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## **BIOFUELS DEVELOPMENT IN AFRICA: SUPPORTING RURAL DEVELOPMENT OR STRENGTHENING CORPORATE CONTROL?**

**Workshop of UNCTAD XII Civil Society Forum, April 19, 2008**

Taking advantage of the Civil Society Forum organized on the sidelines of UNCTAD XII in Accra, Ghana, ACORD, Action Aid, CCFD, CIDSE, FoodSpan, IATP, PELUM, ROPPA and SEATINI<sup>1</sup> co-sponsored a one-day discussion about the opportunities and challenges that African civil society groups identify around the development of biofuels production in the region.

The discussion was structured around the following objectives:

- To provide a space for civil society organizations to exchange views on opportunities and challenges that arise from biofuels development in the region;
- To explore the particular impact of biofuels production on small and medium producers and consumers, and to review the implications for sustainable development;
- To review biofuels in the context of a broader understanding of the trends in agriculture;
- To examine similarities and differences of biofuels strategies among sub-regions; and
- To examine trade and investment dynamics around biofuels development.

Participants discussed some of the particular issues that Africa is facing in relation to biofuels development, and shared ideas for joint work moving forward. Although bioenergy production and consumption in rural areas is not new to the region, large-scale biofuels production for trade is relatively new, and is growing quickly as a means to supply other markets such as the European Union or China. Because of Africa's climate, it is easy for Africa to grow tropical crops such as sugar cane and jatropha. These crops hold approximately five times more energy than crops used for biofuels in the Global North, such as corn.

## **Background**

Interest around biofuels at the international level has exploded over the past few years. Biofuels are now high on the agenda of the regional banks (most noticeably the Inter-American Development Bank), the UN institutions (including UNCTAD and the FAO), as well as the World Bank and the OECD. In spring 2007, Presidents George W. Bush from the United States and Luiz Inácio da Silva from Brazil announced a pact to build toward international biofuels trade. Today, the European Union, South Africa, China, India, the U.S. and Brazil have joined what is now referred to as the International

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<sup>1</sup> Agency for Cooperation and Research in Development (ACORD), ActionAid, Catholic Commission against Hunger and for Development (CCFD), International Cooperation for Development and Solidarity (CIDSE), Food Span, Institute for Agriculture and Trade Policy (IATP), Participatory Ecological Land Use Management (PELUM), Network of Farmers' and Agricultural Producers' Organizations of West Africa (ROPPA), Southern and Eastern African Trade Information and Negotiations Institute (SEATINI)

Biofuels Forum (IBF). In November 2008, Brazil will host a high-level summit for the IBF.

How biofuels are classified within trade rules is still unclear. For example, within the WTO, ethanol is already considered an agricultural good under the Agreement on Agriculture (AoA), whereas biodiesel is still unclassified. Brazil is pushing to include biofuels as an environmental good, although there is disagreement among WTO member countries. Technical standards to expand trade in biofuels are being developed at the global and regional levels—a development that raises concerns for many civil society groups.

Up to now, investment in biofuels is expanding much more rapidly than trade in biofuels, although trade is expected to become more prominent. To date, global investment in biofuels is dominated by agribusiness, petroleum companies, private banks and private foundations/individuals such as George Soros and Bill Gates. This investment is primarily focused on large-scale mono-crop production. Brazil has been receiving the majority of this investment, but it is increasing in many countries around the world. Although biofuels investment in Africa has started occurring at a quick pace, and has major social and environmental implications, little is known about it still.

There is also significant investment in the development of second generation biofuels crops, and the biotech industry is applying for patents to protect these new technologies. Companies are also investing in genetically modified (GM) seeds.

#### European Union and the U.S. Demand for Biofuels:

In 2003, the EU established new targets on biofuels in the transport sector of 2% by 2005 and 5.75% by 2010. In 2008, the EU presented a new directive with an obligatory target of 10% biofuels in the transport sector by 2020 for each European country. There are international consequences of these decisions. While domestically, Europe could produce approximately enough biofuels to meet a 5% blending target, it will need to import biofuels from the Global South in order to reach the 10% target. Some of the challenges associated with this include: competition between countries in the South to have a better position in the world market for export, competition between small and large producers, and competition for resource use between food and fuel. Not excluding China and Brazil, the U.S. is also leading global demand. President Bush has proposed 36 billion gallons of renewable fuels be blended into the nation's gasoline supply by 2022, with no more than 15 billion of that amount derived from corn. Like the EU, however, the U.S. will need to import biofuels if it plans to meet its renewable energy goals.

## **Biofuels in Africa: Status, Policies, Perspectives**

### **A. Biofuels: The New Scramble for Africa—Gebremedhine Birega, African Biodiversity Network**

Biofuels production is growing in sub-Saharan Africa. The “Green OPEC” is a group of 15 African countries that have identified a desire to expand in biofuels production.<sup>2</sup> These biofuels are different than previous “bioenergy” production in Africa (i.e. energy produced from biomass such as wood or charcoal). They are in many cases a new way to introduce an agro-industrial model of agriculture, produced through large-scale monocultures sometimes using genetically modified seeds.

