Inclusive Business Analysis

Enhancing young women participation in commercial cassava production in Osun State

Cato Foods | Nigeria I Cassava

Public report

August 2026

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catofoods



Disclaimer

This study examines the projected (financial) performance of Cato's Business Model and explores and recommends potential improvements and opportunity pathways. The findings in this report have been used by IDH, Cato, and involved value chain players to shape their strategy, project design, and future business models, but these organizations cannot be held accountable for meeting any targets included in the report.

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Introduction

Smallholder livelihoods

Agriculture plays a key role in the wellbeing of people and planet. 70% of the rural poor rely on the sector for income and employment. Agriculture also contributes to and is affected by climate change, which threatens the long-term viability of global food supply. To earn adequate livelihoods without contributing to environmental degradation, farmers need access to affordable high-quality goods, services, and technologies.

Inclusive Business Models

Inclusive Businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the pyramid, making them part of the value chain as suppliers and/or customers. These business models can sustainably increase the performance of farm(er)s while providing a business opportunity for the company. Using IDH's data-driven Inclusive Business methodology, IDH analyzes these models to create a solid understanding of the relation between impact on the farmer and impact on the company.

Insights & Innovations

Our data and insights enable businesses to formulate new strategies for operating and funding service delivery, making the model more sustainable, less dependent on external funding and more commercially viable. By further prototyping efficiency improvements in service delivery and gathering aggregate insights across sectors and geographies, IDH aims to inform the agricultural sector and catalyze innovations and investment in service delivery that positively impact people, planet, and profit.

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Women in Sourcing and Enterprise (WISE)

- African food systems face challenges but also major opportunities as food demand rises rapidly due to population growth and urbanization. Domestic production does not meet demand, leading to high imports and missed opportunities for local jobs and value creation.
- Transforming food systems can create more inclusive value chains and dignified employment, particularly for smallholder farmers, youth, and young women.
- The four-year **Women in Sourcing and Enterprise (WISE) programme** in **Ghana, Nigeria, and South Africa** aims to create jobs and income opportunities, particularly for young women, by strengthening agri-food value chains.
- It does so by building market demand through partnerships with off-takers, improving the business models of SMEs and farmers, strengthening production services and climate-resilient practices, and unlocking finance for underfunded agri-food enterprises. The programme also generates insights and learning to support the scaling of inclusive and commercially viable food systems.
- This Inclusive Business Analysis relates to a project that falls under the WISE Programme in Nigeria with Cato Foods.

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Abbreviations

ADP	Agricultural Development Programme
COFs	Community out grower farmer(s)
EoP	Economics of production
EBT	Earnings before tax
FSPs	Financial service providers
GDP	Gross domestic product
GP	Gross profit
HR	Human resources
HQCF	High-quality cassava flour
ICT	Information communication technology
IITA	International Institute of Tropical Agriculture
KPI	Key performance indicators
LGAs	Local government areas
M&E	Monitoring and evaluation
MoU	Memorandum of understanding
MT	Metric tonnes
NiMet	Nigerian Meteorological Agency
NGN	Nigerian Naira
PWDs	Persons with disability
PHL	Post-harvest losses
P & L	Profit and loss
SoPs	Standard operating procedures
SPC	Semi processing centres
USD	United States Dollar
WISE	Women in Sourcing and Enterprise
YOFs	Young out grower farmers

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Report outline

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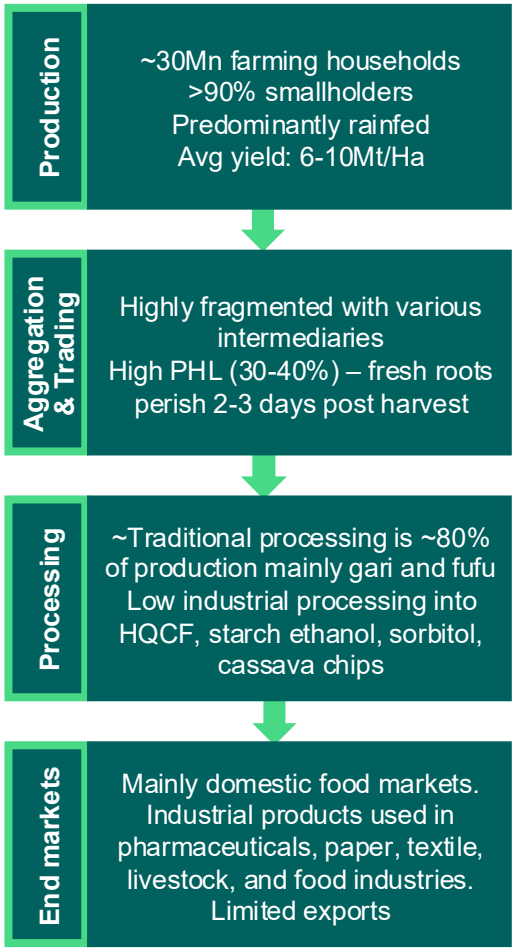
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Executive summary

Despite its global dominance, Nigeria's cassava value chain remains structurally underperforming with opportunities to boost production, value addition and trade

