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Tanzania: Dutch Firm Goes Bust Leaving Thousands of Farmers in Limbo

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By Finnigan Wa Simbeye

CLOSE to 60,000 jatropha farmers in Arusha and Manyara regions are contemplating their next move after Netherlands based Diligent Energy Systems went into liquidation last year.

The farmers who signed 10-year contracts with Diligent Tanzania Limited, a subsidiary of DES and provided part of jatropha seeds whose fuel was used by Dutch carrier, KLM in a green fuel test flight in 2009, are lamenting the company's demise.

The company's founder and Chief Executive Officer, Mr Ruud Van Eck said in a statement posted on its website that the project has collapsed.

"For seven years Diligent Energy Systems was active Tanzania, East Africa. With Diligent we thought we found a way to fight climate change and poverty in Africa and so catch two birds with one stone," Mr Van Eck said.

He noted that Diligent bought jatropha oilseeds from rural farmers who harvested them from their own farms which were then processed into biofuels.

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"The oil was sold to, among others, the Dutch airline company KLM. The residue press-cake was used as an alternative for charcoal and with that we avoided deforestation, another big problem in Africa," Van Eck argued.

The DES CEO further pointed out that local jatropha farmers' income was doubled after an agreement was signed with KLM to supply them with jatropha oil for climate neutral flights. "Unfortunately I was not able to make the company profitable and I had to sell the company.



One year later the company was liquidated," he wrote. It's the latest in a string of biofuel projects implemented by multinationals to collapse after BioShape Holdings also from Netherlands failed in Kilwa and UK based Sun Biofuels Plc collapsed in Kisarawe between 2008 and last year.

Local and foreign activists strongly opposed biofuel projects because they threatened food security as farmers were lured to cultivate for fuel instead of food.

The situation worsened after studies revealed that jatropha oil is not clean energy source as it has a polluting impact like fossil fuels. With funding from African Biodiversity Network, Dar es Salaam-based Envirocare published a report over two years ago which indicated that farmers were being forced off their land by multinational energy companies.

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"Thousands of farmers in Tanzania could face eviction from their lands by multinational organisations promoting the cultivation of biofuels," said Abdallah Mkindi then working as Envirocare's environmental officer.

In February 2012, Friends of the Earth published a report christened, "Biokerosene: Takeoff in the wrong direction," which described jatropha oil powered planes as being "dangerous myth of green flights."

"KLM and Lufthansa have been conducting biofuel flights since last July. The pilot scheme is intended to reduce dependency on fossil fuels like petroleum and to slow down climate change.



In reality, biofuels produce as much greenhouse gases as other carbon based fuels, and create a different set of problems," the FoE report said.

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