

Advocacy for Sustainable Biofuels – Roles and Functions for UNCCD Actors in the Light of the 10-Year Strategic Plan¹

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The preparation of a strategic plan involves the identification of trends, opportunities and challenges that will need to be addressed over a given period of time. It is a forward-looking exercise that seeks to root institutions and actions both into the present and future. The preparation of the UNCCD Ten-Year Strategic Plan was no exception to that rule and the rich, substantive discussions that fed into the process, notably during consultations held at CRIC-5 in Buenos Aires, allowed those involved to foresee some of the current and future trends that will bear on the implementation and success of the UNCCD in the field, one of which was the take off of the global biofuels market.

Although biofuels have always contributed to a significant portion of energy use in developing countries –especially in rural communities – the combination of climate change and agricultural policies in the developed and developing world have led to their expansion worldwide, but especially in agricultural exporting countries such as Brazil and the United States. The opening of new markets for biofuels has led to socio-economic and environmental effects – both positive and negative – that are still not fully understood.

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This paper seeks to explore the connections between the development of the biofuels market and the implementation of the UNCCD in the context of the Ten-Year Strategic Plan. The first part provides an overview of the issues raised by the growth of biofuels trade. The second part seeks to connect these issues to objectives and outcomes of the strategic plan and to put forward concrete proposals pertaining to the roles and functions that UNCCD institutions can play within the mandates conferred to them by the 2008-2018 strategic plan.

Biofuels and Agricultural Trade: Exploring the Linkages with Land Degradation and Rural Livelihoods

The rise of the biofuels market raises questions similar to those raised by most other traded agricultural commodities for drylands and rural communities in the developing worlds. These questions include: how can poor rural communities seize new opportunities by accessing world markets and capturing increased market shares? How can small farmers compete with large, massively subsidised producers on world markets? What are the policy or infrastructure bottlenecks that prevent developing countries from accessing world markets? How can developing countries capture greater shares of the value chain? What will be the impacts of the rise of new commodities on food security, incomes and land value? What will be the effects on the scale and intensity of production? Will the rise in biofuels production lead to increased land degradation? Will small producers be pushed off the most productive lands following the consolidation of production into larger, more productive units? Who will be the winners and losers in the new context? Many of these questions fall directly within the purview of the UNCCD.

Until now the literature on agricultural trade and poverty has focused on how current trade rules result in an inequitable distribution of comparative advantages where developing country farmers, especially smaller ones, are chronically disadvantaged, and on the need to remove tariffs, quotas and subsidies that lead to such outcomes. This argument remains true in a large part and there are no indications that the Doha Round of trade negotiation will dramatically change this situation. Therefore we can expect that trade in biofuels will take place in the context of an uneven playing field where a few large, massively subsidised producers will capture the bulk of the world market shares. If we take current trade inequities

as granted, the question then becomes: how can dryland producers find a successful niche in the world market? What tools do they need and how best to support them?

Then, assuming that some countries, regions or producers successfully occupy niches in the world biofuels market, what will be the impacts of the shift to biofuels production in these regions? In a study conducted in 2005 with financial assistance from the Canadian International Development Agency (CIDA)³, we summarised the change process that occurs following the shift to traded commodities production by identifying two drivers through which agricultural trade can impact land degradation in rural drylands.

The first driver is the expansion and intensification of trade-oriented agricultural production. Trade expansion is often followed by a process of intensification of production, i.e. increased mechanisation, irrigation and use of agro-chemicals, decreased fallows and crop rotation that may not be consistent with sustainable land management and lead to further land degradation. Trade can also lead to the expansion of lands under production, often on fragile or marginal lands, thereby accelerating the land degradation process.

A second driver relates to the socio-economic causes of desertification. Following the expansion of trade-oriented production, farms may be consolidated into larger production units – often supported by foreign capital – that seek to capture economies of scale to be more competitive on global markets. The result of this complex process may be to deprive small farmers of the most productive land and water resources and to push them back to marginal lands where they might be forced to turn to unsustainable livelihoods that overexploit resources and accelerate land degradation. The shift of government subsidies to the export-oriented sector may aggravate this situation.

