimmel, Munich Advisors Group Zambia



Round Table 2 – Policy Recommendations

- Africa biofuel development
- Most African countries do not have policy fuel development
- Global biofuel criteria but not each country
- Africa considered future power for biofuel production
- All scales consideration
- Incorporate local producers
- Small scale production limited to some areas
- Policy implementation is another issue and needs to touch all issues mentioned (translated into actions)
- Capacity building – Africa does not have it.
- Infrastructure is also needed for processing and others
- Road map for biofuels and right technologies



Round Table 2 – Policy Recommendations

- One plant for ethanol production is sufficient
- Incentives are needed (tax exemptions)
- Incentives for smallholders
- Research is also necessary (varieties feedstocks, ecological zones)
- What people can use – sell
- Approach small producers in rural areas
- Export orientation
- Europe can get fuel and Africa benefits
- Differentiate bioenergy for electricity from biofuels (ethanol-biodiesel)
- Electricity has been neglected
- No case for CDM from current electricity generation
- Low electricity tariffs



Round Table 2 – Policy Recommendations

- Electricity generation more beneficial from biogas
- Ethanol needs more investment and in Zambia one company works with sugar
- How to blend ethanol and transport
- Biodiesel has more potential in Zambia and no conflict on FvsF
- Horizon of 10 years for jatropha ?
- Niche on plant oil
- No need to reinvent policy
- To include bioenergy into ongoing work
- Bioenergy to enter in energy planning and strategy, in agriculture planning, forestry (2nd gen)
- Not only National but also local planning
- Financial side (agric banking) loans, funds, information
- Interaction and feedback between different policies



Round Table 2 – Policy Recommendations

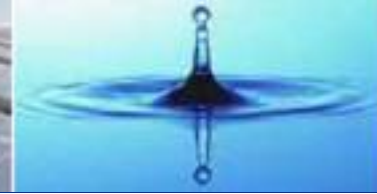
- Different developments in Africa (e.g. agriculture)
- Project and programme level work more
- Methodologies : participation, technologies, local people into policy
- Value addition need to be promoted
- Policy favours large scale more
- Participation of different stakeholders in project
- Export orientation different planning
- Women to be promoted to add value (project development and value chain)
- Approach and methodology used (innovation)
- Financing – access to funds



Round Table 2 – Policy Recommendations

- Profitability
- Make policy and implement (regulation) to attract investor to create awareness
- A social requirement that company needs to follow
- Outgrowers scheme: inputs and technology, manage land
- How to run a business
- Participation, follow up and guidance from companies , build trust
- Credits available for farmers
- Market security (prices)
- Access to energy services
- Transparency
- Participation in the process phase (oil)

- Diversification of the crop



Round Table 2 – Policy Recommendations

- Incentives for local business
- Different technologies
- Many initiatives depend on donors
- How to bring investment in the agriculture sector? What is needed
- Policy can influence the value of business in the country
- To ensure value creation in bioenergy needs to be understood the expectation of the investors
- Example: Source of funding is just to jatropha and for export. Investor acquires specific funds.
- Biomass can be produced by poor and used in the cities. Flow of money to the production system.
- This affects the policy
- Adapt to market
- Additional values when substituting fuels (health)

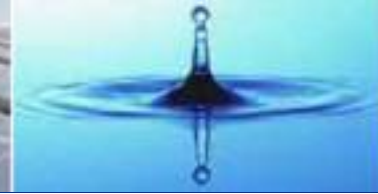


Round Table 2 – Policy Recommendations

- Investment and transparency
- Value added has been seen but not something tangible
- Extension systems – if they are bad or not existing it will not work
- Farmer has to have input in the contract. Investors-farmer-legal aid (NGO)
- Not fixed prices
- Tendency to lay responsibilities on farmers
- Professional services for the farmers are normally not provided
- Capacity building needs to evaluate above mentioned issues
- Transparent pricing model, prices are not set they change with market (e.g. carbon). NGOs provide training for this
- Government as a vehicle for investment
- Authorities should encourage farmers organisations

Round Table 2 – Policy Recommendations

- **4 pillars: for policy including risk reduction (tax reduction)**
- **CONCLUSIONS**
- **Create a supporting service to enable market change**
- **Infrastructure and market information**
- **Mechanisms to reduce risk**
- **Regulation and awareness**
- **Social requirements**
- **Policies and practices create context for biofuels : technology, financing, capacity building technology, financing, capacity building and risk reduction**
- **Bottom up issues considering local level for policies**
- **Financing mechanisms also for locals**



Round Table 2 – Policy Recommendations

- **Critical issue in Africa is poverty and should not be perpetuated**
- **To tackle poverty provide issues to advantage**
- **Agriculture banks**
- **Rural electrification**
- **Governments to look at fuel issue –modernize fuel systems**
- **Clear mechanisms for investment (foreign and locals)**
- **Agriculture to change in new development**
- **Bring biomass producers into the value chain**
- **Energy sector for private intervention but less aid**
- **Centralized technologies and more cheaper solutions**
- **Transparent prices**
- **Reduce rates and tariffs**



Round Table 2 – Policy Recommendations

- Power purchase agreements
- Tax exemption for biofuels (duty excess)
- Not introducing mandatory fuels targets
- Create awareness



Round Table 2 – Policy Recommendations



Round Table 2 – Policy Recommendations