

# **Financing Sustainable Bio energy Projects in Africa.**

**29 September to 1 October 2009**

**Dakar, Senegal**

**MARLI INVESTMENTS (Z)  
LTD**

**JATROPHA OUT GROWER SCHEME.**

# Goals and Objectives

- The goal of this project is to utilize the vast human and agricultural resources of Zambia, to mitigate the various energy problems using an environmental friendly project.
- The objective of this project is to establish the Company and Zambia as a world leader in the promotion, production and utilization of renewable energy resources.



# Strategy

To Leverage on Zambia's **vast availability of land** per citizen, **ideal weather, stability**, strategic **location**, grass roots and political **support**, the world **energy demand** crisis, **global warming** incentives, **feedstock-of-choice** trends and Marli's choice of **suitable partner/s** that will add value in terms of **project finance and technology**.

# Project Commencement

Marli Investments initiated research in April of 2003 and started planting in November of 2004, using cuttings from a few existing *Jatropha Curcas* trees, seeds and seedlings. The company opted to use the outgrower model, starting with a few farmers in the Kasosolo settlement scheme in chief Chamuka's area in the central province.



# Today's Situation



- Currently Marli Investments has distributed more than twelve million six hundred and fifty thousand seedlings/seeds to Out growers through out Zambia, which is being cared for as an asset by Small scale farmers.
- Vast enthusiasm is expressed by the local communities, schools and farmers, as illustrated by the Kasosolo Women's Club near Mulungushi Dam, who have already planted 950 500 trees. More than 25000 Out growers have already joined the project, with number of members growing .
- Devoted interest in the project is proven by the fact that farmers transport water by wheelbarrow for as far as 2 kilometres. (See photographs on next page.)
- The current modus operandi of the company involves that during the dry season training, lectures and the issue of seeds and seedlings, to people with wells take place, so as to establish a solid foundation for a high productive rainy season.

# Photographs





# Photos cont.





# Out Grower model.

- o The Marli investment business model is based on a out grower principle with the major emphasis on local ownership of the land and plantations.





# Operating areas

- Marli investment is currently operating in all nine provinces of Zambia with the view of expanding our presence further.
- Marli investment will eventually like to have a presence in all the district of all the provinces of Zambia so that all the people of Zambia can have an opportunity to benefit from this industry.
- Through out Zambia Marli investment have 96 Field Officers and more than 180 Coordinators working and promoting the this Jatropha project.
- We currently have in excess of 12,000ha in plantations and approximately 6500ha in seedling stage.



# Outgrower cont.



- Marli investment offers free of charge, training and seeds for the benefit of the farmers.
- in the long term, Marli investment through their huge net work of out growers will create self employment opportunities to both the farming communities and local transporters with light trucks to carry seeds to established collection points.
- The presence of Marli investment in rural areas will create opportunities for small scale business to improve as the local communities will have an extra source of income.
- Marli investment has a Jatropha production agreement with their registered farmers to buy all the seeds harvested and thus assures a ready market for the produce. The price offered by Marli investments relates to the current world oil price for crude oil (per barrel) and protects the farmers in relation to the price of their produce.

# Experience- Small Scale Farmers.

- Our experience has shown that there is enthusiasm amongst the small scale farming community to venture into the Jatropha industry, as unlike other crops, Jatropha offers an alternative income.
- Unlike crops such as paprika, cashew nuts, castor bean and others too numerous to mention, the Marli model offers contracts and seeds to small scale farmers at no cost to them. Therefore there is no repayment of any sort and the farmers are not under pressure to repay loans. The farmers obligation to Marli investment is limited to the sale of seeds to the company.



# Feedstock supply.

- Marli investments from the onset made a deliberate decision to ensure that the company is self sufficient in the supply of feed stock. It is for this reason that the company has for the last 5 years concentrated on feed stock production .
- As Marli investment, we do not see the sense in importing foreign seeds as our experience has shown that with the right approach this industry is self sustaining.



# land-to-citizen, location weather and stability



- superior land-to-citizen ratio
- no competition with food resources
- export potential
- ideal weather for the biodiesel feedstock .
- politically stable
- SADC member – free trade agreement

## **MARLI OGM.**

### **out grower model process**



- Chief's approval
- Government policy & strategy consideration
- Jatropha production agreement
- Training of farmers on irrigation, inter-cropping, growing .
- Supply of seed by Marli to farmers
- Seedlings grown by individual farmers
- Seedlings planted
- Verification of trees planted by Marli
- Crop yield delivered to Marli's collection points.
- Community development projects – 5% of profit.

# **BOARD OF DIRECTORS**

**H.E. Dr. K.D. Kaunda**

**Mr. H.M. Grobler**

**Mr. J.G.H. van Aswegen**

**Mr. K.R. Desai**

**Mr. A.E. Levin**

**Mr. A.W. Levin**

**Mr. E.C. Mulenga**

# Financing the OGM

- To date all the financing for the project has been facilitated by the board of directors, share holders and no external funding has been used.
- MARLI INVESTMENTS is still in the agronomy stage and is ready to move into the production of bio diesel but lacks the finances necessary.



# Finances – Current status.

- The project has out grown the finances available from the board of directors and share holders. MARLI is currently looking for partners to invest in the company to realize the full potential of the project.
- MARLI has the potential to become one of the biggest producers of bio diesel in Africa in view of the fact that MARLI has already invested in feed stock supply and has only used a fraction of the registered 800,000 small scale farmers.

# Finances – Constraints.

- MARLI has approached financial institutions and has not had any success in securing finances as this industry is deemed a green field industry. The complexity of the project does not make it easy for the financial institutions to fully understand the project.
- Some institutions are willing to finance the purchase of the production plant and equipment on debenture basis BUT are not willing to finance the agronomy side.
- **THE PRODUCTION SIDE CAN NOT FUNCTION WITHOUT THE AGRONOMY SIDE .**

## Finances – Constraints cont.

- MARLI's approach of not owning the Jatropha plantations or farm land is also a major factor in financial institutions hesitancy in funding the agronomy side.
- The gestation period from planting to harvest is seen as a big risk as there is no income during this period.

# **FINANCES REQUIRED.**

- MARLI's business plan is available and the requirement for both the production and agronomy side's is \$22 million (twenty two million US dollars).



The End BUT .....  
a start for a sustainable FUTURE.

THANK YOU FOR YOUR ATTENTION.

Kamal Desai

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