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Kenya's Draft National Biofuel Policy

Report Categories:

Bio-Fuels

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Report Highlights:

The Government of Kenya (GOK) will soon approve a draft national biofuel policy to promote and harmonize development of sustainable biofuels in Kenya. The new policy has the potential to help reduce environmental degradation and economically advance rural development in pastoral and agro-pastoral areas.

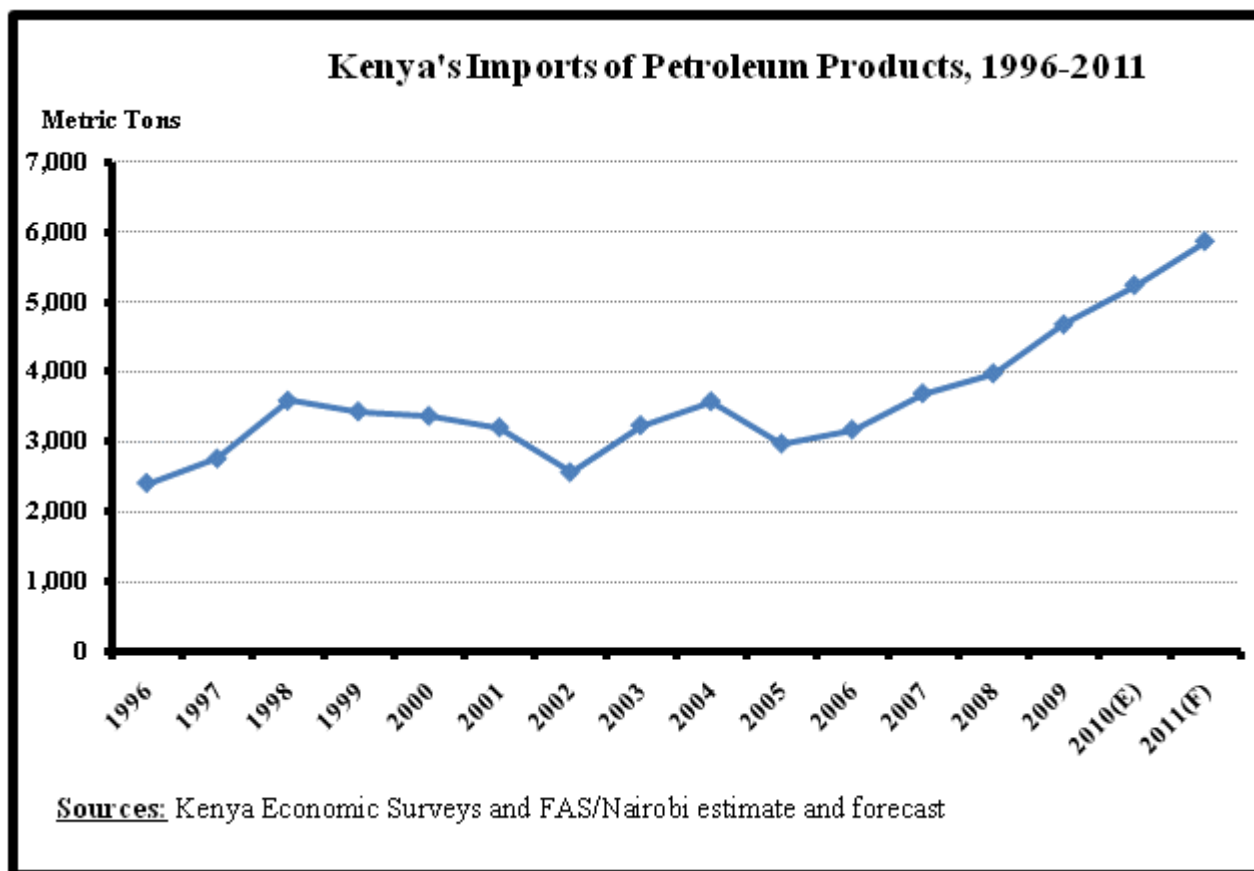
General Information:

The Need for Biofuels

Reportedly, fuelwood (mainly firewood and charcoal) provides 68 percent of all energy consumed in Kenya, followed by petroleum (22 percent) and electricity (9 percent). Only 6 percent of Kenyans have access to grid electricity. In addition, data published by the Kenya Bureau of Statistics shows growing domestic demand for petroleum products in the last two decades. The volume of petroleum products imports increased at an average annual growth rate of 12 percent, rising from 2,972 MT in calendar year (CY) 2005 to 4,677 MT in CY 2009. FAS/Nairobi forecasts imports at nearly 6,000 MT in CY 2011.