Based on this synthetic overview of issues, we can expect that the rise of the world biofuels market, which was unforeseen when the UNCCD entered into force a decade ago, will raise opportunities, risks and challenges for UNCCD implementation in the upcoming decade.

³ See Mayrand, Karel, Marc Paquin & Stéphanie Dionne, 2005. *From Boom to Dust? Agricultural trade liberalization, poverty, and desertification in rural drylands: The role of UNCCD*, Montreal, Unisféra International Centre. http://www.unisfera.org/?id_article=350&pu=1&ln=0

UNCCD actors and institutions will need to address these issues whether proactively or reactively.

In this context, the common goal of UNCCD actors should be to maximise the economic, social and environmental benefits that drylands may capture from the world biofuels markets. The sustainable production of biofuels in drylands will require special attention to its potential adverse impacts on land degradation, small farmers, food security and poverty in general. Appropriate policies and a strong focus on sustainable land management are therefore required. In order to reach these outcomes, a proactive approach is preferable to a reactive one. This means that UNCCD actors should define a common biofuels strategy for the 2008-2018 decade.

Biofuels and the UNCCD Strategic Plan: Strategy and Roles of Actors

Although the Ten-Year Strategic Plan does not directly mention biofuels, several of its objectives and outcomes indirectly point to a potential role for the Convention and its Parties in the development of biofuel-related opportunities in rural drylands (see appendix). The framework for implementation of the SP also attributes roles to UNCCD institutions that are relevant for biofuel-related issues.

The authors' view is that the UNCCD could, and should, develop a biofuels strategy consistent with the 2008-2018 Strategic Plan. This strategy, based on the mandate and comparative advantages of UNCCD institutions, could include the following elements:

1) Assess the potential and the impacts of different biofuel sources on land degradation in affected areas.

The expansion of biofuel cultures in drylands may have effects on land use and land management in affected areas that may intensify land degradation in some instances. Depending on the specific plants cultivated, soil condition, land management practices and other variables, the growth potential and the impact of biofuels cultures will differ considerably from one place to another. A first step would therefore be to assess the impact of biofuel production on land degradation in drylands. A parallel task would be to collect data and monitor the effects of the expansion of biofuel

production in drylands. Of particular interest would be the monitoring of land conversion to biofuels production or the expansion of production into marginal lands.

This task would neatly fall within the work programme of the CST under the new strategic plan.

2) Monitor and assess the impacts of local or foreign biofuel production on food prices, food security and rural livelihoods – especially for small farmers in affected areas.

Many have raised concerns that biofuel production might compete with food production and lead to a rise in food prices – or food shortages – that could threaten food security, especially in areas that are already vulnerable to food insecurity. While there is considerable debate as to whether these threats are real or potential only, it is essential for the UNCCD to monitor these impacts in areas under its purview.

In addition as mentioned above, the development of export-oriented agriculture – including biofuels – might generate positive as well as adverse socio-economic impacts, especially for small farmers. These impacts should be assessed and monitored to inform potential policy decisions.

These tasks fall within the mandate of the CST since they involve understanding the linkages between the natural and socio-economic conditions of land degradation. In addition, the CRIC could also play a useful role in documenting concrete experiences from the field.

3) Develop and promote an SLM-based dryland standard for biofuels with an eco-label to create a niche on world markets for dryland-produced biofuels, focussing on their strong poverty reduction component.

When it comes to exporting biofuels, many dryland economies are at a disadvantage when compared to large exporting countries as a result of various constraints such as higher production costs, lack of infrastructure, remoteness from large markets, competition from subsidised production, etc. Given that biofuels – like many other agricultural commodities – are essentially non-differentiated products, consumers will

seek to buy at the lowest price. One option then is create a niche market by generating additional value for drylands biofuels that would make it more attractive to buyers.

Such a niche market could be tied to the development of a new SLM-based standard for biofuels that would function in a similar manner as fair-trade or organic certified commodities. The challenge here would be to create an eco-label that would receive strong buy-in from industry, NGOs, scientific organisations and others. This eco-label would have SLM and poverty reduction as its core principles and set production standards for dryland biofuels. Once created, it would become a trademark for dryland biofuels and consumers and industry could commit to buying a proportion of their biofuels from drylands.

