



- In Cambodia and Laos, huge amounts of land have been signed over to private companies, many of them foreign, under leases in which the private companies promise to develop the plots and provide jobs.
- In Burma, there are stories about people being forced to grow agro crops on their own plots or to work on plantations, without any compensation given them in return.²
- Lands being used in support of local livelihoods – such as for food production - are claimed for biofuel crop production.

Biofuels are an emerging industry, and the rapid pace of its commercial development is currently outrunning the creation of policies that can sanction them. Without proper laws and regulations in place, there is a serious risk that the RRE offers not a solution against rural poverty but instead triggers a development which goes at the expense of the poor.

CONTEXT

- *GMS oil dependency*
 - During 1990 - 2005, the demand for oil in the GMS has increased by 149% and 177% for gasoline and diesel, respectively.³
 - Total increase of oil consumption in China, Thailand and Vietnam from 2001 - 2005 was 621.8 ('000) barrels/day, which is four times greater than their total production capacities of 155.0 ('000) barrels/day.⁴
 - According to the fast-growing demand in the GMS transport sector, the ADB considers biofuels as "the most feasible alternative to liquid fossil fuels."⁵

- *Biofuel status in the GMS*
 - In April 2007, Agricultural Ministers from the six GMS countries showed their interest in exploring new opportunities in bioenergy and renewable energy.
 - The six GMS governments have set short- and middle-term (2008-2020) targets to increase the production of bioethanol (for E10 and E20) and biodiesel (for B2 and B5) to supplement the demands on fossil fuels within the Mekong countries.⁶
 - GMS countries are currently at different stages of biofuel industrial processing; China and Thailand are in a commercialization stage; Cambodia and Laos are in an experimental stage; Burma (also known as Myanmar) and Vietnam currently have very limited production.⁷
- *Major energy crops in the GMS*
 - Agriculture forms a major sector in the economy of the Mekong countries. More than half of the population in the Mekong countries is still living in rural areas. Fifty-six percent (56%) of rural households in Vietnam, 85% in Cambodia, 92% in Laos and 93% in Burma, are actually already relying on biomass like fuel wood for cooking, heating and lighting, which they collect from their livelihoods and not from plantations.⁸
 - Since early 2000s, large-scale biofuel crops plantations have been encouraged by the GMS governments for commercial purposes.
 - Foreign and cross-border investment within the GMS are the main factors that contribute to the expansion of plantations. About 1 million hectares of land in Cambodia and 200,000 hectares in Laos have been rented and planned to be rented to foreign and private companies for biofuel crops plantations.⁹

Figure 1: Selected crops for biofuel production in the GMS

| Selected Feedstocks | Cambodia | People's Republic of China | Lao PDR | Myanmar | Thailand | Viet Nam |
|---------------------|----------|----------------------------|---------|---------|----------|----------|
| Maize/Wheat | | | | | | |
| Sugarcane | | | | | | |
| Cassava | | | | | | |
| Sweet Sorghum | | | | | | |
| Broken Rice | | | | | | |
| Palm Oil | | | | | | |
| Jathropa | | | | | | |
| Fish/Waste Oil | | | | | | |

| | |
|---|--|
| Developed, regulated used | Currently used, limited production |
| Developed, currently used | Currently used, not encouraged |
| Selected for use | Not used, not considered |

Source: Sombilla 2009:13

WHO IS AFFECTED? WHAT IS RELEVANT FOR DIFFERENT STAKEHOLDERS?

- Local communities in Cambodia and Laos have been displaced as a consequence of economic land concession programs (see below in the case of biocrops plantations and land concession in Cambodia).
- The energy consumption of countries like China, Thailand and Vietnam is growing. Local energy sources are insufficient to maintain this growth, and these countries are turning increasingly to the import of additional energy sources from Cambodia and Laos. Similar to the policies of developed countries (like those of South Korea, and the EU), the policies of these countries stress the production of energy crops abroad. This way, domestic conflict between food and fuel production is resolved by exporting the problem to poorer countries.

What is the Rural Renewable Energy (RRE) Initiative?

The RRE initiative promotes the use and production of renewable energy, especially biofuels, as an alternative energy source for fossil fuels in the GMS. The initiative was proposed by the ADB to the GMS governments in late 2006. Later in 2008, ADB provided technical assistance (TA) to the six GMS governments for developing national "strategies and options for integrating biofuel and rural renewable energy production into agriculture for poverty reduction." From 2007 - 2010, ADB has allocated about US\$5 million for efforts on promoting the RRE initiative.