- **World's largest producer but structurally underperforming.** Nigeria produces ~63 million tonnes of cassava annually, 20% of global output, yet yields average just 6–10 t/Ha, less than half of Asian benchmarks, due to poor use of inputs, rain-fed systems, and fragmented smallholder production.[1]
- **Cassava is processed and consumed almost entirely as food.** Over 80% of Nigerians eat garri, fufu or akpu daily, absorbing 85-95% of total output[2], making Nigeria one of the highest per-capita cassava consumers globally (~130kgs/person/year)[3]. With limited industrial production, Nigeria is a net importer of cassava-derived industrial products like starch, flour, and ethanol.
- **Trade contribution is negligible.** Cassava exports totalled ~USD 1.15Mn in 2023[4] which is commercially insignificant for the world's top producer. Nigeria captures ~2% of the USD180 billion global cassava processing market[5], losing export value to countries like Thailand that process and trade at scale.
- **A socio-economic anchor crop.** Cassava underpins food security for 200+ million Nigerians, provides livelihoods for millions of smallholders across 24 states.[6]
- **Systemic challenges constrain value realisation.** Limited access to quality inputs, high post-harvest losses (30–40%), underinvestment in processing, poor rural infrastructure, price volatility driven by import policy shocks, limited access to finance, and growing climate risk collectively prevent Nigeria from translating its production dominance into economic value. Further, youth participation (particularly women) remains limited.
- **These challenges presents significant opportunities.** With potential intervention areas in commercial stem multiplication, mechanization and climate-smart agronomy, industrial production, circular economy (peel to feed), import substitution and export promotion.

Overview of the value chain[7]



1,6) Nigeria National AgriFood Systems Investments Plan (2026-2027); 2) Business Daily Nigeria,2025; 3)Article-Changing Food consumption patterns in Nigeria; 4,5) UN Comtrade Database; 7) Multiple sources

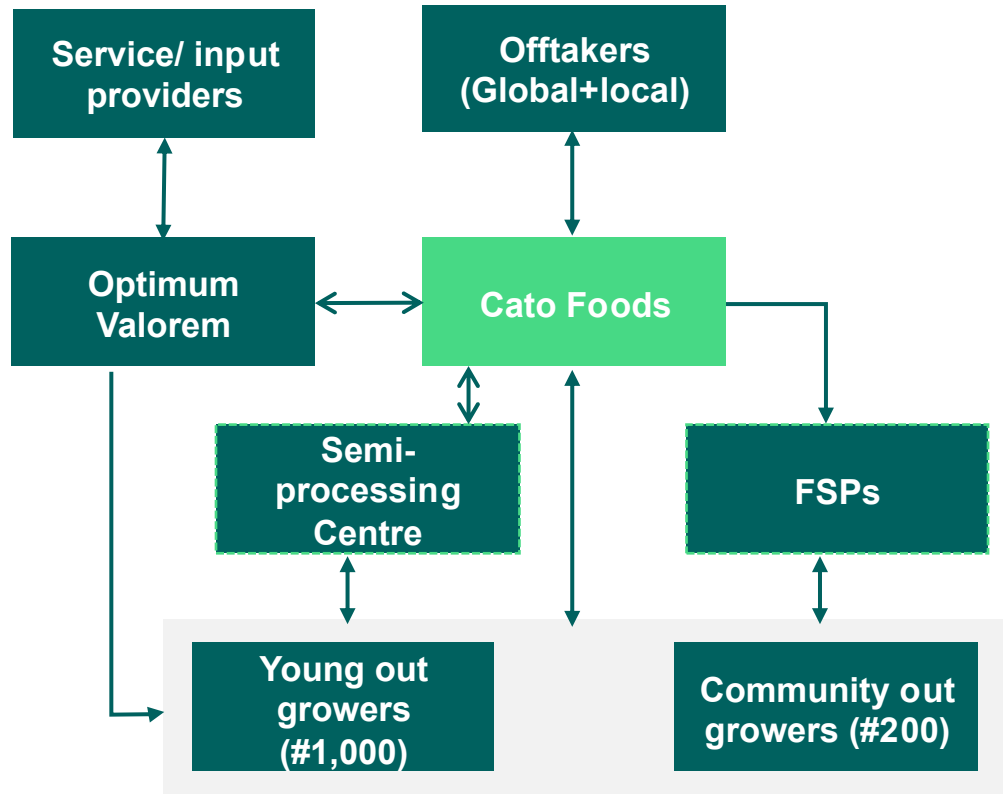
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Cato, an SME based in Osun state seeks to intensify activities in the value chain, working with young women farmers, and scaling its processing for both local and export markets

Cato Foods and Agroallied Limited (Cato)

- **Sourcing:** Established in 2014, Cato is involved in the production and processing of cassava products. It has historically sourced from community out grower farmers (COF) and aggregators. It plans to scale sourcing from young out grower farmers (YOFs) under the WISE project. Both COFs and YOFs are organized in clusters of 25 farmers with a cluster lead. Total sourcing is projected to grow from 1,800Mt in 2025 to 32,000Mt by 2028.
- **Products and markets:** Cato operates a 9,000Mt processing facility. Main products include garri, fufu, cassava flour and custard supplying these to both food and industrial global and local markets
- **Service delivery:** Working with their subsidiary company Optimum Valorem, and other service providers, Cato supports farmers to access a range of services on credit. To further scale access to services, the company intends to engage with financial providers for input loan provision.
- **Key challenges**: Key issues include inadequate cassava supply, high logistics and energy costs, financing challenges, and climate-related production risks. Overall, the company demonstrates strong organisational capacity but needs to further formalise and document key processes and systems (financial planning, M&E and data systems) and infrastructure to achieve envisioned growth.

