

# Sustainable Energy and Climate Change Initiative (SECCI)



**Inter-American Development Bank**  
**US Department of Commerce**  
**June 19, 2007**

# *Why sustainable energy?*

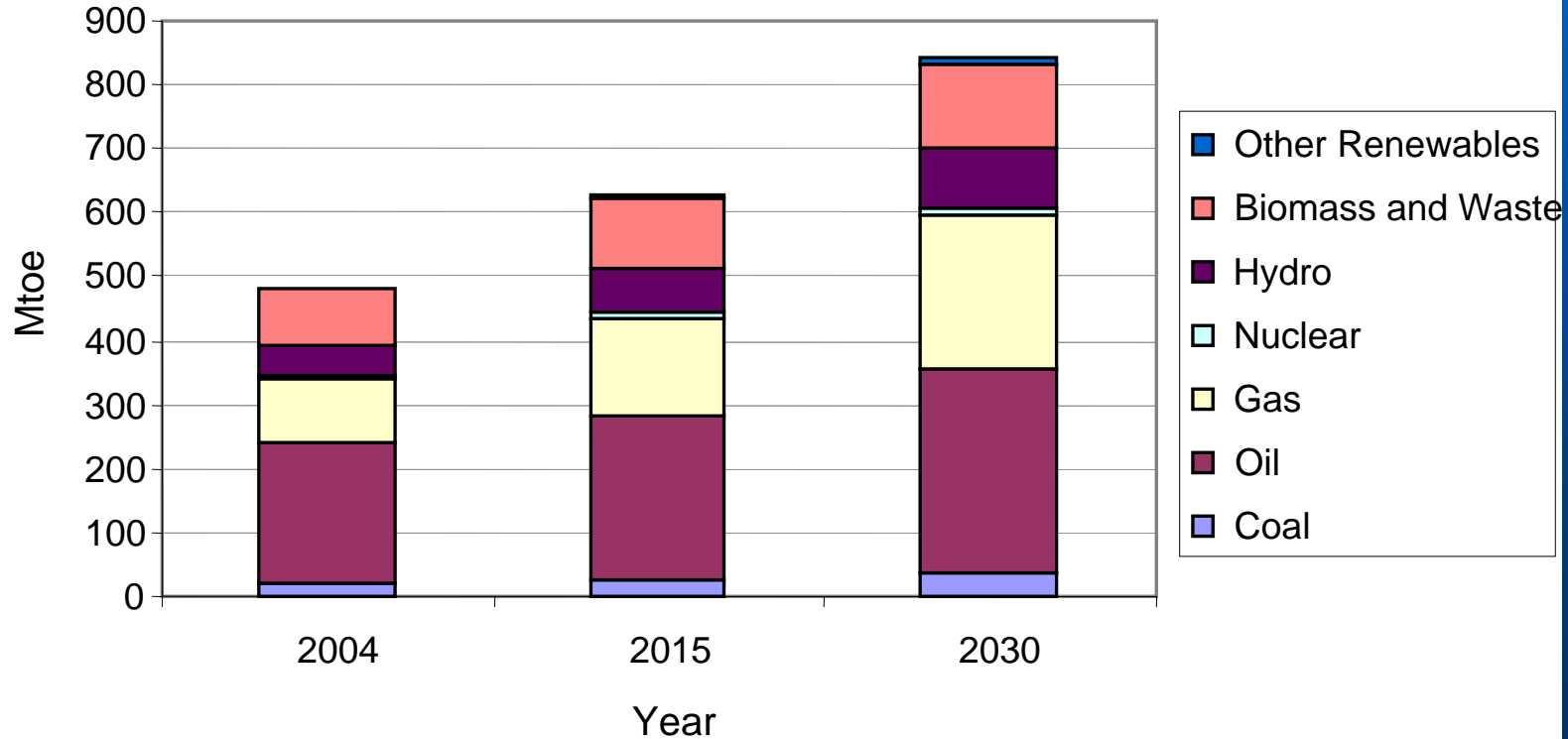
- Our region: Poverty is still higher than in 1980 in relative terms, and raised in absolute terms from 135 millions in the 80's to 200 millions in the 90's to 222 millions in 2004
- Prerequisite for economic development & poverty reduction: Poverty Relief linked to Energy consumption

# No country can reduce poverty without greatly increasing the use of energy.

- In the next decade, LAC will require a 50% increase in its installed capacity, more than 90GW
- Approx. 10% of total population does not have electricity (50 million people)
- Boosts poor people's productivity and thus their income
- Electricity helps improve health care and education for poor people.
- Challenge: do it in a sustainable manner, taking into account economic, social and environmental impacts.

