



## **The UNCTAD Biofuels Initiative**

The production of biofuels - clean-burning, carbon-neutral fuels derived from sustainable agricultural practices - provides an opportunity for developing countries to utilize their own natural resources and attract the necessary foreign and domestic investment to achieve sustainable development goals. Promoting widespread use of biofuels would provide greater energy security, improved quality of life, economic development, opportunities for job creation and poverty alleviation, especially in rural areas. However, it is clear that the biofuels option depends on many factors and, hence, will provide different types of opportunities to different countries.

The UNCTAD BioFuels Initiative was conceived to offer a facilitating hub for programmes already underway in a number of institutions. While several initiatives already exist among UN and non-UN bodies, it was felt that a “meeting point” was necessary to share experience and provide support to developing countries. The Initiative, with its partners, will add value by providing interested countries with access to sound economic and trade policy analysis, capacity building activities and consensus building tools. The Initiative is tailoring national strategies based on specific national circumstances and needs. It will attempt to share lessons from success cases, as well as to illustrate problems encountered by developed and developing countries alike in dealing with the technical, political and economic aspects of biofuels. The Initiative will work closely with the private sector towards the ultimate goal of developing the business and sustainable development case for increased production, domestic use, and trade in biofuels. More specifically, the BioFuels Initiative will help assess the potential that specific developing countries have to engage in the growing worldwide production, use and trade of biofuels. In doing so, it will look at the possible opportunities and impacts on domestic energy policies, food security, environmental management, job creation and rural development. It will deal with trade flows, tariff regimes and market access and market entry issues affecting international trade in biofuels. It will assess emerging investment opportunities for developing countries, including use of the Clean Development Mechanism under the Kyoto Protocol. It will provide policy guidance, ideas and examples on how to overcome barriers when engaging in this new market. An International Advisory Expert Group will provide guidance for technical issues related to biofuels' production and international trade.

## 2006-2007 Work Plan

- Preparing a technical paper on biofuels trade flows and tariffs, including relevant non-tariff barriers;
- Preparing a concept note on biofuels as a development tool and UNCTAD's role and strategy in the field;
- Preparing a paper on how to best organize the emerging market for biofuels;
- Preparing a paper on baseline methodologies used in project proposals submitted for consideration as CDM project activities (in cooperation with UNEP-Risoe). The focus will be on approved baseline methodologies, hurdles encountered and feedstocks deployed for biofuel production;
- Preparing a paper on potential conflicts and/or synergies between agricultural production for food/feed uses versus energy uses (in cooperation with FAO and UNEP);
- Establishing cooperation with biofuel initiatives sponsored by other intergovernmental organizations (e.g. FAO International Bio-Energy Platform, UNEP, IEA, World Bank, UNIDO, among others) and/or by governments (G8/Italy Global Bio-Energy Partnership);
- Establishing cooperation with the Regional Development Banks in view of carrying out specific country/sub-regional/regional projects on biofuels;
- Establishing partnerships with applied research centres and NGOs aimed at sharing technical expertise and conducting joint activities (e.g., TATA group, UN Foundation, Energy Future Coalition, CENBIO-USP, IIED, WorldWatch Institute, among others);
- Establishing partnerships with the private sector aimed at assessing concrete biofuels opportunities in specific developing countries;
- Contributing to the setting up of the International Advisory Expert Group;
- Setting up a dedicated website for the exchange of relevant papers, posting of domestic regulations and experiences on biofuels and announcement of relevant meetings;
- Holding an UNCTAD intergovernmental meeting (Expert Meeting) on energy as a dynamic sector in world trade (29 November-1 December 2006), biofuels being one of the sub-sectors to be addressed;
- Participating at the CSD sessions addressing energy, trade and climate change issues as well as in other relevant international meetings on biofuels;
- Conducting an in-depth analysis of biofuels opportunities and potentials in a few developing countries.

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