



# Biofuels Newsletter

# SNV

Connecting People's Capacities

Issue 2 – March 2011

Dear reader,

It is our pleasure to present to you the second issue of the SNV Biofuels Newsletter and we hope you will enjoy reading these brief reports.

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## Bioenergy based rural electrification in isolated communities of the Peruvian Amazon



Santa Rosillo is an isolated community deep in the Peruvian Amazon. The village was selected in a pre-feasibility study for an off-grid electricity generation project. Daily production of biogas, produced through the anaerobic digestion of manure from village cattle and crop residues, will be linked to a 16 kW generator. SNV in alliance with Practical Action and local partners, such as the *Dirección Regional de Energía y Minas* and the *Mesa Técnica de Biocombustibles de San Martín*, concluded a preliminary design of the bioenergy generation model, which eventually will be managed completely by the villagers. This innovative project is funded by [FACT Foundation](#) and [CORDAID](#) and is now ready to start the implementation phase. The project also facilitates a public-private platform for knowledge exchange on bioenergy, policy development for sustainable promotion of biofuels and inclusive business development, seeking consolidation of the Jatropha value chain in this region of Peru. A demonstration project will be implemented with INIA (national institute for agricultural innovation) using Jatropha seedcake for biogas production, energy generation and organic fertilization. Capacity building of local actors is a key element of this project, which in the end seeks replication of successful bioenergy experiences in the Amazon region.

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## Inclusive Business in Jatropha, Honduras: making the link with the carbon market

In many tropical countries, the Jatropha tree can potentially provide socio-economic opportunities for small producers to be employed and generate an income, while taking advantage of already deforested areas that have no actual use. Crucial is the sustainability of those opportunities and eventually make Jatropha a profitable crop. Often a comprehensive development approach is lacking. Since 2009, SNV with financial assistance from CORDAID and DANIDA, has successfully linked small producers in Choluteca (Southern Honduras) to [AGROIPSA](#), a leading company in Jatropha development in Central America, thereby creating

strategic alliances between them and articulating the producers in the Jatropha value chain. In this typical Inclusive Business project, more than 370 Honduran farmers have exclusive sales agreements with [AGROENHSA](#), the processing company associated to AGROIPSA. They receive fair prices for selling their seeds, technical assistance and set revenues from biodiesel sales by the company.



Before cultivating Jatropha, the majority of these farmers grew maize and sesame, but that was not enough to support their livelihoods. They indicate that current support for Jatropha development, including poor soil management, is opening up an important market for them. A 30% income increase is targeted.

Beside the company and the farmers, the local municipality also participates to assure the cultivation of suitable land (already deforested areas; see photo). [South pole](#), a specialized company operating in the carbon market, is involved for developing the carbon component of the project, as the project can potentially generate carbon credits due to reforestation with Jatropha and replacement of fossil fuels by biodiesel, biomass and biogas.

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## Transforming oil to soap: the case of Mulondolwa Jatropha Industry in Northern Zambia

Mungwi district is located in Zambia's remote Northern Province and most of the district's 120,000 people depend on agriculture for their livelihood. The majority are poor, subsistence farmers living on less than US\$2 per day. Since 2007, SNV in Zambia has supported multi-actor systems intended to assist Mungwi's population to lift itself out of poverty. Interventions include improving access to good quality basic services, and creating opportunities for increasing production, income and employment. In Mungwi small scale farmers were encouraged to invest in their own future through adding value to Jatropha.

Mulondolwa Jatropha Industry was born as a small-scale social enterprise by Jatropha producers with the support of SNV and JL Mutale, a local capacity builder. The business model of Mulondolwa is shaped through business coaching, mentoring and financial management, especially via a six step rural enterprise programme. It's based on local shareholding and therefore the members have contributed in kind and cash to see the take-off of the enterprise. The local entrepreneurs started processing jatropha seeds to produce natural and affordable soap, cooking fuel, mosquito repellent, lantern oil and organic fertilizer for the local market.



