

Seminar notes (May 25 2009)

Aspects of SEKAB's plans for large scale biofuel production in Tanzania

Date and venue: 20th of May, 2009, Stockholm University

Organised by the Nordic Africa Institute, Uppsala, World Wide Fund for Nature (WWF) in Sweden, Department of Physical Geography and Quaternary Geology, Stockholm University and the Swedish interdisciplinary research network on livelihoods and natural resource governance in Africa (Sarec funded)

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Introduction

In light of recent biofuels development in developing countries and SEKAB plans in particular, a seminar was organised to discuss the aspects of SEKAB's plans for large scale biofuel production in Tanzania, with focus on Rufiji District and the conditions for development and poverty reduction. Participants at the seminar were mainly from universities and civil society. Unfortunately key stakeholders such as Sida, Swedish Foreign Ministry, politicians, SEKAB did not attend. However, Ministry of Enterprise, Energy and Communications was represented (see participant list).

Background (from letter of invitation of the organizing institutions)

A major focus of Swedish commercial interests in the biofuel sector in Africa has been Tanzania. The Swedish company, SEKAB (through SEKAB Bioenergy (T) limited), has accessed land in Bagamoyo district and submitted an Environmental and Social Impact Assessment to the government. In parallel SEKAB has been developing plans for large scale biofuel production in Rufiji district targeting 200 000 ha of land.¹ Sida and NORAD, aid agencies with an interest in promoting sound biofuel production in Africa, have realised that around 30 foreign investors (according to the Ministry of Agriculture) were already on the ground in Tanzania without any policies and guidelines in place. These aid agencies decided to provide USD 3 million to the Tanzanian government to develop guidelines for the sector (the Tanzanian Ministry of Energy is coordinating the National Biofuel Task Force for this end). In

¹ SEKAB has communicated that they are targeting 400 000 ha in Tanzania of which 300 000 ha in Rufiji-Matandu and 200 000 ha in Rufiji. SEKAB presentation 2008-02-06, Stockholm

February 2009, the Tanzanian prime minister, Mizengo Pinda, announced that Tanzania would suspend new biofuel project, pending the establishment of rules.

This situation provides space for discussing the conditions for large scale biofuel production to take proper account of environmental-, social-, economic- and land issues related to poverty and smallholders in Rufiji district which is home of the Rufiji river flood plain and a complex agronomic and ecological system including several forest- and mangrove forests and parts of the country's largest game reserve, the Selous. The district is located 150 kms south of Dar es Salaam along the Indian Ocean. The biofuel issue in Tanzania has also been raised by a member of the Swedish Parliament, Bodil Ceballos (MP) whose question to parliament related to SEKABs activities and plans in the country will be answered by the Minister for Development Cooperation, Gunilla Carlsson, on May 25.

Knowledge about SEKABs activities in Tanzania is also of relevance for the following reason. The company has recently decided to withdraw from biofuel production in Tanzania and sell their investments/activities. In this context SEKAB, alongside with the government of Tanzania, has approached Sida and other donors for financial support amounting to several hundred millions of SEK. This new development makes it all the more important to investigate the content and character of the biofuel activities, since development assistance is requested in the process.

So far concrete discussions about SEKABs activities in Rufiji district have been difficult to raise due to lack of information about the plans and about the areas identified for and character of SEKAB's large scale biofuel production. As well has the discussion so far been unable, in a well founded way, to discuss SEKABs plans in Rufiji district in an environmental, poverty and development related context. Risk assessments of socioeconomic and environmental aspects of SEKABs planned activities in Rufiji, that are currently being undertaken by Swedish and Tanzanian institutions, may improve this situation.

This seminar aims to address these knowledge gaps by presenting assessments based on long term research, including Rufiji district, and knowledge, including cartographic details, from recent visits. The results obtained so far will also be linked to the EU sustainability criteria on biofuels. By doing so a better basis should be provided to discuss the context and actual sites of SEKABs large scale biofuel production plans in the Rufiji district in relation to

- Improvement of policies in connection to what is happening on the ground
- Improvement of coordination between different Tanzania authorities and strategies
- Acquiring adequate information, e.g. maps, zoning, livelihoods etc. to understand the context of the sites of potential investments and possible risk assessments
- Strengthening local participation and empowerment

The organizers hoped that the presentations and discussions would provide inputs for a better basis for a discussion about SEKABs or subsequent investors potential plans, but also large scale investments *per se* in Tanzania. The seminar aimed to contribute to a better knowledge base and understanding of the ongoing processes in Tanzania and Rufiji related to large scale biofuel investments and, if successful, result in consensus on how biofuel investments can play a constructive role for development and poverty reduction in Tanzania.

