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The Cassava Paradox

Navigating Gluts, Value Chain Gaps, and the Path to Industrial Scale

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Table of Content

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EXECUTIVE SUMMARY

Nigeria remains the undisputed global heavyweight in raw cassava production, generating over 62 million metric tonnes annually. Yet, this massive agricultural output exists as a profound paradox. *In mid 2026, a severe nationwide market glut has exposed deep structural fragmentation across the agricultural architecture.*

Raw root prices have crashed by *up to 75 percent in major production belts,* pushing primary smallholders into severe financial distress. Paradoxically, large scale industrial processors operate below capacity due to an uncoordinated supply chain and a localized shortage of quality raw inputs.

This research paper dissects the mechanics of the current market crisis. It maps the systemic blocks along the value chain, details the commercial profitability of processing configurations, and outlines a data driven framework to transition from volatile subsistence farming to stable industrial scale wealth.

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The Anatomy of the Cassava Value Chain

The domestic cassava landscape is characterized by an asymmetric structural split between traditional consumption markets and industrial utilization.

Primary Production:

Cultivation is overwhelmingly dominated by fragmented smallholder networks utilizing manual labor, family farming models, and limited mechanization. Yields average approximately 10.5 tonnes per hectare, significantly below the potential of 20 to 22 tonnes achieved by comparable global producers.

Traditional Processing:

Over 90 percent of harvested cassava is routed into local food applications such as garri, fufu, and abacha. While vital for national food security, this processing tier has a low threshold for absorption and reacts violently to seasonal supply surges.

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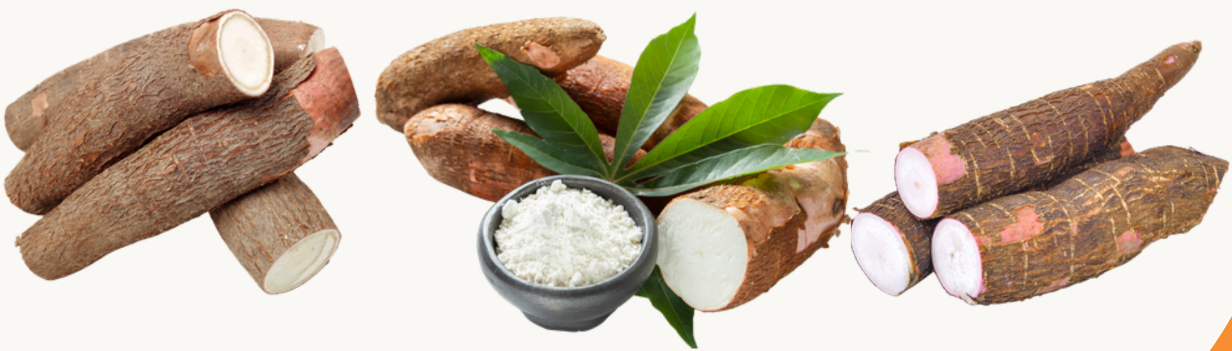
Industrial Processing:

This segment converts fresh roots into industrial feedstock, including High Quality Cassava Flour, native or modified starches, ethanol, glucose syrup, and livestock feed ingredients. This is the primary growth engine for the sector, yet it remains severely constrained by processing deficits.

THE SUPPLY CHAIN BOTTLENECK

- **Massive Production Base: 62.6 Million Metric Tonnes**
- **Logistics Squeeze: 48 hour perishability window + high transport costs**
- **The Divergence: 90% forced into traditional food gluts vs. 10% industrial capacity shortfall**



The Industrial Deficit and the Paradox of the Market Glut

The current market collapse is not a crisis of absolute overproduction, but a crisis of processing accessibility. Nigeria is a massive net importer of processed cassava derivatives, particularly industrial grade starch, despite leading the world in raw tuber volumes. *Local root surpluses cannot smoothly find their way into industrial production lines due to a severe mismatch between agricultural output and processing infrastructure.*

