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Biofuels should benefit the poor, not the rich

By Jacques Diouf

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Much of the current debate on bioenergy, focusing on negative aspects such as sharply increased food prices and erosion of biodiversity, obscures the sector's huge potential to reduce hunger and poverty.

If we get it right, bioenergy provides us with a historic chance to fast-forward growth in many of the world's poorest countries, to bring about an agricultural renaissance and to supply modern energy to a third of the world's population.

However, that momentous promise can be fulfilled only if the right decisions are made now and the appropriate policies put in place. We urgently need to draw up an international bio-energy strategy. In the absence of such a plan we run the risk of producing diametrically opposite effects: deeper poverty and greater environmental damage.

Specifically, our strategy must ensure that a significant share of the multi-billion-dollar-a-year bioenergy market is produced by farmers and rural labourers in the developing world, the people who make up 70 per cent of the world's poor.

It should include a set of policies promoting access by the rural poor to an international bioenergy market. First, it will require the lowering of trade barriers operated by some Organisation for Economic Co-operation and Development countries against ethanol imports.

Second, we need to ensure that smallholder farmers can organise themselves to produce, process and market bioenergy feedstock on the scale required. In practice this means making credit and micro-credit available to them, and helping them to form co-operatives.

Third, it will require a certification system to ensure that bioenergy products can be traded only if they meet requisite environmental standards. Such a system would encourage production by smallholders, who typically operate complex, bio-diverse production systems, as opposed to the mono-cropping practised on large, industrial-scale estates.

Such measures would allow developing countries - which generally have ecosystems and climates more suited to biomass production than industrialised nations, and often have ample reserves of land and labour - to use their comparative advantage.

But as things now stand, the International Energy Agency (IEA) projects that in 2030, biofuels will provide between 4 per cent and 7 per cent of all fuels used for transport, with the US, the European Union and Brazil remaining the leading producers and consumers. If that proves correct, it will mean that we had a chance to honour all our solemn pledges to banish hunger and poverty but chose to look the other way.

So far the debate on biofuels has focused almost exclusively on substituting for fossil oil in transport. But at present biofuels for transport account for less than 1 per cent of global energy production. A far greater part of the world's energy, 10 per cent, is supplied by "traditional bioenergy" - firewood, charcoal, manure and crop residues - which warms homes and fuels cooking fires in much of the developing world.

To focus debate exclusively on bio-fuels for transport is therefore to miss much of the point about bioenergy's potential for poverty reduction. This lies

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more in helping 2bn people to produce their own electricity and other energy needs than in keeping 800m cars and trucks on the road.

Electricity is what powers development: you cannot run computer networks on dried cow dung. But with modern technology you can process the dung into bio-gas. Helping 2bn people living on less than two dollars a day switch to affordable, homegrown, environmentally sustainable bio-power would represent a quantum leap in their development.

Promoting such a change is all the more urgent because the 300 per cent increase in oil prices registered over the past few years is imposing a crippling burden on the economies of the world's poorest nations.

These issues need to be tackled urgently to avoid damage now. Our objective should be a high-level meeting by next summer at the latest to agree the ground rules for an inter-national bioenergy market. This is to ensure that bioenergy realises its potential to fuel sustainable growth and progress as well as to prevent it enriching the already rich, further impoverishing the chronically poor and inflicting greater damage on our increasingly fragile environment.

The writer is director-general of the UN Food and Agriculture Organisation

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