According to a report by the *Endelevu Energy & Energy for Sustainable Development Africa (2008)*, Kenya could save \$71 million per year by substituting 12 percent (10 percent of gasoline and 2 percent of diesel) of its imports with locally produced biofuels by 2013.

Reportedly, Kenya could produce 27,400 MT (32 million liters) of biodiesel annually utilizing 50,000 hectares of land. *Jatropha* has been identified as the main feedstock for biodiesel production, but other sources include castor, coconut, croton, rapeseed, and sunflower.



New Biofuel Policy Strategy

A draft national biofuel policy strategy will be presented to the GOK in the next few weeks. The draft strategy aims at increasing accessibility to energy (through biofuel production) and reducing

dependence on imported petroleum products by 25 percent (in volume) by 2030. The two components of the policy plan include biodiesel and bioethanol. The plan tackled eight strategic areas – 1) Improve energy security at domestic, national and regional levels; 2) increase the percentage of renewable energy in the national energy mix without jeopardizing food production, existing valuable natural resources and wildlife, other environmental benefits, and sustainable land use; 3) facilitate access to clean and safe energy; 4) establish equitable access to Kenya's natural energy resources and the economic opportunities they provide; 5) create income generation, especially in rural areas; 6) support development of a sustainable biofuel value chain that is market driven; 7) promote public and private sector research and development in biofuels; and 8) meet the Millennium Development Goals in line with Vision 2030, which stipulates a 10 percent annual economic growth rate over the next 10 years to transform the country into a food secure, prosperous nation.

Under the biodiesel strategy, the GOK intends to reduce the use of wood fuel and boost biodiesel production in rural communities, particularly in the semi-arid areas. The biofuel plan will provide small-scale farmers in those areas with an opportunity to grow some feedstock crops for biodiesel production. No similar efforts have been finalized in the bioethanol industry.

For the implementation plan of the biofuel policy strategy, the government will:

- a. Launch the National Research Commission
- b. Form an inter-ministerial technical committee to fast track adoption of the draft policy. The first meeting, scheduled for March 7, 2011, will come up with the roadmap
- c. Publish the E-10 blending mandate
- d. Appoint and launch E-10 implementation committee
- e. Push biodiesel and bioethanol regulations
- f. Pilot Bioethanol Clean Cook Stoves and
- g. Adhere to international treaties partnering to biofuel production.

Existing Policies and Programs

The biofuel industry cuts across several sectors that are governed by different policies. Below are several policies and programs which aim at promoting biofuels development in Kenya.

- The Government developed a National Energy Policy to seek broader support for adoption of renewable energy technologies (Seasonal Paper No.4 of 2004);
- The Government enacted the Energy Act of 2006 to facilitate production of biofuels;
- Other legislations expected to impact the biofuel industry include the Forest Act of 2005, the Agricultural Act, Trade and Industry Act, and the Water Act of 2002;
- In 2006, the Ministry of Energy (MOE) established the National Biofuels Committee (NBC) to coordinate the activities of all stakeholders in the biofuel sector. Stakeholders include public and private sector, and non-governmental organizations;
- In 2008, the Kenya Biodiesel Development Association (KBDA) was established to bring together all major players in the industry and promote public awareness of the advantages of biodiesel;
- The Energy Regulatory Commission (ERC) in the MOE drafted biodiesel regulations; and
- The Government is in the process of developing air quality regulations that will likewise impact the biodiesel industry. The draft regulation is referred to as "The Environmental Management and Coordination (Air Quality) Regulation, 2008."

Importation of biofuel in Kenya is enforced through the National Biofuels Development Committee. In addition, the GOK prohibits import of Free Fatty Acid (FFA) oils for biofuel production.