

DEVELOPMENT TODAY
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BUSINESS UPDATE

Green Resources receives EU grant for charcoal factory

The Norwegian forest and carbon company **Green Resources** has received a EUR 2.4 million renewable energy grant from the **European Development Fund's ACP-EU Energy Facility** for a project on "**Sustainable Wood and Charcoal Production in Rural Mozambique and Tanzania**". Green Resources will use the fund to build two methane-free charcoal factory similar to the plant the company is building in **Uganda** with support from the **Nordic Climate Facility**. (See *DT 16/10*)

The total project cost is EUR 3.5 million. It is being implemented by **Lurio Green Resources in Mozambique and Green Resources Limited in Tanzania**. Green Resources AS in Norway will co-finance the project.

The project involves establishing 4,000 hectares of fuelwood plantations with 2,000 farmers and two methane-free pyrolysis bio-carbon (charcoal) plants producing 7,500 tonnes of charcoal per year, one in each country. The objective is to increase access to modern, affordable and sustainable energy services for rural and peri-urban poor by focusing on renewable energy solutions as well as on energy efficiency. To ensure that the trees are grown and managed in a sustainable way, improved charcoal stoves and solar lights will be distributed provided that certain conditions in the planting and managing of these trees are met.

The idea behind the project is that charcoal production from sustainable wood sources is a pre-requisite for reducing the deforestation in Africa.

Green Resources aims to develop two carbon projects as part of this project. The company has already received a grant from **Norad** to develop a project design document for methane-free charcoal production in Tanzania. Green Resources also aims to develop a voluntary or **CDM** carbon project based around the farmers' fuelwood plantations which will be used to fund further expansion of the fuelwood plantations.

Green Resources currently has 18,000 hectares of standing forest in East Africa. ■