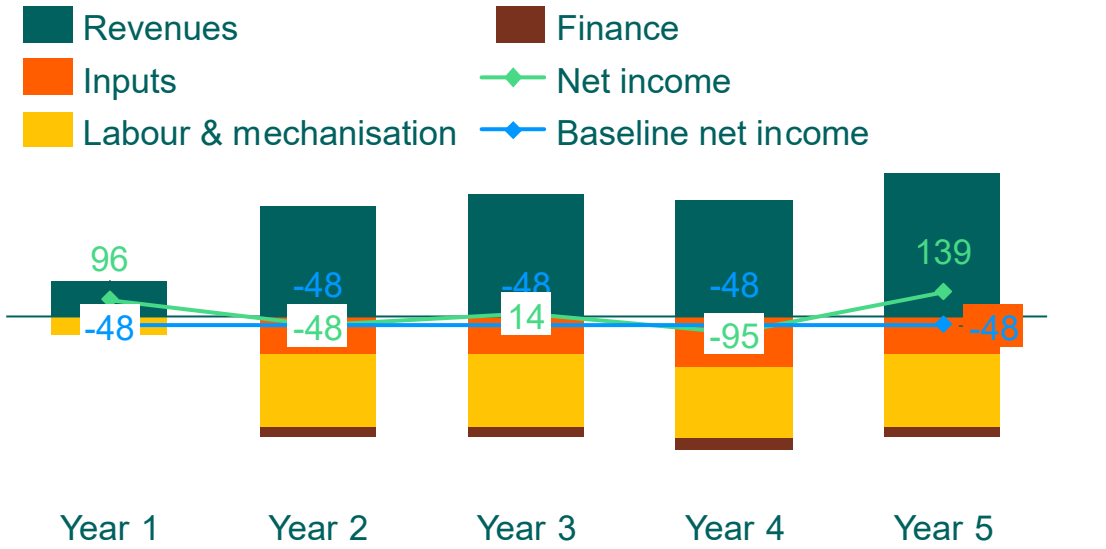
Overview of the business model



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However, weak farmer economics threaten the stability of the model with farmer incomes heavily influenced by productivity gains and prices which have been declining since 2024

YOF I Profit and loss (USD/farm)



YOF | Net income sensitivity analysis (USD/Ha)

Price (NGN/Mt) →

Yield (Mt/ha) ↓

	33,000	38,000	48,000	58,000	68,000	78,000
18	-302	-245	-130	-15	99	214
20	-248	-182	-51	80	211	342
23	-194	-120	27	175	322	469
25	-140	-58	106	269	433	597
28	-86	4	184	364	545	725
30	-32	66	263	459	656	852
33	22	129	342	554	767	980
35	76	191	420	649	879	1108

Starting yield (YR1)

Expected yield (YR5)

Profitable

- YOF's income is expected to increase by 50% to 30Mt/ha by YR5 driven by the support provided by Cato. Despite this increase, farmers are barely profitable due to depressed prices of cassava.
- With the withdrawal of the starter pack in YR2 and the introduction of finance cost, YOFs are expected to generate losses (USD 48/ha) despite the reduction in input costs (stems) and additional income from selling the stems.
- Overall, farmer income are highly sensitive to prices and although there is optimism about potential price increase, on average the prices have been declining since 2024 due to high production (glut) driven by the price spike in 2024.
- Nonetheless, supporting farmers with on- and/or off-farm diversification is an important avenue to improve farmer incomes and reduce the risks of farmer attrition.

