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Local Economy

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Binh Phuoc Bio-Ethanol Plant: Clean Fuel for Green Life

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According to the Bio Fuels Development Plan to 2015 and Vision 2025 approved by Prime Minister in Decision 177/2007/QĐ-TTg dated November 20, 2007, from 2011 to 2015, Vietnam will produce 150 thousand tonnes of bio fuels. By 2025, 1.8 million tonnes will be produced, meeting about 5 percent of national demand. Responding to the government orientation, **Orient Bio Fuels Company Limited (OBF)** was founded and is building **Binh Phuoc Bio-Ethanol Plant** in Binh Phuoc province. The plant is built in Minh Hung commune (Bu Dang district, Binh Phuoc province), one of the poorest in the province, which has not only contributed to create clean fuels for the market but also helped local residents improve their life.

Development motive

OBF Company was founded in May 2009, is a joint venture company between ITOCHU Corporation (49 percent), Petrovietnam Oil Corporation ("PVOIL") (29 percent) and LICOGI Joint Stock Company 16 (22 percent). Recognizing Binh Phuoc as a region with plentiful cassava, convenient location next to big material regions that will expand from Binh Duong to Binh Phuoc, since March 2010, OBF Company has built **Binh Phuoc Bio-Ethanol Plant** in Minh Hung commune, Bu Dang district, Binh Phuoc province. This project reflects the technology, capacity and strategic vision of Vietnam National Oil and Gas Group (PVN) on bio-energy development. The project belongs to "Implementation plan and programme of Bio-Ethanol projects" of PVN, to conduct "Bio Fuels Development Plan to 2015 and vision 2025" approved by the Prime Minister.

Binh Phuoc Bio-Ethanol Plant has total capital of US \$100 million, including articles: warehouse system of cassava input, grinding division, fermenting division, distilling and water extracting division to gain alcohol 99.7 percent, division processing water input with capacity of 10,000 cubic metres per day; sewage treatment division to ensure that sewage released into the environment meets standard A; tank to contain output, and others.

The factory mainly produces ethanol fuels to mingle into petroleum (from 5 – 10 percent). The key input is cassava collected mostly from Binh Phuoc (concentrating in 9 communes around Thac Mo lake, in three districts Bu Dang, Bu Dop and Bu Gia Map), partially from Dak Nong and Cambodia.

According to schedule, the plant will be put into operation in April 2012 with designed capacity of 100 million litres ethanol per year and consume about 240,000 tonnes of cassava slices. The entire ethanol output will be mingled into petroleum in Dung Quat oil refinery plant (Quang Ngai) to distribute in the nationwide market.

Working with farmers for profit

Guided by PVN Group, OBF will observe the policy ensuring buying price for farmers under the rules: first – ensure medium families with 2 hectares cassava, help them to move above the current threshold of poverty; second – compensate production cost and bring about profit. Income from cassava planting which surpasses the poverty threshold will help people to do other plans in the rest time. Director Pham Anh Tuan of OBF Company shared: "We set out equal or higher standardization to help farmers make better choice between planting cassava or anything else. When joining, farmers will be given a chance to escape from poverty since according to PVN's guideline, profit contribution to national budget accounts for 30 percent and the rest is to help farmers, to valorise 55 -60 percent of product price, which means farmers will receive such amount of money."

At the beginning of project, PVN Group will support establishing cassava plantation to make a variety suitable with the locality, with the instruction and technical assistance of engineers from Institute of Agriculture Science for Southern Vietnam. At the moment, the factory is raising a pilot 10 hectares in the factory and over 20 hectares in communes around Thac Mo Lake to pick the variety best suited to local geology.

From such, it can be seen that Binh Phuoc **Binh Phuoc Bio-Ethanol Plant** when put into operation will boost the whole region's development, especially Bu Dang district, since the factory needs a great amount of inputs, about 700 tonnes dry cassava per day (equal to 2000 tonnes fresh cassava per day), 300 tonnes fuels (coal, firewood, cashew husk), chemicals, enzyme, and uses 300 hundred labourers. Targeting economic development and to help improve local labourers' life, OBF gives priority to ethnic minority people and those living and working in Binh Phuoc in recruitment.

Not only succeeding in business, for many years, OBF also has been active in local social activities. Beside the Group's annual programme Communal Houses for Binh Phuoc province (about VND 1 billion per year), the company also joins charity programmes hosted by the province such as: contribute to build charity houses, giving Tet presents to poor households, etc.

Song Thanh – Truong Thanh

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