

The Impacts of Ethanol Blending and Indigenization Policies on Value Creation and Income Distribution along the Emerging Chisumbanje Sugarcane Bio-Ethanol Value Chain in Zimbabwe

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ABSTRACT In Zimbabwe, the Government went into a partnership with a private investor operating as Green Fuels in February 2009 to set up the Chisumbanje Ethanol Project. The Government legislates mandatory blending of petrol with ethanol from Chisumbanje and started from an initial five percent to a planned twenty-five percent. Using input-output (I-O) and counterfactual analysis approaches along the emerging bio-ethanol value chain, this paper analyses impacts of different policies on income generation and distribution along the value chain. The results show that as the blending level increases the private investor gets more and more net financial benefits compared to other economic agents and recommends that changes in shareholding and implementation of community share ownership mechanisms are potential approaches to address the skewed distribution of income along the chain.