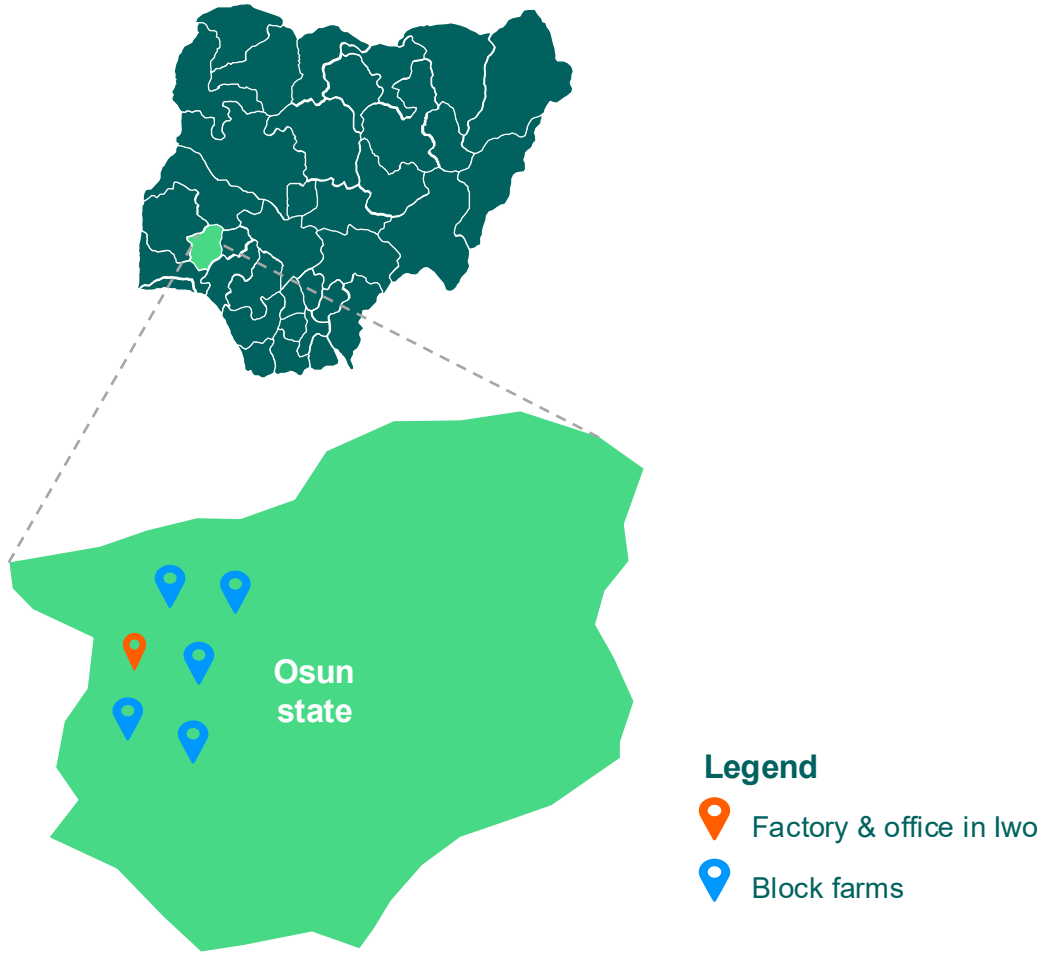
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Business model

Location | Cato's strategic location near cassava production areas creates opportunities to influence and scale farm-level production

