

The Production of Cassava Grits

Invest ₦1.5 million in setup costs and ₦6 million in annual operating costs, to produce 240 MT of cassava grits per year, and achieve an annual profit of ₦4.8 million after two years

Type of Investor

This investment is suitable for cassava processing clusters, aggregators and commodity investors

Market Opportunity

- With the growing price of maize, feed companies are increasingly looking for alternative agricultural products to use in their produce.
- Demand for cassava grits is consequently estimated to grow by 3% per year (ILRI), as feed companies realise the benefits of this cheaper alternative to maize.
- Africa's market for cassava grits could become a USD 2 billion a year industry on the continent (ILRI). As Nigeria is the largest producer of cassava in the world, investors in the country are well placed to capture a large portion of this market.

Business Model

Overview	Approximately 98% of Nigeria's cassava peels are currently wasted (ILRI) due to constraints associated with drying and concerns about safety of use. However, using a low-tech and low-cost method that has been tested by BIF, it is possible to transform 3 tonnes of wet cassava peel into 1 tonne of high quality, safe and hygienic feed ingredients. This opportunity involves converting waste peel into cassava grits to be sold to large off-takers, such as feed producing companies or poultry farms.
Setup and Operating Costs	<p>Initial Setup Costs:</p> <ul style="list-style-type: none"> – Processing equipment: ₦1,500,000 <p>Operating Costs (per year):</p> <ul style="list-style-type: none"> – Equipment leasing: ₦240,000 – Cassava Peels: ₦2,160,000 – Sorting: ₦720,000 – Processing Cost: ₦2,880,000 – Total: ₦6,000,000
Revenue Streams	Sale of cassava grits
Potential Customers	Feed companies, feed millers, large-scale farmers (e.g. poultry and aquaculture farms)
Potential Revenue	<ul style="list-style-type: none"> – Daily Output = 1 MT of cassava grits – Price per MT = ₦45,000 – Annual output = 240 MT – Annual Revenue: ₦45,000 x 240 MT = ₦10,800,000

Potential Profit	<p>Year 1:</p> <ul style="list-style-type: none"> – Costs: ₦1,500,000 (setup) + ₦6,000,000 (operations) = ₦7,500,000 – Revenue = ₦10,800,000 – Profit: ₦10,800,000 - ₦7,500,000 = ₦3,300,000 <p>Year 2:</p> <ul style="list-style-type: none"> – Costs: ₦6,00,000 (operations) = ₦6,000,000 – Revenue = ₦10,800,000 – Profit: ₦10,800,000 - ₦6,00,000 = ₦4,800,000
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Key Risks

Risk Description	Mitigation methods
Cassava yields are drastically reduced by natural disasters, especially drought	Engage with a large number of cassava clusters to ensure a consistent supply of cassava peel
Peel is not processed to the required standards, thus potentially producing grits with high levels of cyanide	Perform spot checks on the quality of the peel produced

Regulatory Environment

There are currently no regulatory requirements for cassava grits produced in their raw state. However, as regulatory requirements – set by organizations including NAFDAC and Standard Organisation of Nigeria – apply to processors’ end products, off-takers and large-scale purchasers will always ensure that high quality standards for the grits they purchase are met, especially the criteria that the produce is free from cyanide.

Key Contacts

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All numbers presented are estimates only. All investments are speculative and involve the risk of loss