The Macroeconomic Mismatch (National Demand vs. Supply Profile)			
Cassava Derivative / Metric	**Estimated National Demand**	**Verified Local Supply**	**Market Deficit / Structural Dependency**
Industrial Starch	310,000 Tonnes	20,000 Tonnes	290,000 Tonnes met via foreign imports
Raw Root Production	High Volume Base	62.6 Million Tonnes	Suffers severe cyclical local market gluts
Bioethanol Forex Potential	₦3 Trillion Target	Nascent	Complete reliance on imported petroleum additives

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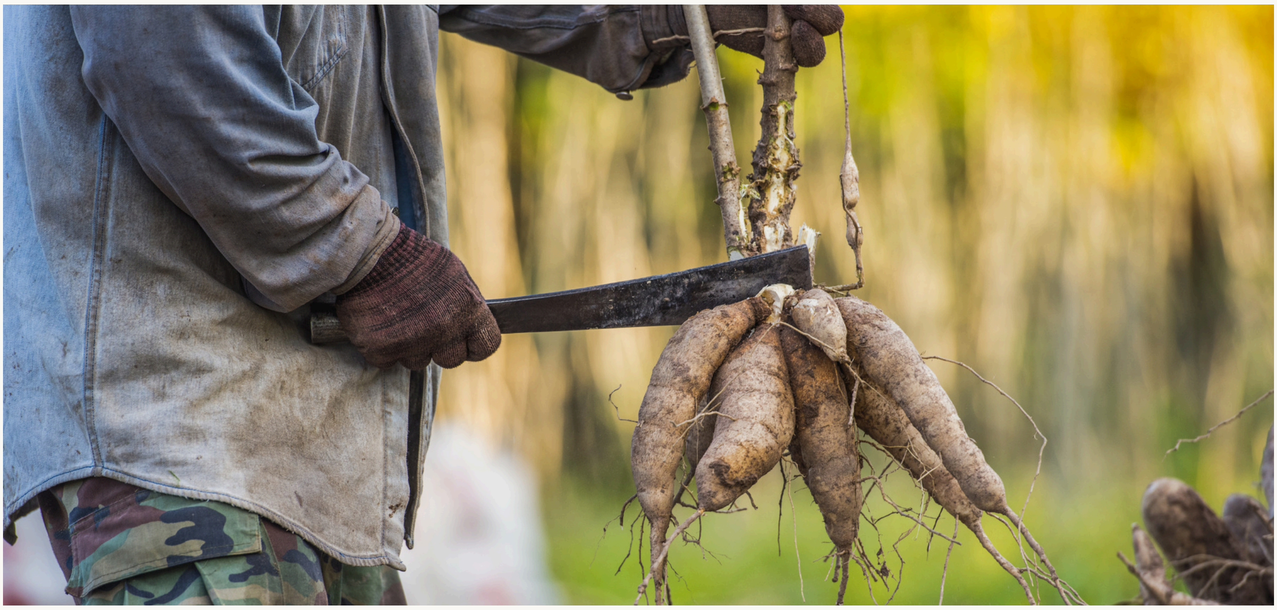
The Plight of the Primary Producer



Because raw cassava roots are highly perishable and *begin to deteriorate within 48 hours of harvest*, small scale farmers possess zero bargaining power when supply peaks. The lack of guaranteed off take agreements has turned the current bumper harvest into a severe financial penalty for farming communities across the country.

> This year, a pickup goes for ₦50,000. After transport, sometimes We are left with ₦20,000. That cannot even pay the people who helped you harvest. It turned into a buyers market overnight, and we are stranded.
>
> **CASSAVA FARMER, OGUN STATE**

Asset Value Depreciation Across Key Production Zones (2025–2026 Crisis)				
Region / Production Zone	**Asset / Metric Unit**	**Previous Peak Value**	**Current Market Glut Price**	**Net Value Collapse**
Kogi State	Transport Load (Pickup/Keke)	₦160,000	₦40,000	**-75%**
Edo State	Retail Food Volume (Paint Bucket)	₦3,200	₦700 to ₦1,000	**-68% to -78%**
Ogun State	Transport Load (Pickup/Keke)	Historical Baseline	₦50,000	**Net Negative Return** (Fails to cover logistics & labor)

As a direct consequence of this price crash, *farmers are leaving mature crops to rot in the ground, choosing to absorb a fixed loss rather than incur additional transport and labor expenses.* This creates a high risk of under planting in upcoming cycles, which could lead to artificial food scarcity and high market inflation next year.

