

Biofuels



Business

connected with

poverty reduction

Guaymas Village, Honduras – Marco Tulio Colindres earns a living from his oil palm plantation near his village. He became increasingly concerned about the possible negative environmental impacts of working with oil palm and the opportunities for his children to continue the plantation business.

Marco Tulio is member of HONDUPALMA, a social enterprise comprised of 30 cooperatives that represent 600 small producers. In 2007, SNV and partners started working with HONDUPALMA on clean production of biofuels. HONDUPALMA became aware of efficient and clean processing methods: a compost technology was implemented to reduce water and soil contamination by the oil palm residues. SNV helped set up a Clean Development Mechanism (CDM) based on biogas production, which generated additional revenue.

As a result of these interventions, Marco Tulio earned an additional 5% on top of his income from the cooperative's revenues. Marco and his wife are also happy that the water contamination caused by the oil palm plantation has lessened significantly in their village.

Netherlands

Development

Organisation

SNV

Connecting People's Capacities

Sustainable biofuels production contributes to **poverty reduction**

Reducing dependency on fossil fuels, securing energy needs and mitigating climate change all contribute to an increasing demand for alternative energy sources, like biofuels. Derived from biomass resources, biofuels can provide a renewable and sustainable energy source for people and enterprises in developing countries and an opportunity for rural economic development.

SNV encourages biofuels production in developing countries as a means to poverty reduction. Through local organisations and companies, SNV targets small scale feedstock production for biofuels, while avoiding negative impacts on food security. SNV also helps influence policy decisions to ensure sustainable and inclusive development of the sector. Furthermore, through our initiatives with the private sector, we promote social and environmental issues as key elements in business strategies.



Tailoring biofuels to **feedstocks**

Since 2007, SNV has been shaping innovative biofuels programmes for Latin America, Africa and Asia, based on feedstocks in the following countries: Honduras, Nicaragua, El Salvador, Ecuador, Peru, Mali, Zambia and Vietnam.

Liquid biofuels are usually divided into ethanol and vegetable oils. Ethanol is mainly produced by fermenting and distilling biomass that contain high amounts of sugar, such as sugar cane and coffee pulp. Ethanol is mainly used in gasoline blending for the transport sector.

Biodiesel is mainly produced from vegetable oils and applied in diesel engines, pure or blended with regular diesel. Vegetable oils can be extracted by pressing and filtering seeds. Important oil producing crops are oil palm and jatropha, but we also work with local species, for example Corozo palm. For each feedstock, SNV is developing a specific value chain.



The business of **inclusion** and **value chains**

SNV works with several leading biofuels companies, designing and implementing Inclusive Business projects. We do this by building strategic alliances between small (rural) producers of feedstock and biofuels companies. These entrepreneurial initiatives contribute to poverty reduction, without losing the profit objective of companies.

In biofuels value chains, enterprises aim to maximise efficiency in their production and marketing processes. The business values of poor smallholders and entrepreneurs are often bypassed in the process. SNV ensures that small scale producers and their energy crops are incorporated into the biofuels value chains. We create lasting linkages between local farmers, companies and financial institutions.

We advocate for transparent and inclusive policies, at national and sub national level, in favour of vulnerable groups. To this end, we develop guidelines on the protection of (land) rights and interests of poor smallholders. SNV's local presence around the world makes us capable of addressing land tenure issues and protection mechanisms.



Sustainable production and use of biofuels have multiple **benefits**

Biofuels have various potential benefits, which are perceived differently according to the people and organisations involved. Through SNV's business models (emphasising social and environmental awareness) the sustainable production and use of biofuels:

Agriculture

- provides opportunities to utilise deforested areas;
- permits access to sufficient feedstock;
- allows integrated management opportunities, such as intercropping.

Economy

- increases market access, income and (rural) employment opportunities for poor smallholders and enterprises;
- allows access to finance;
- creates opportunities for carbon markets.

Energy

- reduces dependency on fossil fuels.

Environment

- reduces greenhouse gas emissions.



Share our goals? **Contact us!**

In addition to government, private sector and civil society partners, SNV also cooperates with a wide range of international organisations. These include the Netherlands Ministry of Foreign Affairs (DGIS), Inter-American Development Bank (IADB), World Business Council for Sustainable Development (WBCSD), United Nations Development Programme (UNDP), Food and Agriculture Organisation (FAO), World Wildlife Fund (WWF), the Humanist Institute for Development Cooperation (Hivos), Roundtable on Sustainable Biofuels (RSB), Cordaid and Fact Foundation.

To spread the benefits of a sustainable biofuels industry even further, we seek to collaborate with like-minded organisations willing to share knowledge, experience and resources.



SNV's role

Working with partners and clients, SNV's biofuel activities improve the living conditions of poor smallholders and entrepreneurs in the biofuels sector by:

- *Value Chain Development*, recognising and seeking to incorporate the business values of the poor in biofuels production and marketing process chains. This helps increase farmers' production, income and employment opportunities;
- *Inclusive Business development*, accelerating the role of private sector companies in poverty reduction, without losing their profit objective, through incorporation of lower-income populations into biofuels value chains and promoting sustainable biofuels standards;
- *Public policy development*, both at national and sub-national level, seeking sustainable and inclusive policy development of the biofuels sector, emphasising the importance of family farming and inclusive businesses;
- *Knowledge development* on national, regional and global levels (e.g. legal frameworks, impact assessments and feasibility studies) to influence public policies and business strategies. Our extensive knowledge bank helps us continue to innovate and optimise SNV services.

For more information, please contact us:

Website: www.snvworld.org
(click on 'Renewable Energy')

E-mail: info@snvworld.org

Useful websites:

SNV Latin America www.snvla.org
WBCSD-SNV Alliance www.inclusivebusiness.org

June 2010