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Bio Fuels — Innovative Value Chains in Development Cooperation?

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Abstract

Despite permanent projections of raising food commodity prices, the prices for food commodities remain stable or fall. As the purchasing power based demand for food in most parts of the world is not increasing, but production increases are significant, the effects turn agricultural prices downwards.

Despite of millions of people suffering from hunger, for the world market reactions on food prices, these people are irrelevant. On the other side, millions of farmers suffer from de-pressed agricultural commodity prices due to a high market pressure caused by an ample supply.

As the demand in the food sector for agricultural products seems to be satisfied, other demand areas have to be taken into account. One is the use of agricultural commodities as a source of renewable energy.

The Bio energy market is forecast to show significant growth as current environmental drivers are increasingly supported by fundamental commercial interests. The most significant change is likely to come from an increase in energy prices. The increase of costs of conventional energy improves the competitive position of bio energy as a power source.

For the farmer in developing countries bio energy (for heat, electricity and transportation) may become a significant source of income generation. The emerging new value chain remains to be shaped to fulfil the criteria of sustainable development. Examples, criteria, and options are discussed.

Keywords: Bio fuel, commodities, development cooperation, innovative value chains, renewable energy