The development of a drylands biofuel standard and eco-label could be steered by the Global Mechanism, with support from the CST, Secretariat and the GEF. In the context of its role to explore innovative financing mechanism, the GM has for example already considered several niche markets for drylands products and developed expertise relevant to the development of a biofuel standard, such as that on trade, payments for ecosystem services and private sector financing. The GM's main role would be to mobilize public, private, NGO, scientific and institutional stakeholders in an open, transparent process that would lead to the creation of the standard and to stakeholder buy-in.

The CST, through its capacity to mobilize scientific expertise, could provide a solid scientific basis to the standard. The Secretariat could facilitate liaison with NGO networks as well as support the GM in advocacy efforts to convince stakeholders to endorse the initiative. Lastly, the GEF, which has shown interest in developing biofuels opportunities for developing countries, could support the initiative financially.

4) Assess and remove domestic impediments that prevent affected countries and communities from accessing world biofuels markets.

Several structural obstacles prevent affected developing countries – and in particular drylands poor rural communities – from accessing world markets. In many cases, the

lack of appropriate regulatory frameworks, sanitary and phytosanitary regulations, as well as inadequate trade and fiscal policies and bureaucratic obstacles act as structural barriers to trade. The lack of transportation or processing infrastructures, or the lack of market development capacity can also impede the development of a dynamic export sector.

The CRIC could assess these impediments and document and disseminate successful strategies that led to the growth of biofuels exports. The GM could also produce tools to assess and remove structural obstacles to biofuels trade.

5) Identify and promote best practices and success stories in dryland biofuel production.

The rapid expansion of biofuels production will generate several good and bad experiences in terms of SLM and rural livelihoods. These experiences need to be documented, understood and disseminated early so as to ensure the generalisation of best practices and to prevent the development of practices that lead to land degradation or the marginalisation of small farmers.

Such task would fall within the mandate of the CRIC.

6) Mobilize financing for the development of biofuel production in affected areas.

The greatest obstacle to the development of export-oriented agriculture in rural drylands is the lack of financial resources. Given that local savings are insufficient to generate domestic investment, external resources are needed to finance investments in agricultural productivity, processing facilities, infrastructures, marketing services, etc. Such resources could be mobilised from a mix of public and private funders provided that a strong business case is built for dryland biofuels.

This task would fall at the core of the GM's functions under the convention and the new strategic plan.

7) Advocate in international fora for a stronger share of the world's biofuel production originating from areas affected by land degradation.

Biofuels policies are largely determined by national authorities, but are developed in close relationship with climate change policies. It is likely that international biofuels standards will be developed in the upcoming decade, and that these standards will affect demand – and access to world markets – for drylands biofuels. Parallel to the development of a SLM/dryland standard and eco-label for biofuels, it is necessary to advocate for the inclusion of drylands biofuels in the world biofuels portfolio. Such advocacy is necessary to secure a significant proportion of the market and make sure that drylands will not be left out of this new market.

The Secretariat and GM, each within its own sphere of influence, should coordinate this advocacy initiative. Parties should also contribute to the effort in various international fora.

Conclusion

The growth of the biofuels market will impact countries and communities affected by land degradation and desertification in the upcoming decade. The key decision to be made as we are entering this decade is whether the UNCCD will be a proactive actor in the development of this market's opportunities for affected countries and communities, or whether it will adopt a more reactive approach where biofuels are considered a phenomenon outside the scope of this convention.

The potential for the development of a drylands niche market for biofuels exists. The willingness to develop it involves the development of a new entrepreneurial culture for this convention that seeks to develop and seize new opportunities as they emerge. In taking on this challenge, stakeholders might develop skills and expertise that will allow them to seize many more as the decade will unfold.

APPENDIX

Biofuels in the 2008-2018 UNCCD Strategic Plan: making the connections

This appendix succinctly presents some of the connections that can be made between biofuels and elements of the UNCCD 2008-2018 strategic plan.

Strategic objective 1: To improve the living conditions of affected populations

Expected impact 1.1. People living in areas affected by desertification/land degradation and drought to have an improved and more diversified livelihood base and to benefit from income generated from sustainable land management.