# Towards the future: energy demand in LAC

Figure 1.4 Energy Demand in LAC (excluding Mexico), 2004 - 2030



# Biofuels is a part of an integrated strategy of the IDB

- **SECCI:** A response to LAC's request for an expanded role in sustainable energy and climate change in LAC.
- IDB contribution to the new international clean energy investment framework.
- Bank wide-initiative complementing the Bank's existing efforts in energy.
- Technical Assistance support for IDB project lending and policy lending

# Sustainable Energy: Necessary but not Sufficient

- **Biofuels are not a replacement for fossil fuels**
- **But an alternative with attractive and important benefits**
- **R&D will make biofuels more cost effective and reduce CO<sub>2</sub> emissions**
- **Stern Review**
  - **Importance of fossil fuels in the energy matrix**
  - **R&D for cleaner fossil fuels**

# The IDB Response...

Pillar 2: Biofuels  
Development

Pillar 1:  
Renewable  
Energy &  
Energy  
Efficiency  
(RE/EE)



Pillar 3:  
Increasing  
Access to  
Carbon  
Finance

Pillar 4: Adaptation to  
Climate Change

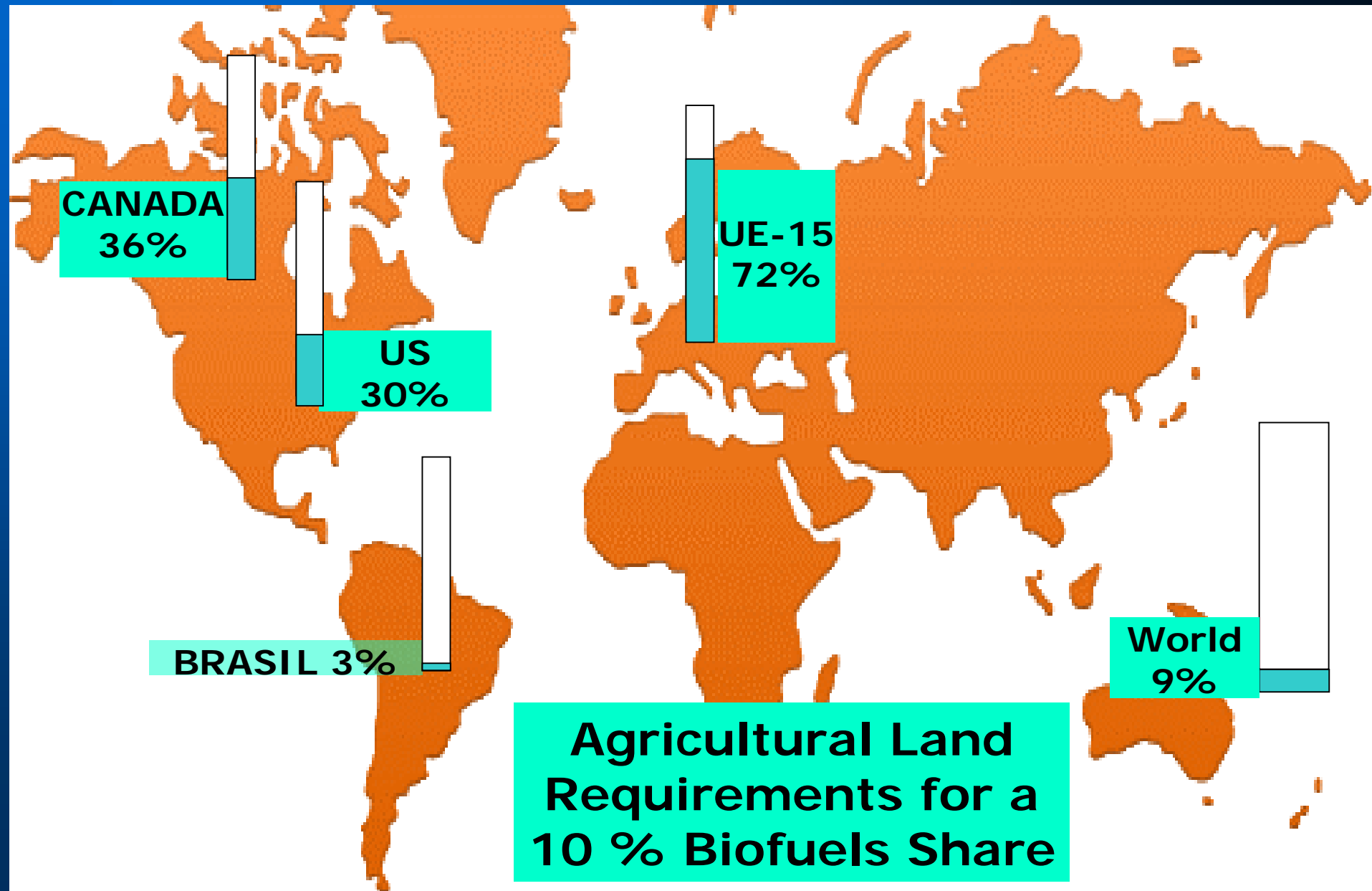
*SECCI-Pillar 2:*  
*Biofuels: Opportunities and*  
*Challenges towards Sustainability*  
*in LAC*



