Biofuel and Poverty Nexus in Asia

Myo Thant
Manila, 11 June 2008
Interest in Biofuels has increased enormously:

- Production volumes
- Plans and policies
- Number of countries
- Different biofuel feedstock
- Research on second generation technology
Biofuels are motivated by:

- Energy security
- Environmental protection
- Rural development
Poverty in Asia is:

• still widespread
• 650 million under $1/day definition (20%)
• 1.8 billion under $2/day definition (55%)
• heavily rural
• food takes up a very high percentage of the consumption basket of the poor
Two competing paradigms

• Food vs. fuel debate
  vs
• Rural development for Asia from biofuels
Food vs. Fuel (con)

• Land use and commodity prices
  ➢ Alternative outputs/diversion
  ➢ Different crops
• Land clearing and environment
• Water availability and pollution
Food vs. Fuel (pro)

• The amount of causation is insignificant
• Other causes are more important
  - Oil prices
  - Speculation
  - Increased demand
  - Land used for non-agri purposes
Rural Development for Asia from Biofuels

- **Strengths:** natural conditions, prior agro-industry experience, abundant labor
- **Opportunities:** high demand globally and regionally
- **Well-suited crops**
Crops with Potential in Asia

a) Biodiesel
   - *Jatropha* (marginal land)
   - Palm oil
   - Coconut
   - *Pongamia*

b) Bioethanol
   - *Sweet sorghum*
   - Cassava
Crops with Potential in Asia

c) Impacts

- Employment generation/ income
- Exports
- By products
- Power for offgrid rural areas
Nothing can be assumed (1)

a) Food vs. fuel debate depends on
- feed stock
- country
- production pathway
- timeframe
Nothing can be assumed (2)

b) Asian biofuel prospects depend on

- technology/ productivity
- trade
- adoption of new crops
- appropriate scale
- security of tenure
- logistics, eg. pipelines
We need:

- Evidence and informed debate
- Effective policy (feedstock, refining, markets)
- Public-private partnership/business models
- Regional and global agreements