PROMOTING SUSTAINABLE AND POVERTY-REDUCING INVESTMENTS IN BIOFUELS PRODUCTION IN MOZAMBIQUE

BERLIN, MAY 2013

By: Hélio NEVES
Mozambique Location
I. The Comparative Advantage on Agribusiness of Mozambique

1. Agro-climatic conditions allow a broad and diverse range of agricultural production;
2. Advantageous geographical position to reach Asian and middle East markets, and natural gateway to Southern African countries;
3. Political stability
4. Safety and security is a comparative advantage.
5. Competitive cost of labor force;
6. Linkages opportunities with ongoing large scale projects initiatives, such as mines, energy and forestry;
II. Six Agricultural Growth Corridor well Known

<table>
<thead>
<tr>
<th>CORRIDOR</th>
<th>MAIN AGRI-PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maputo</td>
<td>Vegetable, chicken and eggs, fruits and sugar</td>
</tr>
<tr>
<td>Limpopo</td>
<td>Rice, sugar, vegetable, livestock products, chicken and eggs</td>
</tr>
<tr>
<td>Beira</td>
<td>Rice, sugar, vegetable, livestock products, chicken, eggs, Biofuels</td>
</tr>
<tr>
<td>Nacala</td>
<td>Cotton, Cashew nut, sesame, pulses , maize and timber</td>
</tr>
<tr>
<td>Zambezi Valley</td>
<td>Cotton, Cashew nut, sesame, pulses , maize, rice, tea, wheat, coconut, timber and Biofuels</td>
</tr>
<tr>
<td>Lichinga-Pemba</td>
<td>Cotton, Cashew nut, sesame, pulses , maize, timber</td>
</tr>
</tbody>
</table>
III. BIOFUELS PROGRAM

- The program ‘Promoting sustainable and poverty-reducing investments in biofuel production in Mozambique’ is implemented by CEPAGRI under the Ministry of Agriculture since November 2008 and is funded by the Dutch Government. Ends 2014

- Objective:
  Is to contribute to the development of a biofuel value chain that is socially, economically and ecologically sustainable and focuses on poverty reduction in Mozambique.
IV. Indicators for achieving the programme objective

• All large and small producers, processors, traders and distributors in the value chain expect to obtain in the longer run positive net income sufficient to operate;

• Inclusion of small holder production in biofuel production either through own production, in contract out grower schemes or other forms of cooperation;

• Minimised environmental impacts in terms of land degradation and/or water pollution;

• A positive CO\textsubscript{2} balance for the conversion of land to biofuel crops and subsequent production;

• Building local knowledge and capacity on national and international markets for biofuels as part of agricultural commodity market;

**Verification of these indicators suppose to be based on the developing national sustainability**
V. Some Results/activities (1-3)

- A policy on biofuel and a Legal and enabling regulatory framework established;

- Transparent procedures and templates developed that define requirements and criteria for approving foreign and national investments in feedstock production for biofuel, its processing and trading.

- Capacity created at the Government of Mozambique to conduct a comprehensive investment analysis on biofuels for the national and international markets.
V. Some Results/activities (2-2)

To achieve these results:

- CEPAGRI has forged practical and workable ties with relevant institutions across government and civil society.

- This resulted in the establishment of the biofuels task force and late on, the inter-ministerial biofuels commission (CIB).
V. Some Results/activities (3-3)

- Capacity created in the Government of Mozambique to monitor the socio-economic and environmental impact of agribusiness on a regular basis (investment tracking and impact assessment).

- Created a Database of biofuel projects and others agrarian investment projects to be shared with different stakeholders.
O CEPAGRI, between 2008 - 2012, analysed 117 investment proposals, of which 40 were biofuel projects. In 2012, we received only 4 proposals requesting a total area of 54,000 hectares for biofuel production.
VIII. APPROVED BIOFUEL PROJECTS BY PROVINCE

Biofuel projects 2008 - 2012 (Nr, Province, Area)
**VIII. Biofuel Projects by Crops (3-3)**

### Biofuel Projects by Crops 2008 - 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Jatropha</th>
<th>Cana e Mapira</th>
<th>Mandioca</th>
<th>Bambú</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>2009</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>2010</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>2011</td>
<td>4</td>
<td>5</td>
<td></td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

**Total Projects:**

- Jatropha: 13
- Cana e Mapira: 6
- Mandioca: 7
- Bambú: 4
- Total: 30

![Bar Chart: Biofuel Projects by Crops 2008 - 2012](image)
Development on Biofuels_Moz (2008-2012)

- Nr biofuels investments received 40
- Nr biofuels investments approved 14
- Total investment value USD 3.9 billion
- Actual investment until 2012 USD 143 million
- Land attribution 411,000 ha
- Land planted for biofuel in 2012 8,512 ha
- Planned jobs 148,225
- Actual jobs (permanent) 853
  (148,225 planned)
- Out growers included 16,000
Ethanol production

- The approved sugar cane project estimate an annual production about 300 millions liters of ethanol
II. Projects Performance Monitoring

We did two monitoring exercises (2011 and 2012) and was covered respectively 11 and 7 projects of biofuels. The Key Findings:

- The focus on Jatropha has not resulted in resounding successes yet. Rather, it is a complicated crop that farmers are gradually learning about;

- **Financial crises has affected the development of several biofuel projects**

- This forces companies to change strategy (cash crop production) and to reduce the plantation area. Some company incorporated this experience in their business plan as a prevention strategy.
X. Conclusion

The overriding priority of creating a biofuel sector in Mozambique remains valid.

- The initial group of investors whose understanding of agriculture was negligible. Those producers have fallen out.
- What remains are those with parent companies in the oil or ethanol sector, whom have a long-term view of the biofuels industry.
- Sugar cane is the most promises crop for biofuels production (Bio-Ethanol).
THANK YOU