Cato Foods footprint in Osun state, Nigeria

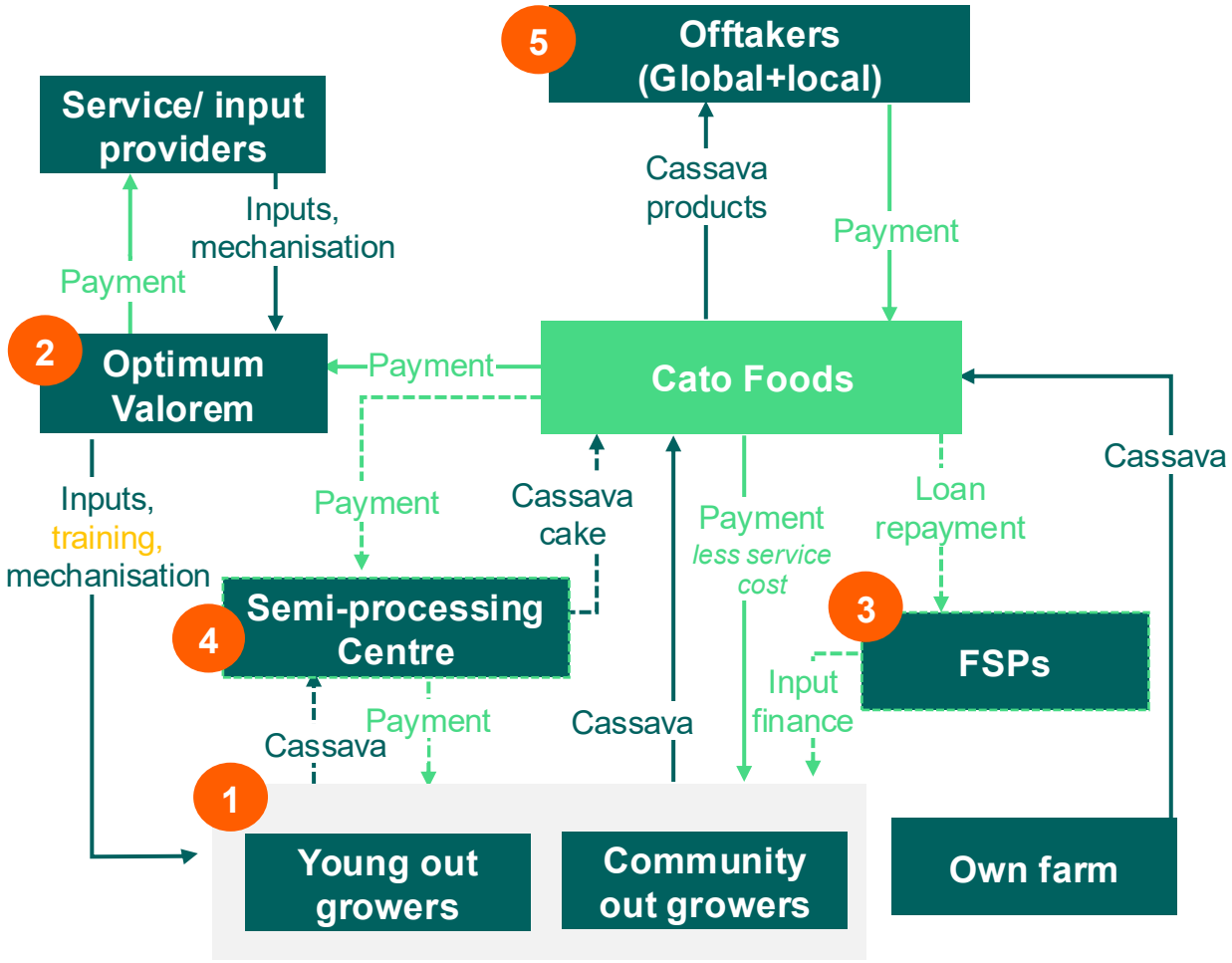


- Cato's administrative office and processing facility are in Ileogbo, Iwo, Osun state conveniently located near the production areas.
- Cassava production in Osun state is dominated by small scale farmers cultivating between 1-3 ha with lower yields (~11Mt/ha) compared to potential of 30-40Mt/ha.[1] Moderate rainfall, warm tropical climate and loamy soil make the region suitable for cassava cultivation. Farmers cultivate improved International Institute of Tropical Agriculture (IITA) varieties as well as local varieties such as Oko-Iyawo and Idileruwa.
- Cato sources from Aiyedire and Iwo Local Government Areas (LGAs), with farmer clusters across communities including Ikoyi-Kuta, Kuta, Ileogbo, Iwo and Gbongan. These locations form Cato's agri-business clusters, with farms situated relatively close to aggregation points and the processing facility, enabling a short route to market and reducing transport costs and post-harvest losses.
- Under the WISE project, Cato will engage ~1,000 young out grower farmers (YOFs), ~80% women, organized into 40 farmer/cluster groups. The YOFs will operate ~1,000 ha under a block farming model with block farms located in various areas within Osun state.

1) Status of cassava production, distribution and utilization in Osun state

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Business model overview | Cato aims to scale its cassava operations integrating young farmers into their business model by facilitating access to services and guaranteed market



1. **Sourcing:** Cato has historically sourced from community out grower farmers (COF) and aggregators. It plans to scale sourcing from YOFs under WISE. Both COFs and YOFs are organized in clusters of 25 farmers with a cluster lead. Cato also operates its 100ha nucleus farm. Total sourcing is projected to grow from 900Mt to 32,000Mt by 2028.
2. **Service delivery:** Cato supports farmers to access a range of services on credit through a business support service provider, Optimum Valorem Consult. The YOFs will be supported with a free starter pack* to kick start their operations.
3. **Input credit**: To scale access to inputs, Cato intends to engage with financial providers for input loan provision.
4. **Semi-processing:** As part WISE, semi-processing centres managed by the YOFs will be introduced close to the farms which will supply products to Cato and other offtakers.
5. **Products & Markets:** Cato operates a 9,000Mt cassava processing facility. Main products include garri, fufu, cassava flour and custard supplying these to both food and industrial global and local markets.

Legend (dotted future flow):

Goods/ services → Money → information

**Starter packs will be provided for 0.4Has and will include; cassava cuttings, fertilisers, herbicides, and one plough financed by the project*

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Services (1/2) | Through Valorem, Cato facilitates access to key services based on demand with repayment made both in-kind (cassava roots) at harvest and in cash

Category	Service	Impact	Implementation	Revenue model	Status
Training & information	**GAP training**	Improved yields and adoption of climate smart practices	Delivered through field officers/Valorem and demo plots across clusters	Indirectly through higher volumes for Cato. 1% of EoP for Valorem*	Ongoing
	Capacity building for Stem entrepreneurs	Continuous supply of quality cassava stems	Training designed for cassava stem entrepreneurs on stem multiplication	Indirectly through higher volumes for Cato. 1% of EoP for Valorem*	Ongoing
	Weather forecast information	Enable better production planning, water optimization and minimization of climate-induced risks	Real time weather information provided in collaboration with Ignitia and NiMET	None	Ongoing
	Market information	Empower farmers to make informed selling decisions	Real-time market information will be delivered through a digital platform integrated into ThriveAgric's AOS	None	Planned
	Entrepreneurship training	Shift the perception of young farmers from subsistence agriculture to agribusiness	facilitated by Nextgen and will include mentorship program and exposure visits	None	Planned

**Valorem charges 1% of the Economics of Production (determined jointly with the farmer) for extension services that include farm monitoring and advisory on a need basis*

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Services (2/2) | Through Valorem, Cato facilitates access to key services based on demand with repayment made both in-kind (cassava roots) at harvest and in cash