# Opportunities

- **Natural advantages**
  - Land availability in some countries
  - Low population density
  - Climate for feedstock cultivation
  - Agriculture efficiency
- **Diversification of energy matrix**
- **Environmental and health benefits**
  - Global and local
- **Rural development and rural employment**
- **R&D and innovation: competitiveness for the region**

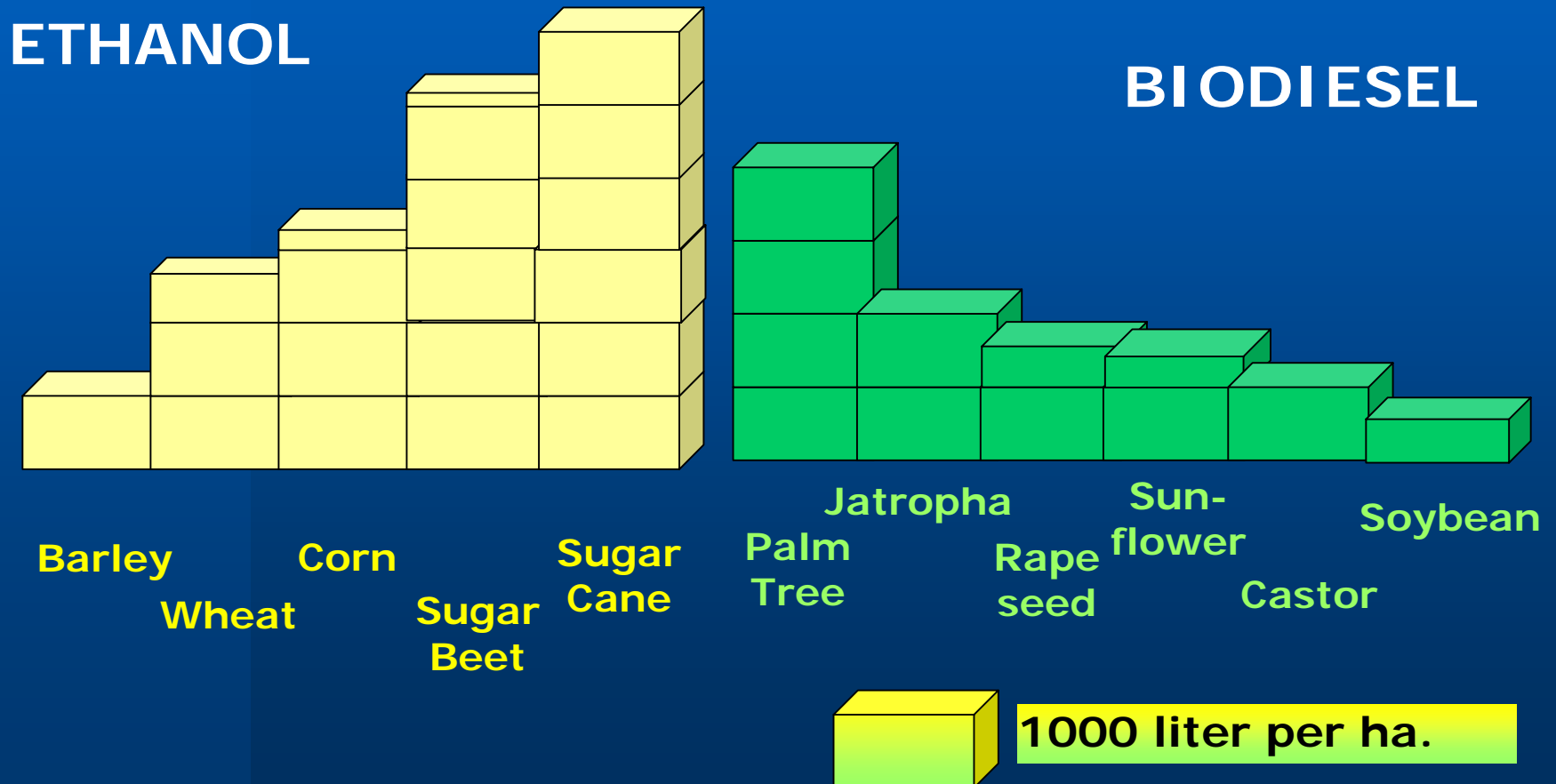
# Pillar 2: Biofuels *Opportunities*



**Agricultural Land Requirements for a 10 % Biofuels Share**

# Pillar 2: Biofuels *Opportunities*

## Biofuel yields on selected feedstock



# Challenges

- **Uneven country characteristics**
  - **Brazil**
  - **Medium-sized countries (South America and Mexico)**
  - **Small countries (Central America and Caribbean)**
- **International market access:**
  - **Tariffs**
  - **Technical, social and environmental standards**
- **Price volatility**
  - **Biofuel vs. oil price**
  - **Biofuel vs. food**

# Challenges

- **Domestic market potential**
  - Feedstock capability
  - Biofuel refining and blending capability
  - Market size, domestic vs. regional markets for feedstocks and/or biofuels
- **Environmental pressures**
  - Water availability
  - Land availability
  - Soil erosion
  - Loss of forest areas
  - Loss of biodiversity in ecosystems

# SECCI's Plan of Action for Pillar 2: Biofuels

- **Development of Internal Capacity and Expertise**
  - Biofuels Working Group (public and private sector of the IDB)
- **Analytical Advisory Services**
  - strategic assessments of biofuels feasibility
  - stakeholders analyses,
  - National blueprints in at least 10 countries
- **Investment Support:**
  - infrastructure biofuel facilities and associated development
  - **debt financing**
  - **guarantees and counter guarantees**

# SECCI's Plan of Action:

## Pillar 2: Biofuels

- **International Market Development:**
  - macroeconomic studies
  - develop technical and sustainability standards (economic, environmental, social and cultural)
- **Knowledge Management and Innovation:**
  - Information platform and webpage
  - promote information availability and dissemination in the region,
  - capacity building
  - technology development
  - Entrepreneurs of Sustainable energy
    - Technology Fair

# Biofuels Action Plan

## On-going and planned Activities





# Biofuels Action Plan

## On-going and planned Activities



# SECCI Funds

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- **IDB Fund (US\$ 20 million)**
- **IDB Multidonor Fund**
- **INFRAFUND**
- **PRI**
- **IIC**