

GSB & LACAf August Meeting

LACAf 1.1 (Task 1 – Diagnosis) Report

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Main Conclusions of the August Meeting for LACAf 1.1 (Task 1 – Diagnosis)

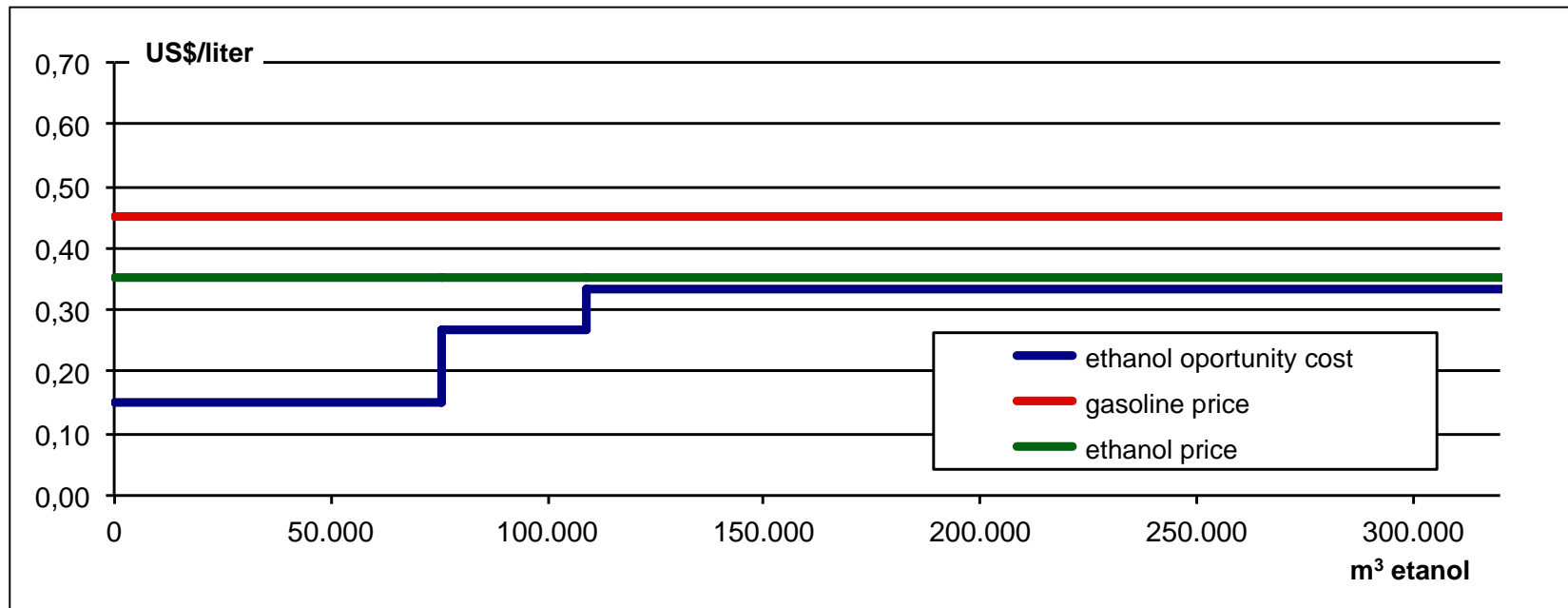
- There are 6 papers being written under the auspices of LACAf 1.1, among which two should be highlighted:
- Horta et al., *‘Diagnosis and integrated analysis towards effective public policies in biofuels: aiming to solve the paradox’*
- Cortez et al., *‘How energy and food securities can be improved in developing countries by producing sustainable biofuels’*

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- The first paper (Horta et al.) is aimed to policy and decision makers, with a synthesis of Project LACAf 1,
- It includes a revision of initiatives to introduce biofuels in developing countries and the set of integrated analysis tools to help defining and implementing biofuel programs

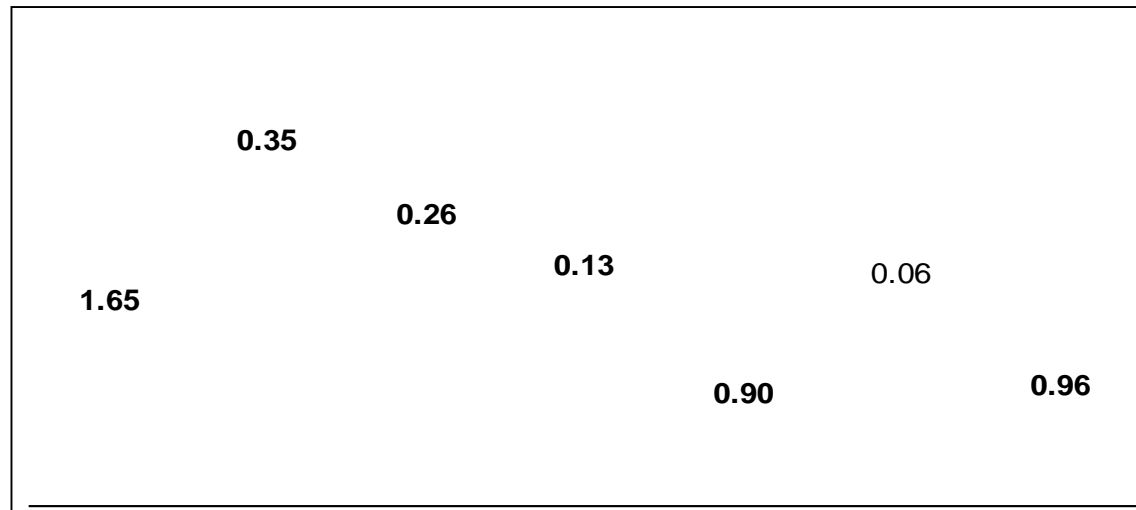
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- Elements of pre-feasibility analysis



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Ethanol price formation in Brazil

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Guidelines for implementing biofuel programs (preliminary)

- to promote biofuel production and use progressively, initially through blending and later through the straight use of pure biofuels;
- to develop bioenergy models that are integrated with other agro-industrial products, especially food and feed;
- to set proper automotive fuel specifications, harmonizing producers, distributors and customers perspectives;
- to establish alliances with downstream oil sector;
- to take into account the availability of by-products and co-products, such as cogenerated electricity, biogas, fertilizers and chemicals;
- to define a balanced tax regime and price-setting; and
- to reinforce the national R&D system, supporting the required technological changes, fostering innovation in agroindustry and follow-up on its evolution.

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- However, it still needs:
 - more modeling and more sophisticated analytical methodologies for ‘Integrated Analysis’
 - clearer mention in its concluding guidelines of the need for better communication plans when developing bioenergy projects
 - a more clear scenarios definition

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- Cortez et al.'s paper, on the energy and food security interface, will use counterfactual analysis in order to assess how food and energy security would have turned out in Brazil if it didn't have a National Ethanol Program
- This methodology will then be applied in other countries
- However, the paper needs more comprehensive definitions of the terms: food security & energy security

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- As for cooperation with partner institutions in LACAf countries (e.g. Colombia, Guatemala, Mozambique):
- Aida Lorenzo and Nicolás Zapata expressed interest in participating in these two papers, but insist that in order to have an impact in their countries, the papers need to dedicate substantial sections to them (e.g., case studies)
- Still, there is an urgent need to articulate the models and methodologies used in all LACAf papers together with the partner institutions, and agree on basic assumptions together, in order to collaborate on data gathering