Category	Service	Impact	Implementation	Revenue model	Status
Inputs	**Cassava stems, fertilizers & agrochemicals**	Improved productivity and quality	The project will provide a free starter pack* for the first year (1 acre) distributed through field officers and the cluster leads. Inputs from second year (1 ha) will be supplied by Valorem	None in 1st year Margin on inputs from 2nd year (Valorem) recovered at harvest from Cato	Ongoing
	Land	Enable access to land for young women	Cato supports young women to secure block land within the communities	Indirect through higher volumes	Ongoing
Financial services	**Input credit**	Enable access to inputs leading to higher productivity	Valorem will provide inputs on credit to farmers on a case-by-case basis. Farmers need to be organised in clusters with group guarantee on the input credit. There are also plans to engage financial providers to scale the input credit offering	Margin on inputs (Valorem) recovered at harvest from Cato Interest earnings (FSPs)	Planned
Equipment & labour	**Mechanization**	Reduced labour burden and improved farm efficiency	The project will facilitate free access to mechanisation in the first year (1 acre) Valorem facilitates access to its leased tractors for subsequent years	Fee recovered at harvest from Cato	Ongoing
	Spraying services	Improved productivity	Provided by Valorem on credit on a case-by-case basis	Fee recovered at harvest from Cato	Ongoing

**the input package provided by the project covers 1 of 2 ploughs required by the SHFs, herbicides, stems, & fertilizer (1bag) for I acre*

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Stakeholders | The company works with a broad range of stakeholders to ensure effective service delivery to the farmers

Actor	Legal status	Function (within this model)	Revenue model (within this model)	Incentive to participate (Within this model)
Optimum Valorem Consult	Private company	Provide extension services and facilitate delivery of inputs & mechanisation	Service fees paid by the farmer	Expanded clientele base
Input suppliers	Private company	Supply herbicides and fertilizers and provide technical support and training	Margin on sale of input	Expanded market access
Mechanization service providers	Private company	Provide ploughing, harrowing & ridging as necessary	Service fees paid by farmers	Expanded clientele base
IBAD*	Private company	Provide training on GAP & cassava stem multiplication	Service fees paid by the project	Business growth
Next Gen Consulting	Private company	Help setup the structure of the cooperative and train the women on how to run it	Service fees paid by the project	Business growth
EERC**	Private company	Construct the semi-processing centres (makeshift)	Service fees paid by project	Business Growth
Financial Institutions	Public company	Support input financing schemes for farmers	Interest on loans	Portfolio expansion, access to new clients
Logistics Providers	Private individual	Transport cassava roots from farm to Cato's facility	Transport fees	Increased business volume

** International Business for Agricultural Development Limited (IBAD) **Environmental and Economic Resource Centre (EERC)*

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Farmer relationships | There is formal farmer engagement with established group structures to facilitate service provision and market access

Outreach

- Farmer field days run by Cato are used for farmer recruitment. The company also leverages the State Agricultural Development Programme (ADP) as well as local community leaders to reach and onboard farmers. In addition, radio broadcasts and social media campaigns are also used to reach potential farmers.

Selection

- Farmer selection criteria includes age and gender for the WISE project – targeting 80% young women and 5% PWDs. Other considerations for the community farmers include; experience in farming and availability of land.

Contracting

- Farmers are organised into clusters of 25 members each with a cluster lead. MoUs indicating the services provided and the repayment volumes for each member are signed between Cato, Valorem and the cluster lead with a group guarantee structure.

Segmentation

- There is no formal segmentation strategy. The company, however, classifies the COFs based on their service needs e.g., whether just inputs or inputs and mechanisation, on credit or in cash etc. This will be the consideration for classification of YOFs as well.