RRE initiative is linked to the ADB's Core Agriculture Support Program (CASP). To support cross-border supply chains is one the main pillars that CASP is based on. In the CASP Phase II (2011-2015), ADB stresses that the RRE initiative complements agribusiness development and expanded cross-border trade.

WHAT IS THE ROLE OF ADB?

In relation to the RRE initiative, ADB has assumed a predominant role in response to the prospective impacts which may be caused by the growing scheme of biofuel plantations. In 2009, ADB released a set of policy recommendations concerning issues such as:

- Land Use policies: To focus on using abandoned land for biofuel crops plantations.
- Biofuel energy production and use policies: To regulate the proliferation of biofuel processing plants in the region and to take into account food security issues in the regulation of biofuel production.
- Area development and feedstock selection: To consider agro-characteristics and land suitability for biofuel crops grower schemes; to consider competition versus complementing food crops; to ensure that feedstock development plans fit within the socio-economic plan for the plan area.

CASE EXAMPLE

Biofuel Plantation and Land Concessions in Cambodia

"They lit the houses first, and then they shoot fired guns to scare people so they would run from the houses" recounts Ho Mai, who says she lost her house.

Ho Mai has tried to appeal to the authorities, but she was arrested for making trouble, despite being heavily pregnant. The authorities have accused her of farming on the land illegally. Her baby was born in prison.

Ho Mai is adamant that the plot of land is hers but she admits that she has no legal documents to prove it.¹¹

Over 20% of the Cambodian population today is landless and this number is increasing every year. Among the major causes of this problem is the Cambodian government's implementation of their policy on economic land concession.

The Economic land concession program was first introduced by the government in the early 1990's to grant state property land to the rural population for economic purposes such as mining, fishing, industrial development, and plantation activities. The goal of the government's economic land concession is "to provide free (non-use) land for agricultural and agro-industrial plantation, and processing for export, which is expected by the government to create the jobs and generate income for the people living in the rural area."¹²

The UN's Special Representative for human rights in Cambodia reports in 2007 that by the end of 2006, fifty-nine concessions, which cover an area of 943,069 hectares in rural Cambodia, have been granted to private companies and investors for the development of large-scale agro-industrial plantations.¹³

The total land areas which have been granted constitute about 15% of Cambodia's arable land. Over 150,000 hectares had been granted for bio crops plantations. The five major crops are palm oil (77,400 ha), castor oil (34,100 ha), sugarcane (27,700 ha) cassava (23,000 ha) and maize (14,500 ha).¹⁴ Most updated information reveals that jatropha is currently the major focus of investors, with over 1 million hectares cultivated area planned. Chinese companies are the biggest group of foreign investors, followed by Korean, Vietnamese, Malaysian, Singaporean and Thai.¹⁵

The detrimental impacts of economic land concessions on human rights and local communities' livelihood were raised by the UN in 2007. UN ascribes these negative impacts to the poor enforcement of land regulations in Cambodia. Detrimental impacts mentioned include the encroachment on agricultural and grazing land, loss of access to forest and non-timber forest products, forced displacements of people without proper compensation, the harming of cultural and spiritual significant areas, environmental destruction, as well as damaging impacts on the life and culture of indigenous people.¹⁶

ADB and BIOFUEL DEVELOPMENT

ADB and the Greater Mekong Subregion Program

SUMMARY

The Asian Development Bank (ADB) promotes biofuel development in the Mekong Region through its Rural Renewable Energy initiative (RRE). The overall goal of the RRE initiative is to "further reduce poverty, enhance food security, and improve welfare through greater access to energy in the rural areas."¹

The Bank assumes that investments in biofuels in the region have the potential to contribute towards poverty alleviation. Biofuel crops grower schemes offer the opportunity to diversify crop cultivation and integrate small farmers into a market economy. However, the reality as it currently occurs in the region is that there are too many worrisome issues arising that are in conflict with the Bank's expectations.