Presentations (power point presentations attached)

After welcoming note by Karin Holmgren, the seminar started with a presentation from Kjell Havnevik, senior researcher and professor, the Nordic Africa Institute, Uppsala. Kjell gave a contextual background to the Rufiji district; its history, ecology and economy and the process of accessing village land. He especially described the agricultural system of the area which is carefully tuned to Rufiji river flood regime, meaning that drawing water for irrigation on higher ground could be a potential cause for conflicts. Kjell concluded the session by pointing out some of the major challenges for biofuels investment, e.g. how to mobilise and involve smallholders, outgrowers, private sector and entrepreneurs and villages in genuine benefit sharing according to laws, Acts and regulations; how to assess the impact of biofuel plantations on changes in water and land use for agriculture, forestry and the agroecological systems along the Rufiji valley, the Rufiji delta and beyond; and how to analyse the impact of a possible Stiegler's Gorge dam/hydropower on water availability and ecology in areas targeted for biofuel production.

To follow was a presentation by Peter Roberntz, WWF and Tobias Edman, Metria, with focus especially on the findings from mapping exercises, recent field visit and interviews in the Rufiji district related to SEKABs planned investments. Peter also gave the fuller picture of a district targeted by many investors, and challenges in relation to lack of data, policies and coordination. There is especially confusion surrounding land allocations, and little coordination and involvement of the National Land Use and Planning Commission as decisions around land is made. Peter also described the rather unconventional plan for outgrower scheme, planned and very much ran and controlled by SEKAB. Peter problematised the CO₂ balance by comparing the area of planned investment with carbon stock data from UNEP. If Miombo forests are cut, it is likely to take decades, before produced biofuels will show net savings of CO₂. Furthermore the strategy of SEKAB in consulting villages was questioned. Consulting village by village and making separate deals is likely to cause confusions surrounding the promises of SEKAB in terms of rural development and compensation for land and timber. Because of the large land sizes and location, the project would probably provoke human-wildlife conflicts and conflict with EU criteria for sustainable biofuels.

The third session was a presentation of an Initial Assessment of Socioeconomic and Environmental Risks and Opportunities of Large-scale Biofuels Production in the Rufiji

District by Stockholm Environment Institute (SEI) and the Institute of Resource Assessment, UDSM and Zoology Department, University of Dar es Salaam. The assessment was intended as an internal planning aid for SEKAB, with input from a wider consultative process with stakeholders in Tanzania to identify risks and opportunities including identifying areas of uncertainty where more facts are needed. The initial assessment describes the SEKAB cluster approach, Social principles of the SEKAB Cluster approach, with social principles such as maximising productive and beneficial participation among surrounding communities, such as outgrowers and other contracted services. After 5-10 years SEKAB expects more than 50% of feedstock to be provided by outgrowers. The report also describes the partner challenges and responsibilities of the SEKAB Cluster Approach, such as the plan for housing, schools, medical services, roads and electricity infrastructure in relation to low capacity of local governments; how to assist villages in land use planning and development of food production capacity in parallel with sugarcane growing; the capacity building in business and credit management. SEI points out risks especially in relation to irrigation and fertilizer use, yet SEI puts great reassurance in SEKAB's ecological principles and state of the art environmental techniques. The team however acknowledged the time constraints and therefore called the assessment initial and based on the team's subjective judgments, in conclusion being a project with potential of becoming a role model in linking biodiversity conservation with development.

The fourth session was presented by Karin Holmgren, Department of Physical Geography and Quaternary Geology and the Bolin-centre for Climate Research, BBCC and Mats Widgren, Department of Human Geography, Stockholm University. Together they gave some critical research perspectives on biofuel investments in Tanzania. Karin especially focused on the green house gas issues, and the need for life cycle analysis, water balance calculations and details on cropping system in EIA. She based her conclusions on various studies that can be provided by Karin on request. Mats in turn discussed the concerns in relation to law, ethics and economy. He problematized the definition on so called idle, unused and marginalized lands; the discourse on what constitutes sustainable livelihoods; and the problematic function of the Tanzania Investment Centre, which has no compensation money but apparently 2 million ha to distribute to investors. On economics, he compared compensation fees of Swedish land to land values in Tanzania, from 161 354 SEK/ha in Skåne to 222 SEK/ha in Tanzania. Because of weaknesses in access to justice and rule of law, he also emphasized the importance of corporate social responsibilities based on human rights principles. He also adhered to the role of being a backseat driver, seeing an important role in scrutinizing the scientific knowledge in recent reports. Karin and Mats identified several research needs, e.g. the need to critically analyse causes and effects of land transformations from an interdisciplinary perspective including attention to temporal and spatial aspects of climate, water, biodiversity, land use and contemporary power and equity issues and to scale up from local situations to the regional level, through integration of qualitative and quantitative data for regional mapping, GIS application and modeling.