Graduation

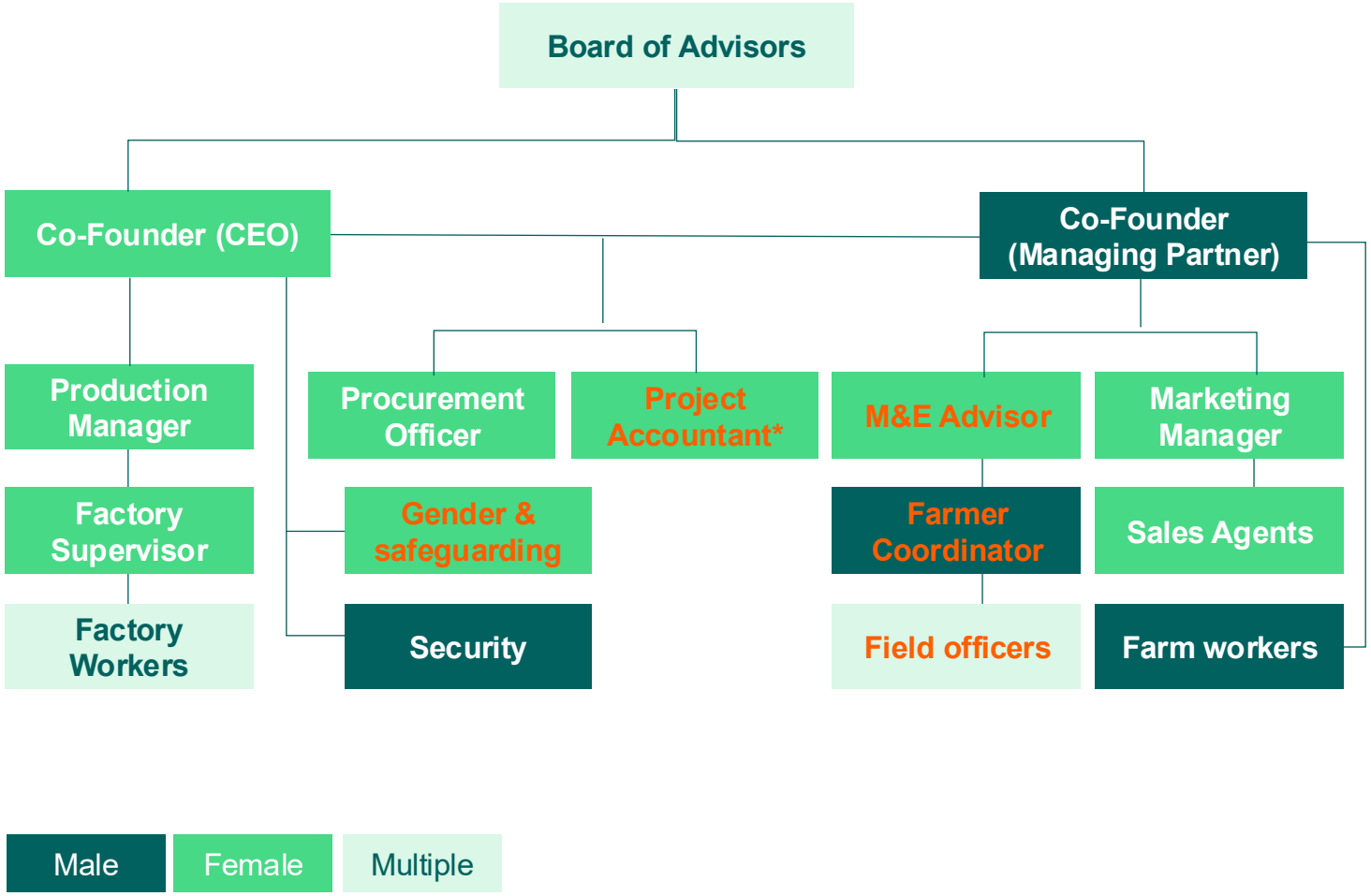
- Graduation is based on repayment rate and loyalty where service provision for better performing farmers is expanded to a bigger land size. The actual repayment and loyalty targets for graduation are however, not defined.

Data collection

- Farmer data is mostly collected and stored on excel. As part of the WISE project, the company will be collecting data through Thrive Agric AOS system including farmer biodata, performance data and potentially loan repayment details.

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Organizational structure | Cato operates a lean, women and youth inclusive structure with strong farmer engagement mechanisms

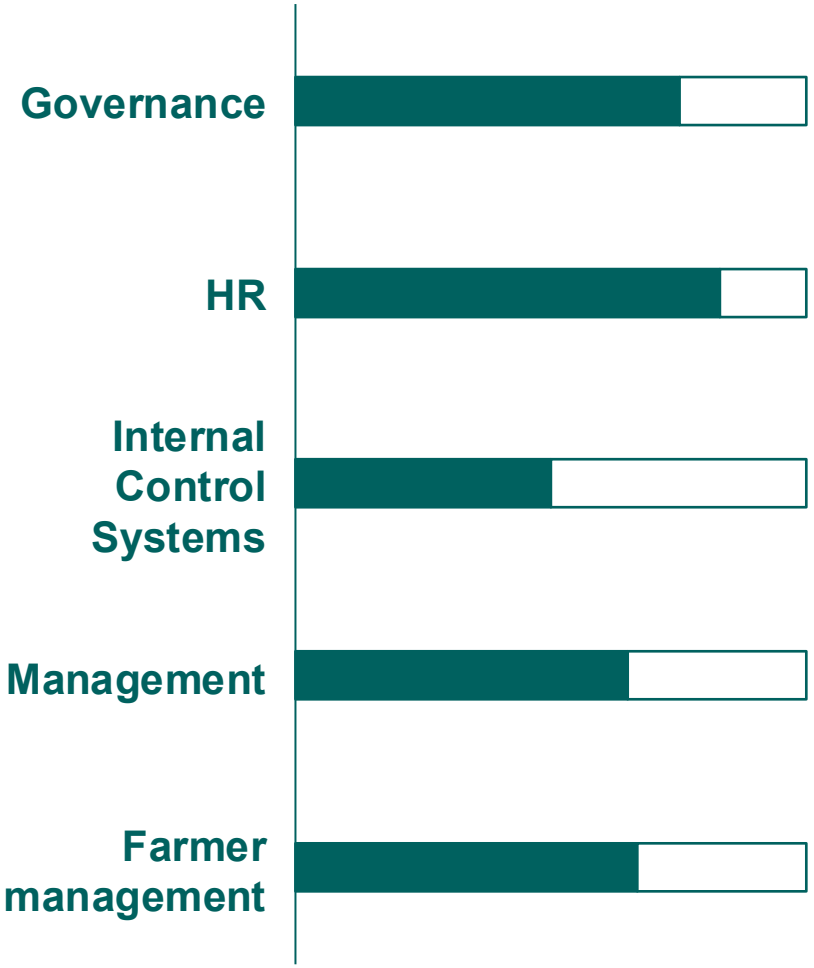


- Cato has a lean but growing core team of 23 with defined roles across all operations. It also employs up to 40 casuals during peak periods.70% of the staff are women while 83% are youth (below 35 years).
- Key farmer facing roles have been introduced to manage the implementation of the WISE project and will be retained at project end based on need. Cato however, continues to work with its subsidiary Valorem for farmer activities.
- The field structure is expected to operate at **~1:200 field officer-to-farmer ratio** much lower than the national average of **1:3,000**[1]. Of the 5 field officers only one is a woman although the company doesn't anticipate challenges with young women farmer engagement.
- The company is supported by a 4-member Board of Advisor with 50% women representation, providing financial, strategic, and agribusiness management expertise.

