

## MARKALA SUGAR PROJECT<sup>1</sup>

**Region:** Africa

**Country:** Mali

**Crop/Feedstock:** Sugarcane

**Practices:** Contracts with local goods and service providers (CN); Fair and transparent pricing (FP); Integrated Food and Energy Systems (IF); Provision of improved agricultural inputs and/or equipment (PR); Development or improvement of local infrastructure (DI); Training and education programs (TE); Development or improvement of energy infrastructure (DE); Provision of energy for local and/or domestic use (PE); Gender-sensitive corporate conduct (GC); Gender-related corporate policies and programs (GP); Women in leadership positions (WL)

**Issues:** Local Food Security; Income Generation and Inclusion of Smallholders; Community Development; Energy Security and Local Access to Energy; Gender Equity;

The Markala Sugar Project in Mali is a Public Private Partnership (PPP) that will involve the development of 14 132 hectares of sugar-cane plantation to produce 190 000 tonnes of sugar, 15 million litres of ethanol and the cogeneration of 30 MW of electricity annually. The project's main objective is to enable Mali to be self-sufficient in sugar and therefore reduce imports with a direct positive effect on its balance of payment situation. The project will also have substantial development impact on the local population. The overall project cost is estimated at US\$ 540 million. The cost of the agriculture component (public sector) is estimated at US\$ 240 million, while the cost of the industrial component (private sector) is estimated at US\$ 300 million. On the public side, the donors include African Development Bank, Islamic Development Bank, OPEC Fund, Saudi Fund, Kuwaiti Fund and Korea Eximbank. On the private side of the project, lenders include the African Development Bank and IFC, and commercial banks.

**Issue:** Income Generation and Inclusion of Smallholders

**Practices:** Contracts with local goods and service providers (CN); Fair and transparent pricing (FP)



In order to ensure smallholders' participation, 40 percent of the overall sugar-cane plantation will be operated by independent growers. However, this shift from the current production of a number of cereal crops to sugar-cane monoculture presents two risks for the participants in this outgrower scheme. The first risk is linked to the specialization in one crop exposing farmers to price risk should the sugar market experience price fluctuations in the future. This is mitigated by the establishment of a floor price that protects both the mill and sugar-cane growers. Secondly, the reduction in crop diversity will increase the likelihood of crop loss to diseases and pests. However, exclusive sugar-cane monoculture will not be practised. Food crops and vegetables will be grown between the pivots on an estimated area of 1 250 hectares. In addition, 1 000 hectares of rice schemes

<sup>1</sup> The information included in this document is based on information provided directly by the producer, which was not verified by the Food and Agriculture Organization of the United Nations (FAO)

will be developed. This will contribute to improve food security and income levels for the local population.

**Issue:** Local Food Security  
**Practices:** Integrated Food and Energy Systems (IF); Provision of improved agricultural inputs and/or equipment (PR)

The project will enable smallholder farmers in the local communities to produce food crops. Indeed, 1250 hectares of food crops will be cultivated between the pivots and a rice scheme of 1 000 hectares will be developed. This will have a direct positive impact on food security in the area. .

**Issue:** Community Development  
**Practices:** Development or improvement of local infrastructure (DI); Training and education programs (TE)

The project will create a technology centre, which will encourage the population to stay in the area, therefore reducing rural exodus. The involvement of local communities as independent sugar-cane farmers will encourage greater ownership of the project by local communities and more harmonious and balanced local and regional development. In addition, farmers will benefit from the sprinkler irrigation system, which is justified by better water management and higher sugar-cane yields. Furthermore, the rice and vegetables crops schemes will enable farmers to diversify and secure their production with irrigation. It is expected that farmers' income will increase as follows: from CFAF 49 500/ha currently to above CFAF 439 000/ha for sugar cane, CFAF 340 000/ha for rice and CFAF 1200 000/ha for vegetable crops.

As part of the project's Environment and Social Impacts Management Plan (ESMP), a poverty alleviation plan (PAP) was prepared for communities affected by the project. This ten-year plan is a government medium-term commitment to assist 6 012 households from 85 localities of the MSP project area in pursuing or starting profitable economic activities and thus

contribute to the sustainable economic development of the communities with a view to achieving the Millennium Development Goals (MDGs). The PAP gives priority to identified vulnerable persons.

Within the framework of the PAP, the project will provide one dispensary, three schools, nine waterpoints, ten training centres, three equipped multipurpose centres, two hundred kilometers of pastureland, ten cattle inoculation centres, ten hectares of fish-farming ponds, ten village nurseries, fifteen warehouses, twenty shea butter presses and twenty shellers fully built or procured by the end of the project. This plan will enable the development of the outgrower scheme with a positive impact on food security in the area and in addition, the project will provide electricity to local communities.

**Issue:** Energy Security and Local Access to Energy  
**Practices:** Development or improvement of energy infrastructure (DE); Provision of energy for local and/or domestic use (PE)

The sugar mill will produce about 460 000 tonnes of bagasse, which will be used to produce steam for sugar processing and for co-generating electricity. The plant will generate up to 30 MW of electricity, of which 27 MW will be used to run the factory, power irrigation pumps, feed offices and residential units. The remaining 3 MW will be sold to *Energie du Mali* (EDM), the national electricity distribution company. As the national energy policy encourages independent



power production, excess power co-generated by the project will be sold to EDM for domestic distribution.

The project will also produce about 60 000 tonnes of molasses per annum. This will be supplied to the distillery to produce ethanol. The project envisages producing 15 million litres of ethanol per annum. Mali heavily relies on imports of fuels to meet its energy needs. The National Energy Strategy published in March 2006 has put emphasis on biofuel to reduce Mali's imports and consumption of fossil fuels. Oil companies and dealers are generally positive on ethanol blending to reduce Mali's cost of energy. Gasoline demand in Mali is currently estimated at 260 million litres per annum. A 10 percent blend would create demand for 26 million litres of ethanol against SoSuMar's production of 15 million litres. However, this will require government legislation of the E10 blend. No mechanical adjustments in the vehicles are required up to E10 blend but infrastructure required for blending, storage, distribution and sale of E10 blend should be also established.

**Issue:** Gender Equity

**Practices:** Gender-sensitive corporate conduct (GC); Gender-related corporate policies and programs (GP); Women in leadership positions (WL)

Project implementation took gender aspects into account by guaranteeing opportunities for women. Hence, of the 40 percent of the sugar-cane plantation (representing 5 562 ha) distributed to independent farmers, at least 20 percent will be reserved for women and youths as well as 50 percent of the 1 250 ha reserved for vegetable farming. In addition, at least 20 percent of the planned rice scheme will be allocated to women. The allocations will be made not only to women and youth heads of household, but also to persons grouped into associations, cooperatives and economic interest groups (EIGs).

Four multipurpose centres for women's empowerment will also be built, to serve as forums for information sharing and training. At these centres, women will conduct income-generating activities

(IGAs) through their associations, EIGs or individually. They will also be taught the requisite skills needed to efficiently run their IGAs. They will be guaranteed at least a 40 percent participation in mixed training sessions, study and business trips. Women will be involved in sugar-cane production operations, notably planting and weeding. This will increase their income. Furthermore, women will be specifically trained on the cultivation of specific vegetables.