In many countries, foreign companies are coming into Africa to clear forests or take over crop-producing land for biodiesel production. Notably, more and more Asian companies (from India, China, Malaysia and Japan) are investing in this area. Africa is considered a good environment for biofuels production because of available land space, favorable climate and “cheap” labor. Moreover, African governments have been providing foreign companies incentives to invest in the region.

Unfortunately, most African countries lack regulatory frameworks to monitor this new sector geared for exports. This vacuum allows for situations such as in Ghana, where a corporation illegally seized 38,000 hectares of land for biofuels production and only backed down when civil society made it a major public issue. Or in Ethiopia, where 10,000 hectares were cleared, of which 86% were part of an elephant sanctuary.

#### **B. The Policy Situation in West Africa—Babacar Ndao, ROPPA**

In West Africa, governments are incorporating biofuels into their agriculture and energy policies. This is the case in Mali, where the recently adopted *Loi d'orientation agricole*, or National Agriculture Strategy, focuses on biofuels production to meet rural energy needs. In Niger, a coordination structure at the ministerial level has recently been put in place. Senegal has created a Ministry for Biofuels and Renewable Energy. Senegalese President Abdoulaye Wade was also very active in creating the Association of Non-Oil-Producing African Countries, aimed at promoting non-oil based energies. The West African Economic and Monetary Union (UEMOA) does have a regional agricultural policy that addresses bioenergy, but it ignores many of the key challenges Africa faces today. The Economic Community of West African States' (ECOWAS) agriculture policy ignores energy challenges altogether.

The questions around biofuels emerge in a difficult context. West Africa is a particularly sensitive area with regard to competition for land and water. Investment in agriculture has been extremely low in the past three decades, in large part because of economic policy conditions imposed by international financial institutions. While the demand for energy in the region is huge, the energy needs in urban areas (often times because of tourism) are prioritized.

Biofuels could help to provide energy for rural Africa, but it will require significant investment and careful planning. The balance between energy security and food security is sensitive. ROPPA believes that food security must be prioritized and that food crops

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<sup>2</sup> These countries include: Bénin, Burkina Faso, The Democratic Republic of the Congo, Gambia, Ghana, Guinée, Guinea-Bissau, Madagascar, Mali, Morocco, Niger, Sénégal, Sierra Leone, Togo, Zambia

must be given most attention. While it is also true that there might be opportunities to explore non-food crops that could be grown on marginal land, such as jatropha, there is a need for more research in this area. ROPPA plans to hold a major bioenergy conference in Senegal in the near future to explore some of these key questions.

## **Roundtable Discussion: Concerns and Opportunities**

The following section explores some of the concerns, opportunities and current experiences raised by participants during the roundtable discussion. The sentiments below are from individuals and do not express the views of the entire group.

### Concerns:

- The push for biofuels undermines biodiversity. In Ethiopia, farmers are being asked to switch to **monocropping** of biofuel producing crops. The push for biofuels will also lead to an increase of **GMO** use, which will have severe consequences for the land, and quality of crops.
- Large-scale biofuels production is **water** intensive. In Africa, especially West Africa, there is already a great problem of access to water.
- The commodity crisis is not new. Inserting biofuels into the mix will not resolve the problems associated with deteriorating development and **food security**.
- Africa is considered a means to supply the energy demand in the U.S. and E.U. If biofuels are to be considered viable for Africa, they must be geared toward African energy needs, prioritizing **food sovereignty**, local production and local ownership of food and energy crops.
- Biofuels are being pushed on Africa as a new form of **colonization** with particular pressure coming from the EU.
- Biofuels raise the issue of protection of **land** for farmers. Farmers will need to mobilize in order to fight for their right to their land.
- The discussions around biofuels are happening among policy makers. Farmers and poor people are not given the chance to respond, yet they are being told by the experts what is best for them.
- **National policies** are needed to direct biofuels policy. These should be based on consultation with rural communities. Policymakers should be held accountable to the recommendations coming from farmers and rural communities.
- There are multiple sources of **energy** that should be explored, rather than solely promoting biofuels. These include solar and wind.

- It is necessary to do a cost-benefit analysis of what biofuels could mean for smallholder farmers and what they might mean for future generations.
- In some countries, the pressure on government from **multinational corporations** is so great that the government is simply giving away large pieces of land to the corporations for biofuels crop production.
- **Foreign direct investment** has a way of not staying in Africa. Africa has experienced capital flight in other sectors and that could easily happen again.
- **Food vs. fuel:** There is the risk of biofuels crop production diverting many resources away from food production—not just land, but also research, credit and water.

