

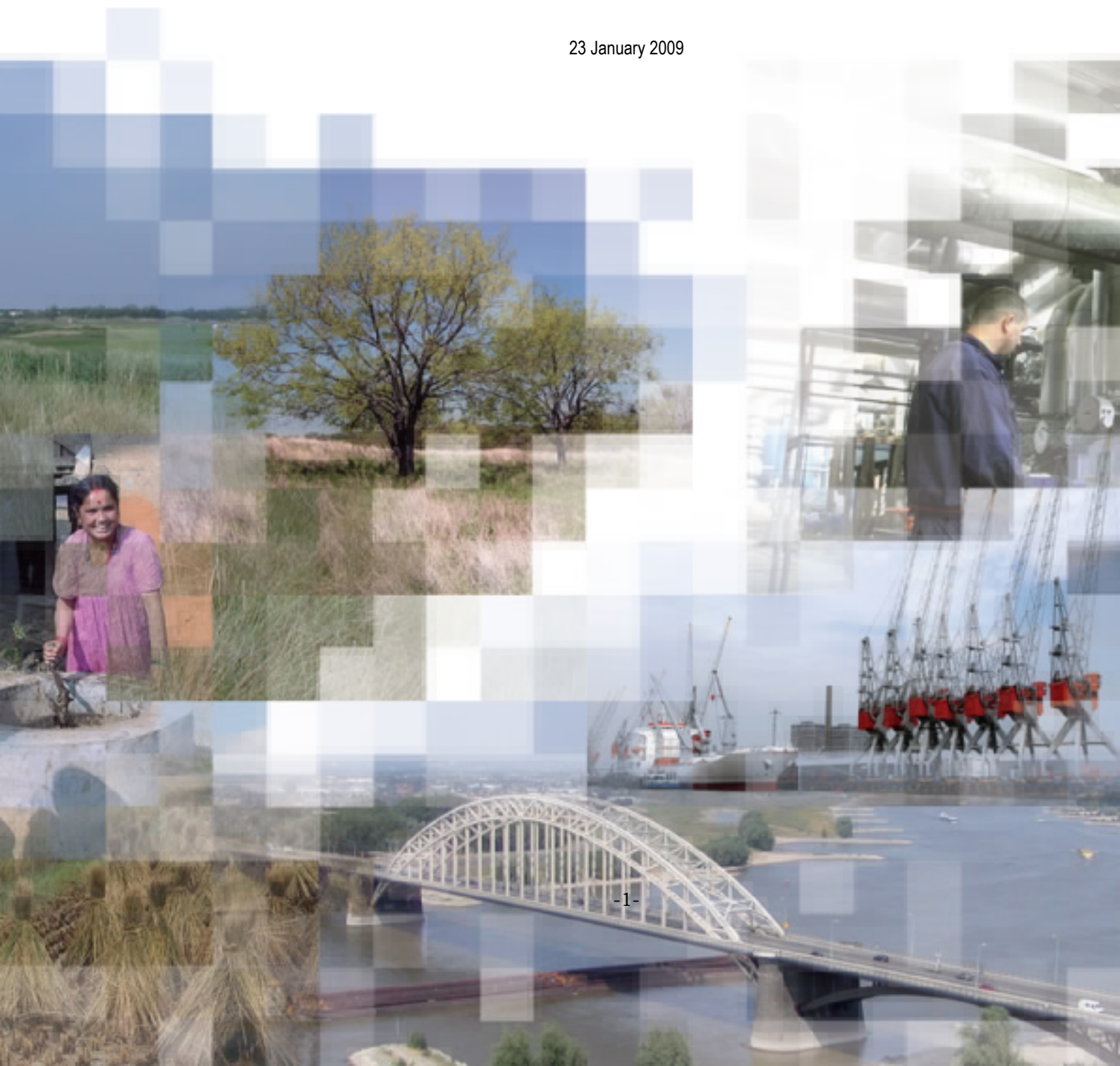


Netherlands Commission for  
Environmental Assessment

# Comments on the National Bio fuels Strategy

Memorandum by the NCEA

23 January 2009



---

**Advice of the Secretariat**

---

**To** Ms Celia Jordão, (Netherlands Embassy Maputo)  
Ms . Anna Locke (CEPAGRI)

**Attn**

**From** Mr Reinoud Post (The Netherlands Commission for Environmental Assessment)

**Date** 23 January 2009

**Subject** **Comments on the National Bio fuels Strategy**

By: Secretariat of the Netherlands Commission for Environmental Assessment – Reinoud Post

Advice 2009-001

---

## **1. INTRODUCTION**

By personal communication on 10 December 2008, Ms Celia Jordão requested Mr Reinoud Post, from the Netherlands Commission for Environmental Assessment to comment on the National Bio fuels Strategy, a document prepared for CEPAGRI by an consultant unknown to the NCEA. The following day, Ms. Jordao and Mr. Post discussed the document with Ms. Anna Locke of CEPAGRI (Ministry of Agriculture, Mozambique).

By telephone call on 22 December 2008, Ms Locke requested the NCEA to put the observations on the document on paper.

## **2. APPROACH**

As no time nor background on the objectives for the study were available to the NCEA (e.g. ToR for the study), necessarily the observations do not imply a judgement of the work done. The observations are made assuming the way NCEA would have suggested the study to be done (fictitious ToR ). The observations only relate to headlines.