Finally, Lars Johansson, a documentary film maker, introduced us to some videoclips in progress, from a collection of six hours of video interviews recorded by Kassim Mustafa, Maweni Farm, and Joseph Shayo, JET, in Rufiji and Kisarawe districts in Tanzania in November 2008. The clips can be accessed at www.lars.intanzania.org, and as stated on the webpage: The material shows very clearly that the people who have agreed to give out their land for free to SEKAB have been misled by unrealistic promises of investment in social services and infrastructure that would follow from the project. The two clips suggest that there is no signed agreement with the villages and that SEKAB's commitments to social infrastructure are just talk. The clips show that at least some villagers believe that each of them will formally own 5 ha of sugarcane plantation that the company will clear, manage and harvest for them, so that they will come to earn a land rent or a labour free income. It seems the village chairman anticipates that lots of money will be made from the timber when the land is cleared. It is the impression of the film crew from watching dozens of long interviews that such expectations of benefiting from timber trade has made the local elite more favourable to the project. In sum, ordinary villagers knew very little about what is being planned and many were suspicious.

Discussion

The discussion was aiming at a better understanding on how to achieve biofuel investments that contribute to development and poverty reduction in Rufiji and Tanzania. Based on the experience, knowledge, maps and facts presented during the first hours, the question thrown to the floor connected the joint knowledge to decision making. Based on the presentations, what are some crucial steps for the SEKAB Rufiji project and beyond?

The floor embarked on a lively debate on issues spanning from a detailed, technical level to more philosophical questions of R&D such as the role of a scientist, and development for whom? What are the potentials for finding a so called win-win situation in the Rufiji area?

What ignited the debate was perhaps the question by one participant whether the concerns surrounding the SEKAB project is matter of philosophy. Is the SEKAB debate a struggle between a *development first* and *conservation first* approach? The speaker argued that projects in developing countries should primarily be scrutinized using the development approach, while the conservation first approach is a privileged approach for rich countries. This is also how the speaker defended project assessments which exclude carbon savings, such as the SEI draft assessment, because climate change cannot be a first priority in poor countries such as Tanzania. Instead, he argued, these countries have a right to develop and release CO₂.

Thus, what constitutes a win-win situation was a matter of discrepancy during the discussion, in terms of “capital” and temporal and spatial scale. Or as someone argued, if biofuels prove *not* to save CO₂ there will eventually be no biofuel market and the trees have been cut down in vain. Meaning that if assessments leave out this aspect in the planning phase, the entire project idea could eventually fail and the plant might need to shut down even before the carbon sink of the cut down trees has been paid back. It was therefore argued that any investment effect must be put into a frame which addresses long-term risks and poor people’s vulnerability. Or as someone said, we should learn from history. How successful has large-scale plantations been in bringing development to Tanzania? State of the art dripping system cannot be traded against the societal and environmental risks that the project might provoke.

This question of whether the concerns are purely philosophical was therefore rhetorically turned away from environmental conservation to other types of structural conservation brought forward by the biofuels project, such as romantic views on how foreigners bring development to an area.

Though the day showed a need for these types of philosophical discussions, the majority of the participants agreed that the various presentations had brought any philosophical discourse into a discussion based on empirical data and especially the maps. By knowing its whereabouts, it also became easier to assess the likely effects of a SEKAB Rufiji project. Based on this information, many scientists thought the location to be unwise and put large question marks surrounding the whole project idea. Could it be that SEKAB had chosen an area where land allocation was considered a fast track in comparison to areas where the social and ecological circumstances were more reasonable?

While it was agreed that development in Rufiji is needed, the question was what type of development, development for whom and at which price? One speaker said that trade-offs are ok as long as the balancing is fair and square, and transparent. In this sense, private business should not accept any deals without applying corporate social responsibilities based on international standards of human rights, especially if hosting states are weak or open to corruption. In conclusion, there is a need to look deeper into who is the winner and who is the loser when trade-offs are made.

Although the SEKAB plan includes promises of rural development, it is less clear to what extent these will be fulfilled by SEKAB or if they are expected spin-offs from having a project at site. It was argued that although SEKAB and key persons in the community speaks of rural development, SEKAB takes no responsibility for bringing teachers or doctors to the area. These are state responsibilities, irrespective of the SEKAB project realizes or not.