#### Opportunities:

- Jatropha is easily grown in Africa and the oil from this plant can be used for energy. There is a need to organize so that the energy from biofuels will not be exported. The right agricultural policies will allow Africans to produce and use biofuels locally for access to energy as one element in diversified production.
- Biofuels production in and of itself is not bad—it is the way it is currently being done that is so problematic. Currently, biofuels production is displacing small farmers. In Ethiopia, only a small portion of the land is being cultivated. Thus, if the right policies were in place, there would be no need to displace farmers.
- Farmers and civil societies must strategize about national and regional policies that would address the risks and problems, and would allow biofuels to benefit Africa. UNCTAD should also play a role in guiding policy formulation.
- Biofuels could help development in Africa, the key being where crops are produced so that food security is not hurt.
- Many smallholder farmers have already been growing biofuels crops for domestic fuel use and as hedgerow crops for a few decades, and this production can be done by intercropping with food crops. This could contribute to poverty alleviation and rural development.

#### Experiences:

- In northern Ghana, European investors from Norway are buying land from chiefs. Land is being plowed and many community members are being displaced.
- In southern Senegal, investors have bought communal land for biofuels crop production, which is expanding.

- The president of Benin recently started to invest in biofuels, but farmers were never consulted. No government should decide the fate of its farmers without proper consultation.
- In Zambia, jatropha has been growing for many years. Jatropha is grown by approximately 1,000 farmers on 1500 hectares of land, and families use jatropha as a source of fuel for domestic use. The new push for biofuels as an export commodity, however, will put new stresses on land. Zambia has 58 million hectares of arable land, but only utilizes a small portion of it. If Zambia's farmers are trained in diverse cropping, they can see whether maize can grow next to jatropha, and farmers could possibly supplement their income. However, the fear is that as the price of jatropha rises, there may be an incentive for many to drop production of food crops in place of fuel crops.
- Africa can learn from the experience of Brazil. Although Brazilians have used biofuels to help solve their energy problems, there are also problems associated with biofuels crop production, such as increased competition for land and water.
- In the Dominican Republic, there are projects funded by the EU that are trying to bring in biofuels production in a way that is financially, environmentally and socially positive. Smallholder farmers are growing tomatoes and biofuels crops together, and using a mobile mill for producing bioethanol.

## **Strategy Session: Which Way Forward?**

### **A. Current Biofuels Work**

- ACORD and PELUM are mapping the status of biofuels crop production across Sub-Saharan Africa.
- ActionAid Ghana, Senegal, Mozambique and the U.S., together with partners such as FoodSPAN in Ghana, are consulting with farmers and consumers in those countries on the impacts of biofuels production and proposals for change in national and international policies. These consultations will form the basis for national education and advocacy efforts. ActionAid hopes to present preliminary research in November at events parallel to the International Biofuels Forum in Brazil.
- Oxfam France, CCFD and Friends of the Earth France are beginning a campaign on biofuels that aims to educate and mobilize French public opinion about the impacts of biofuels, and to direct EU biofuels policy directions. The timing will coincide with France taking the EU Presidency.
- Oxfam International has begun a study in Tanzania to review biofuels impacts. They intend to define an approach that links biofuels with human rights and formulates social criteria for biofuels production.

- ROPPA is beginning research on the potential, risks and opportunities of jatropha production in West Africa. They are planning a regional conference on bioenergy in Senegal.
- PELUM is looking at the effects of biofuels on smallholder farmers, and the links between biofuels and deforestation. In Kenya, they are analyzing the impacts of the proposed increase in GMO maize in order to further grow biofuels.

## **B. Strategies**

Among the strategies identified in going forward were:

**Carrying out research** on the impacts of biofuels production on smallholder farmers, and on the use of biofuels for local energy. This should include:

- Participatory research that starts from grassroots perspectives.
- Better understanding of local land tenure systems, as the majority of farmers do not have formal titles or security over their land.
- A comprehensive mapping of which companies are investing in biofuels and where they are investing.

### **Sharing Information and Working Together:**

- Use research to mobilize and raise awareness among our peoples and with policy makers.
- Increase dialogue in our countries and communities on biofuels.
- Bring in other constituencies, such as trade unions, and must work together on issues related to multinational investment in biofuels production.
- Utilize networks already existing around issues linked to biofuels (such as Stop EPAs) Share information among different constituencies, including grassroots groups and small scale farmers Find those who have already been displaced by plantations and bring them into the debate

### **Media:**

- Need to link to the relevant issues of the day, such as the food crisis.

### **Advocacy:**

- Engage around regional agricultural policies (ECOWAP)



- Discuss the message our governments will be taking to FAO meeting in June
- Development of national strategies and policies

**Provide Alternatives:**

- Alternative energy sources for Africa's energy crisis
- Alternatives to the predominant agricultural models

**C. Key Events**

- April 2008: UNCTAD XII. Accra, Ghana.

- May 12-16, 2008: Convention on Biological Diversity conference of the parties. Bonn, Germany

- June 3-5, 2008: FAO (UN Food and Agriculture Organization) – High Level Conference on “World Food Security: the Challenges of Climate Change and Bioenergy.” Rome, Italy

- November 2008: International Biofuels Forum meeting. Brazil