### **3. OBSERVATIONS ON THE NATIONAL BIO FUELS STRATEGY**

1. The NCEA secretariat suggests that the name for this document should rather be “Biofuels production and use promotion strategy’
2. In the view of the NCEA secretariat, the document is an economic feasibility study and an inventory of institutional preconditions that must be met for successful introduction of biofuels.
3. The strategy on introduction is explored from a notion that the sector must be developed in the form of estate-based production, driven by foreign investment. Although the Mozambique Biofuels Assessment documents successful and economically viable approaches to smallholder production systems, it seems, thus, that a (policy) decision has been taken in favor of estate-based production. It does not propose any strategy for development of production by small-holders (the development of which would ask for strong guidance) or any strategy for parallel development of the estate-based and small-holder production of feedstocks.
4. If the assumption is correct that a choice has been made to leave the development of the sector to private initiative, NCEA would be interested to learn who has taken that decision, when, and on the basis of what information. NEA would then be happy to be given insight in the arguments.
5. If estate-based production is the indeed the choice made, it raises serious challenges. Estate like production requires substantial areas of land, free of other occupation. Such areas are difficult to find, even in Mozambique. The draft strategy indicates that claims on land used by small farmers, displacement and resettlement of these people are not excluded. The question seems relevant whether feedstocks produced by estates, created while displacing and resettling local people, would meet the sustainability criteria set by EU, UK or others. The more so when land would be made available by claiming the land for ‘public use’, in which case non-titleholders would possibly not be compensated<sup>1</sup>. As almost none of the population has a title, it is clear what this could imply.
6. In the view of the NCEA secretariat, the assessment of potential economic, environmental and social impacts of small-holder based production is deficient. The CFDT model presented in box 3 of the Mozambique Biofuels Assessment (page 279) shows that such models are viable. And the box does not account for substantial secondary benefits of this model. In the whole region where the CFDT is active in cotton, its activity has lead to a substantial

---

<sup>1</sup> see Mozambique Biofuels Assessment page 266

intensification of food production (farmers using the knowledge, techniques and equipment acquired in the cotton project for their food production). By and large this intensification has compensated the loss of available area by cotton-production. It is a pity that IRCT has not documented this impact. Occurrence of such type of impacts are not unlikely to produce in the case of introduction of biofuels as well. The possibility of their occurrence certainly warrant research! Their benefits should be part of the Cost-Benefit calculations.

7. In the draft strategy, the calculation of the cost of domestic production do not seem to take into account the cost of 'making the land available' (compensation, resettlement). These costs are to be considered as investment costs and should probably be taken into account in economic calculations. This does not seem to have been done.
8. One of the principles of the strategy states that the strategy should provide mechanisms to avoid any negative impact (page 23). Further, the strategy states that 'unless there are mechanisms in place to ensure that the costs of these (environmental and social) impacts are borne by the biofuel producers, they are less likely to address, reduce and/or mitigate them. Accordingly, there must be regulations in place, with oversight by a regulatory body, to ensure that the biofuels sector manages damaging externalities'. Some relevant questions on this seem:
  - a. why have the cost of these externalities (which are probably structural in nature) not been included in the cost calculations?
  - b. the proposed regulatory and oversight body seems to be the Ministry of Industry and the National Institute for Standards and Quality. The work plan indicates that these institutions would be responsible for preparing the national standards (sustainability criteria). Should not the work plan also stipulate which agency (agencies) would be responsible for oversight, enforcing these standards?
  - c. Rightly, the strategy indicates that enforcement is necessary. Enforcing the standards will require substantial new and decentralized institutional capacity. Why does the strategy (as a structural component of the strategy itself) not plan and budget the development of effective enforcement capacity?
9. The draft strategy does not include an assessment of its potential contribution to poverty reduction in terms of new jobs created and additional income generated.
10. The Mozambique biofuels assessment seems to argue that, as there is no generally accepted set of standards (environmental, social and quality) for bio fuels, the cost related to maintaining whatever

standard are not part of the production costs of the fuels and that ways must be found to impute at least part of those costs to the standard setting parties (e.g. EU, UK and others). One could question the soundness of this reasoning. Without complying to the standard of the buyer, there is probably no deal, no market. Reaching agreement on acceptable standards is, however, of paramount importance, not in the least for determining the feasibility of production of biofuels.

11. Certification is done on an individual producers basis. It does not address cumulative impacts of multiple producers. So it does not provide sufficient information on environmental and social impacts of biofuels production. The secretariat of the NCEA suggests that biofuel production planning be integrated in development planning (zoning) for specific geographic areas (e.g. districts) and that a form of Strategic Environmental Assessment (SEA) is applied to help formulate these development plans.
12. Due to its high level of abstraction, there is little reason to propose SEA to help formulate the present draft strategy. However, it is probably very useful to have the IIAM detailed zoning study be accompanied by an SEA. NCEA would be happy to explore with CEPAGRI and the Netherlands Embassy the contribution that SEA could make to the zoning study.
13. NCEA thinks it is recommendable that the government of Mozambique (e.g. through CONDES) creates clarity and formally sets the stage for biofuels development. It could do so by formulating a policy that specify production targets and government choices on the issues mentioned in chapter 3, paragraphs 1-3 of the present draft strategy.