> We had a good harvest, but the market did not favor us. Buyers kept pushing prices down, and moving the produce to town cost almost as much as growing it. Some farmers had no choice but to sell quickly because they could not afford to keep the cassava any longer.
>
> Cassava FARMER, EDO State

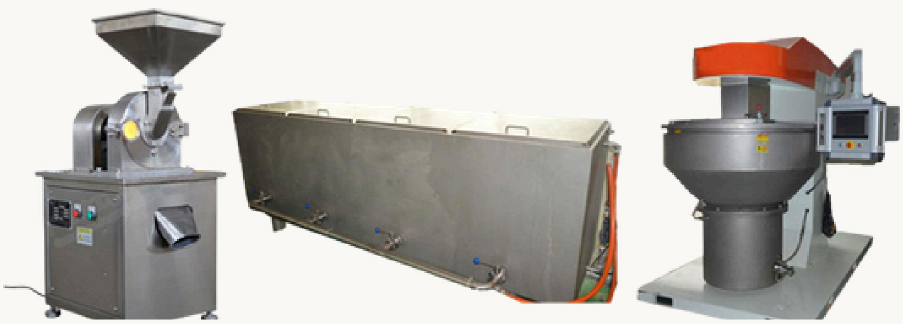
The Economics of Commercial Scale Processing

For agribusiness developers and investors, commercial processing offers excellent economic viability, provided plants are configured correctly and tied directly to stable supply lines. Operating margins remain strong because raw inputs constitute the largest share of operating expenses, meaning that low root prices lower production costs for efficient processors.

Processing Plant Project Configurations

Small Scale Entry Lines (5 to 10 Tonnes Daily Input):
Requires a capital configuration ranging between ₦30,000,000 and ₦50,000,000. This format is ideal for localized semi automated garri or primary flour processing.

Medium - Large Scale Commercial Lines (30 to 50 Tonnes Daily Input):
Requires a project outlay between ₦100,000,000 and ₦300,000,000. This utilizes fully automated flash drying and milling systems to produce starch and industrial flour.



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Verified Financial Expectations

OPERATING EXPENSE STRUCTURE 01

Raw material roots account for 60% to 70% of total running costs, while utilities and logistics represent 15% to 20%.

GROSS PROFIT MARGINS 02

Typically range between 25% and 35% under standard operating conditions.

NET PROFIT MARGINS 03

Average 10% to 15%.

CAPITAL RECOVERY TIMELINE 04

Project outlays are typically fully recovered within 3 to 5 years.

Strategic Interventions and the Road Ahead

Moving beyond the current agricultural impasse requires shifting from a raw commodity framework to a value added industrial model.

Macro Policy Support

In early 2026, the Federal Government launched the Cassava Bioethanol Value Chain Development Project. Spearheaded by the Ministry of Budget and Economic Planning, this program aims to integrate 14 million smallholders into the industrial energy sector. By blending locally processed bioethanol with petroleum products, the nation is positioned to save over ₦3 Trillion annually in foreign exchange, creating a massive, permanent demand floor for cassava roots.

Decentralized Primary Chipping

To break the 48 hour perishability constraint, operators can implement farm gate chipping and drying hubs. Slicing unfermented cassava into 3 to 5 millimeter flat chips and drying them to a 10% moisture content preserves the asset for long term storage, stopping the perishability clock. These stable chips can then be sold to local distilleries, feed mills, or shipped to international buyers in Europe and Asia.

Integrated Project Ecosystems (The Nucleus Model)

Future agribusiness operations should move away from open market reliance. By establishing a commercial nucleus farm that supplies 30% of factory needs and securing the remaining 70% through structured outgrower contracts with local smallholders, projects can achieve reliable pricing, input traceability, and stable margins, even during broader market gluts.

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With a team of experienced agronomists, project managers, and industry specialists, we bridge the gap between agricultural potential and commercial success, helping investors, organizations, and governments transform opportunities into thriving agricultural enterprises. Our mission is to drive food security, economic growth, and long-term value creation through innovation, expertise, and excellence in agricultural development.

Get in touch!

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