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Wealth Creation and Distribution along the Emerging Chisumbanje Sugarcane Bio-ethanol Value Chain in Zimbabwe

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ABSTRACT Within the context of large scale investments on agricultural land for biofuels, this paper analyses the creation and distribution of value added and gross margins along the emerging Chisumbanje sugarcane bio-ethanol value chain in Zimbabwe. Using empirical data collected using different approaches, the study customised input-output modelling and multiple gross margin analysis to analyse wealth creation and distribution along this chain. The evidence shows that income distribution is skewed towards vertically integrated large corporates and this value chain in general is not inclusive of smallholder farmers. The private investor is getting more than seventy-three percent of the income that is generated along the whole chain while the rest is shared among the settler farmers, war veterans and the government agency. The pricing of US$4 per tonne makes primary production of sugarcane a loss-making enterprise, systematically this disincentivising any potential entrants into primary sugarcane production. The emerging sugarcane bio-ethanol value chain is not inclusive.