

Facilitating Access to Finance for the Biodiesel Industry in Southern Africa

Geography	Zambia, Lesotho and Tanzania
Duration	2006-2007
Budget	€76,870 including co-funding from WISIONS/SEPS
Implementation Agency	African Sustainable Fuels Centre (ASFC)

Purpose

To assist small and medium enterprises (SMEs) gain access to institutional funding for biodiesel production in SADC countries with a focus on Zambia, Lesotho and Tanzania.

Project Description

Biodiesel is one of the preferred biofuel options in Africa because it is economically viable at small scales, draws on Africa's untapped agricultural potential, maximises employment benefits and its manufacture requires low technology and relatively low capital inputs. However, stimulating small-scale production requires improved business planning support and better access to finance. In the context of distributed generation of RE, small-scale biodiesel production coupled with localised biodiesel use is a package that requires a relatively small investment and modest levels of management.

Job creation assessments indicate that a small (1 million liter per year) biodiesel facility processing locally-grown feedstock will generate and secure 50-100 jobs. The outputs of this project would facilitate viable businesses and would therefore have a positive impact on poverty reduction and quality of life in agricultural and peri-urban areas of the target countries, whilst assisting host countries to attain a greater degree of energy security.

This project seeks to support this process by providing tools and support to facilitate the business planning process as well as accessing finance that will allow these benefits to be realised.



Main Activities

- Consult with national and regional authorities to establish legislative requirements and policies with regard to biofuels in general and biodiesel in particular
- Establish a dedicated biofuels website for Southern Africa and a business planning help-line
- Develop a generic small-scale biodiesel business plan with supporting manual describing how SMEs can customise their business plans
- Develop a Guidebook on how to obtain finance from national and international institutions
- Deliver a workshop enabling an RE/EE organisation in each of the target countries to support biodiesel business development

Challenges

- Little or undeveloped government policies on biofuels
- Little or no experience of biofuel industry within financing institutions, particularly at small scales
- Risk of falling oil prices to the sustainability of biofuels production

Expected Benefits

- Business planning resources and support for small-scale biodiesel production available through the internet and by telephone
- Improved access to finance for small scale bio-diesel producers in three African countries through better business planning and business support system
- Business support system for biofuels industry strengthened through capacity building and development of resources
- At least one small-scale biodiesel producer gaining access to finance during the course of the project
- Greater production and use of biofuels in African countries that benefits rural and urban communities

Status & Progress

- Web-site currently being developed (www.asfc.org.za)
- Generic business plan and financial model for small-scale biodiesel production being developed
- Consultations with key stakeholders underway