Furthermore, with support from SNV, an outgrower scheme is set-up between the company JL Mutale and Jatropha farmers. The company trains these farmers in producing local products derived from Jatropha. The farmers are happy with this initiative as they are able to access locally produced goods at affordable prices.

The process of supporting the formation and operationalisation of Mulondolwa Jatropha industry, with support from SNV and JL Mutale, has delivered tangible results. The enterprise managed to mobilise \$88,000 from the [African Development Foundation](#) (USADF) for working capital. Of this amount, \$11,000 was directly used to purchase jatropha seeds in the harvest period 2009/2010 from hundreds of farmers in and around Mungwi district. The enterprise owns sixteen outlets for sales of jatropha products. The business model has been replicated in Western and Northwestern provinces of Zambia. In the Northern Province the total number of registered rural Jatropha processing enterprises is eight. The enterprises are buying Jatropha seeds from 3,500 small producers in this province alone, which provide stable income opportunities for them.

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## Cleaner production and better environmental management practices in an oil palm plantation: the case of HONDUPALMA



Since 2007, SNV in Honduras has been working with HONDUPALMA, a social agro-commercial enterprise that regroups 30 cooperatives of (originally) small oil palm farmers. The cooperatives represent 600 members, which benefit from the enterprise through guaranteed sales, access to finance and technical assistance, including fertiliser and pesticide use. SNV, in partnership with WWF, provided services to HONDUPALMA, related to better management practices, improved agricultural practices and cleaner production. As a result, the enterprise and its members reduced negative environmental impacts through organic and biological farming. Solid waste was more and more treated, recycled and composted. These interventions resulted in an income increase of 5% for the HONDUPALMA members.

SNV contributed substantially to the set-up of a Clean Development Mechanism project for HONDUPALMA's two biogas plants. With 10,000m<sup>3</sup> digester capacity each, the residual water of the oil extraction process serves as primary feedstock, reducing the negative impact of the refinery on the environment. The additional revenues through carbon credits (which currently are in verification stage) will be invested by the enterprise in social projects amongst its 600 members.

Since 2011, SNV, with financial support from the Spanish Agency for International Development Cooperation (AECID), has continued its cooperation with HONDUPALMA, initiating the Program of Sustainable Environmental-Productive Management. SNV expands its support to HONDUPALMA in cleaner production and better environmental management practices to maintain the sustainable operation of the oil palm plantation. Program activities focus on efficient use of water and management of solid waste in the oil extraction and refining plants; reduction of chemical use; and setting up an Environmental Unit within the enterprise.

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## First SNV Corporate Biofuels Training



Since 2007, SNV in Latin America has been actively shaping innovative biofuels programmes based on different feedstock, such as oil palm, corozo (a native palm species for the Caribbean coast), Jatropha, sugar cane and biomass waste (such as coffee residues). Focusing on knowledge development, Inclusive Business, Value Chain Development and Inclusive Public Policy approaches, SNV/LA has gained a lot of experience and knowledge concerning the set-up and implementation of biofuels programmes benefitting local communities while working closely together with (large) companies.

Therefore, the first SNV Corporate Biofuels Training was organised to share the experiences and lessons learned between the different regions. The five-day training took place from 29 November to 3 December 2010, and facilitated the transfer of knowledge and approaches to internal and external participants from Africa and Asia, which are in an earlier stage of building up a biofuels practice. Honduras was identified as the most appropriate place to have a strong training programme, involving practical field work and interaction with several experienced SNV biofuels advisors.

Please [click here](#) to read the training report of the SNV Corporate Biofuels Training, which aims to give an insight in SNV's work and approaches in different contexts, accompanied with field trip experiences and discussions held with key stakeholders, including SNV clients and farmers.

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For more information on SNV, please visit our website: [www.snvworld.org](http://www.snvworld.org)

SNV is dedicated to a society in which all people enjoy the freedom to pursue their own sustainable development. We contribute to this by strengthening the capacity of local organisations.

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