- The growth of dryland-based biofuels production could contribute to the diversification of livelihoods and provide new sources of income based on SLM.

Strategic objective 2: To improve the condition of affected ecosystems

Expected impact 2.1. Land productivity and other ecosystem goods and services in affected areas are enhanced in a sustainable manner contributing to improved livelihoods.

- Export-oriented biofuels production could attract investment to raise land productivity through the intensification of farming techniques, thereby leading to higher yields. However, such increases in land productivity should be consistent with SLM and not occur at the expense of land quality.

Strategic objective 4: To mobilize resources to support implementation of the Convention through building effective partnerships between national and international actors.

Indicator S-8: Increase in the level and diversity of available funding for combating desertification/land degradation and mitigating the effects of drought.

- Foreign revenues generated by biofuels exports could contribute to the diversification of sources of funding to combat land degradation in affected areas, provided that they transform into investment in the field.

Operational objective 1: Advocacy, awareness raising and education

To actively influence relevant international, national and local processes and actors in adequately addressing desertification/land degradation and drought-related issues.

Outcome 1.1: Desertification/land degradation and drought issues and the synergies with climate change adaptation/mitigation and biodiversity conservation are effectively communicated among key constituencies at the international, national and local levels.

Outcome 1.2: Desertification/land degradation and drought issues are addressed in relevant international forums, including those pertaining to agricultural trade, climate change adaptation, biodiversity conservation and sustainable use, rural development, sustainable development and poverty reduction.

- Advocating for a dryland/SLM based biofuel standard and ecolabel – and more generally for a larger share of the world biofuels markets originating from drylands – would fall directly in line with these objectives and outcomes.

Operational objective 2: Policy framework

To support the creation of enabling environments for promoting solutions to combat desertification/land degradation and mitigate the effects of drought.

Outcome 2.1: Policy, institutional, financial and socio-economic drivers of desertification/land degradation and barriers to sustainable land management are assessed, and appropriate measures to remove these barriers are recommended.

- Assessing the impediments to – and the impacts of – biofuels production to recommend appropriate policy interventions would fall under this objective.

Operational objective 3: Science, technology and knowledge

To become a global authority on scientific and technical knowledge pertaining to desertification/land degradation and mitigation of the effects of drought.

Outcome 3.3: Knowledge on biophysical and socio-economic factors and on their interactions in affected areas is improved to enable better decision-making.

- Assessing the interconnections between biofuel production, land degradation and socio-economic trends in affected areas would be in line with this outcome.

Outcome 3.5: Effective knowledge-sharing systems, including traditional knowledge,5 are in place at the global, regional, subregional and national levels to support policymakers and end users, including through the identification and sharing of best practices and success stories.

- The identification and sharing of biofuels best practices and success stories would fall in line with this outcome.

Operational objective 5: Financing and technology transfer

To mobilize and improve the targeting and coordination of national, bilateral and multilateral financial and technological resources in order to increase their impact and effectiveness.

Outcome 5.3: Parties increase their efforts to mobilize financial resources from international financial institutions, facilities and funds, including the GEF, by promoting the UNCCD/Sustainable land management (SLM) agenda within the governing bodies of these institutions.

- The GEF, the World Bank and others are already involved in the development of biofuels worldwide. These organisations could align their interventions in affected areas with the UNCCD-led standard and strategy.

Outcome 5.4: Innovative sources of finance and financing mechanisms are identified to combat desertification/land degradation and mitigate the effects of drought, including from the private sector, market-based mechanisms, trade, foundations and CSOs, and other financing mechanisms for climate change adaptation and mitigation, biodiversity conservation and sustainable use and for hunger and poverty reduction.

- Biofuels can become an important source of innovative financing in affected areas where they have most potential. They can be a vehicle to attract financing from the private sector, trade, foundations and market-based mechanisms.

Outcome 5.5: Access to technology by affected country Parties is facilitated through adequate financing, effective economic and policy incentives and technical support, notably within the framework of South-South and North-South cooperation.

- Technology transfer could occur through the development of biofuels production in affected areas through involvement of the private sector. Local biofuels production could also provide economic incentives to transfer processing technologies.