CHALLENGES

- Other regions in the world have shown that detrimental macro-effects of biofuels crop cultivation can occur, such as the following:¹⁸
 - Change in land use: As a result of the relocation of food production, deforestation, changes in vegetation-types and infrastructural changes (roads, ports, canals).
 - Change in land tenure: Through changed property relations and contract farming.
 - Food availability: The growing demand for biocrops competes with demand for food production and feedstock.
 - Loss of biodiversity: From natural resource exploitation and large-scale monoculture plantation.
 - Societal change: The displacement and migration of people would often lead to impoverishment due to the loss of employment through the conversion of small-scale/labor intensive cultivations into large-scale production.
- The ADB claims that plantations and agribusiness development are an important component of the ADB's Action Plan towards the realization of Economic Corridors. This is partly based on the fact that agriculture is the largest sector in the economies of the Mekong countries.
- The ADB invests in a network of roads, railways and transmission lines in the Mekong Region to improve the connectivity between the countries. The ADB refers to these as economic corridors instead of roads or railways, when these are cross-boundary and bundled with other infrastructure and industrial estate along their stretch. In order for plantations to be financially viable, economic corridors are needed to connect them with biofuels-processing plants in economic zones and with foreign markets. The plantations that are connected to these economic corridors should meet the ADB safeguards, according to Civil Society Organizations.
- In all the Mekong countries, a continuous rate of deforestation has been taking place, and natural forests are being replaced by tree plantations. If money from the UN climate funding mechanisms, brokered by the ADB, such as the Clean Development Mechanism and REDD+, is going to be used for biofuel production schemes, it could further worsen deforestation.



The ADB Safeguards and Accountability Mechanism Policies

The ADB Safeguards policies are supposed to guide all ADB operations so that they meet the Bank's minimum social and environmental standards. The ADB requires its clients to comply with these standards; otherwise the Bank may withhold the financing for the projects or activities that are not in compliance.

You can find the Safeguards on the ADB's website: <http://www.adb.org/Safeguards/default.asp>.

The ADB has created an Accountability Mechanism that holds the Bank accountable to its own Safeguards policies. It responds to grievances from citizens about the environmental and social impacts of ADB-funded projects.

You can find the Accountability Mechanism on the ADB's website: <http://www.adb.org/AM-Review/>

FURTHER READINGS

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Greater Mekong Subregion Program

The Asian Development Bank and the Greater Mekong Subregion program (GMS) are unknown among most citizens of the Mekong countries, in spite of the impact they create on many people's lives and on the natural resources that they depend on.

The ADB is a regional development bank that aims to achieve poverty reduction in Asia through the promotion of economic growth. It is a public bank supported by countries and their citizen's tax payers' money, and is therefore in a position to utilize money for investments.

In the Mekong countries, the ADB, through the GMS, has pledged a lot of money into building large-scale infrastructure such as roads, railways and high-voltage transmission lines, which are meant to facilitate private sector development.

The idea behind such endeavor is to enable the private sector to earn profit and therefore generate growth for the society as a whole. Furthermore, ADB

believes that a regional single market would generate more profitable business opportunities for companies than the local markets.

The ADB claims that the plantations and agribusiness development are an important component in the ADB's Action Plan for the realization of economic corridors. In order for plantations to be financially viable, economic corridors are needed to connect them with biofuels processing plants in economic zones and with foreign markets.

According to civil society groups, the market integration process in the Mekong lacks well-established and effective legal and decision-making frameworks. Plantations and economic zones cope inadequately with the environmental and social safeguards which borrowers of the ADB are obligated to follow. This creates the risk that infrastructure would be built at the expense of the environment and people's livelihoods.

Endnotes:

¹ See appendix 5 in Sombilla, M. A. (2009). Integrating Biofuel and Rural Renewable Energy Production in Agriculture for Poverty Reduction in the Greater Mekong Subregion: An Overview and Strategic Framework for Biofuel Development. <http://www.adb.org/Documents/Reports/Biofuels/biofuel-development-gms.pdf>.

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³ See table 3 in Sombilla ibid:6

⁴ See figure 3 in Ibid: 7

⁵ Ibid:8

⁶ See table 5 in Ibid: 9

⁷ See Ibid: 8-18

⁸ Ibid: 7

⁹ See TERRA (2008) Mono-crop Trees Find More Room Over the Border in the Mekong Region in World Rainforest Movement.

¹¹ BBC News, Asia-Pacific. (2011). Has Cambodia Become a Country for Sale? <http://www.bbc.co.uk/news/world-asia-pacific-12152759>

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¹⁴ Ibid.

¹⁵ See http://www.biomass-asia-workshop.jp/biomassws/05workshop/program/03_Paritud.pdf

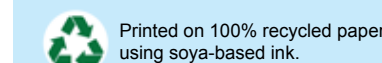
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Design, layout and printing were made possible through the assistance of the NGO Forum on ADB.



Printed in the Philippines