Farmers in the area also rely on a fine tuned production system to seasonal floodings. Though the presentations showed that farmers are interested in irrigation systems, it remains unclear how or whether the biofuels project will contribute to farmers getting

access to irrigation, or whether the agricultural system relying on flooding will be heavily compromised. According to the data given by SEKAB, the project would take half the river and it was also argued that the SEI assessment had misunderstood the agricultural system of the area. Thus, the question remains as to how a water demanding industry such as SEKAB's will affect the water availability and future food production in Rufiji.

The unconventional SEKAB usage of the concept of 'outgrowers scheme' was also challenged from the perspective of local ownership and benefit sharing. Although there were discrepancies regarding SEKAB function in the technicalities, it became quite clear that in terms of influence and control, outgrowers would have little say, flexibility or options if entering such scheme. More understanding is needed surrounding these schemes, e.g. what is the role and benefits of outgrowers in the proposed scheme; what type of contract are we talking about; will land be transferable; can land be inherited; and what happens at the end of the production scheme?

There is no question that people in the area wish for investments, schools, health post, and infrastructure, but the views were divided on who should deliver these services and the accountability of certain promises of rural development flying around. There is a concern that people expect SEKAB to deliver, and fear that social unrest will break out as the weak local government fails to deliver. There is a concern that people say yes because change is needed, without considering or knowing the likely consequences. Or, as we learned from one testimony from an upcoming documentary: although not proper, it is better to live under corporate control because at least it has money.

Is this a choice between pest and cholera? "The SEKAB project is a one time opportunity, and if the SEKAB project is stopped, another company of less social responsibility and environmental awareness will move in." Naïve thinking, some of the participants expressed. Corporate policy, standards and routines are universal. Swedish companies are no less profit oriented than a Chinese.

Before development money goes into these types of project there is a need to calculate the price for such rural development. If counted in terms of public funding and donor aid channeled through SEKAB, the value of any rural development brought through biofuels must be compared to direct investment in rural development governed by national and local communities themselves. Here, sound timber management was presented as one viable option for the area. The idea to allow Swedish money aimed for development, to enter a project with such uncertain social, economic and environmental consequences did not come across as a viable option. Nor did it seem advisable for agencies such as Sida to boost a company that has problems finding investors on the private side.

What is then the right of Swedish researchers intervening with poor people's few development opportunities? Most participants saw this not only as a right but also as an

obligation. A sound project will stand scrutiny, and SEKAB also welcomes people to scrutinize the project.

In this light, the draft SEI assessment of the Rufiji project was heavily criticized for avoiding burning issues or agreeing to the terms of reference or conducting a study for such a short time (in total 3 months divided between six people). According to fellow researchers, the study lacked a full account on water impacts, inflow assessments and the productive flow of water, CO₂ savings, biodiversity, land issues and proper understanding of the current food production system. High conservation values had for instance not been adopted in the conventional way and could therefore downplay the effects of the project on biodiversity. In response, SEI referred to the limited terms and preferred to call it an "initial assessment". In conclusion to a long debate, SEI received plenty homework if they wish to pass the test of fellow researchers and present a study which capture the full extent of impacts due to the SEKAB project.

One Tanzanian speaker, with in-laws in the Rufiji area, also welcomed more research, especially from a bottom up approach as he was concerned about the lack of insight into the local impact of such project. He urged scientists to ask why and for whom scientists conduct research. Research, he said should not be conducted in the interest of corporate business, but rather in the interest of local people living in the area. One should learn, he said, and await the result of the SEKAB project in Bagamoyo, where similar promises have been made but not yet fulfilled.

Though the day gave away discrepancies in the maps, borders, and exact whereabouts of a forest reserve, the fact of finally having a map and potential project site was highly appreciated and led to an informed discussion on the potential impacts on local communities, food production, biodiversity, water etc. due to the planned SEKAB project in Rufiji. Firstly, it was concluded that more investigation is needed before entering into large-scale biofuels production in the area. This is especially so due the areas sensibility in terms of food security, water and biodiversity.

There is also a parallel plan to construct a hydropower station in the area, which would have large effects on the water situation. How will these accumulated water demands be accounted for and assessed? These types of parallel processes and regional circumstances led to a discussion on the need for broader impact assessments than local feasibility studies or ESIA's. There is a complimentary need for assessments where empirical data are analysed on a higher level, larger scales and where the essence of development is brought in for debate.

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The organizers find these notes by Marie Widengård a comprehensive and correct summary of the presentation and the discussion of the seminar

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