Source: Company documents, interviews. 1)Farmer perception of Agricultural Extension, 2020
*In orange, roles created specifically for the WISE project. *Overall company accounting is outsourced to a third party*

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Org capacity | While Cato has strong operational and governance foundation, enhancing capacity through robust systems, and formalised processes will be key for the planned scale-up



Source: Company Interviews, Organisational Capacity Assessment

Strengths

- Strong governance and strategic alignment: Clear vision, structured strategy (2024–2028), full regulatory compliance, and an experienced, independent advisory board.
- Farmer-centric and operationally strong model: Defined organisational structure with dedicated field officers, strong smallholder engagement, and well-established SOPs ensuring consistent, quality operations.
- Solid systems base (HR, financial, and digital): Comprehensive HR policies, improving financial systems (Zoho + audits), and strong ICT infrastructure supporting coordination and growth.

Opportunities for improvement

- Formalise and document systems: Enhance processes to improve documentation, scalability, clarity, and institutionalisation.
- Improve financial planning and controls: Address gaps in budgeting, internal audit, and consistent financial reporting to improve financial discipline.
- Strengthen continuity and leadership structure: Establish formal succession planning to reduce reliance on key individuals and mitigate operational risk.
- Develop M&E and data systems: Establish structured performance tracking, KPIs, and integrated farmer data systems to improve decision-making and impact measurement.

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Enabling environment (1 of 3) | Technology can enhance farmer engagement. However, environmental risks and infrastructure challenges threaten reliable and scalable sourcing

Category	Situation	Impact on business model[10]
Technology	• Digital agriculture platforms are expanding rapidly in Nigeria facilitating traceability and input distribution at scale. IITA's Cassava Disease Surveillance and AI apps (Nuru). actively support cassava farmers[1]. • Adoption of technology is limited by low digital literacy, inconsistent rural internet connectivity and low smartphone penetration[2].	• Cato engages with smallholder farmers, through mobile tools like WhatsApp for communication, training, and coordination. They also leverage apps like Thrive Agric for farmer management. However, adoption is still a challenge, as many farmers have limited access to smartphones, internet, or digital skills. Hence, Cato still relies heavily on field officers to bridge the gap. *Overall, technology is a strong opportunity, but its impact is currently limited by access and usage at the farmer level.*
Natural environment	• Nigeria is among the 10 most climate-exposed countries globally[3]; cassava faces a vulnerability index of 0.63 to drought and recurring flood risk.[4] Rapid flood-to-drought cycles have intensified since the 1990s and the number of extreme dry spells rising an estimated 28%.[5,6]	• Cato's business stability is affected by risks such as unpredictable rainfall, climate variability, and pest or disease outbreaks, which affects productivity, quality and supply consistency. This leads to higher sourcing costs and supply uncertainty. *Overall, climate unpredictability remains a key risk that Cato actively manages through farmer training and field support such as introduction of drought tolerant varieties*
Infrastructure	• 80% of Nigeria's road network is in poor condition[7], with seasonal road deterioration particularly severe in cassava-growing communities; rural electrification stands at only 26.3%[8], constraining cold storage, processing, and equipment use at the farm level. • The federal government of Nigeria in partnership with the World Bank has allocated $600m to rehabilitate rural roads under the Rural Access and Agricultural Marketing Project.[9]	• Poor road conditions, affect timely aggregation, increase transportation costs and lead to higher post-harvest losses. Limited access to reliable electricity also affects processing efficiency and increases operational costs as Cato relies on alternative power sources. However, proximity to some farming clusters is an advantage that helps the company maintain regular engagement with farmers. *Overall, infrastructure presents a risk, particularly in logistics and cost efficiency.*

Opportunity | Neutral | Risk

Sources: 1) Brookings (2025); 2) Business Day (2025); 3) Omokaro (2025); 4) Ayodele et al. (2025); 5) Francis (2024); 6) Ayodele (2025); 7) World Bank (2024); 8) Janghorban et al. (2024); 9) Adaji (2024); 10) Cato's Enabling Environment Survey (2026)

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Enabling environment (2 of 3) | Labor shortages and input constraints limit productivity with high competition affecting consistency of raw material supply

Category	Situation	Impact on business model[3]
Labor & workforce	• Labour is broadly available, but it is predominantly family labour and unskilled; rising rural-to-urban youth migration is tightening farm labour supply during peak seasons, pushing up labour costs and creating operational challenges at planting and harvest.[1] • Women play a significant role in cassava production and processing, and there is growing youth interest in agribusiness where they are supported with mechanisation, digital tools, and market linkages.	• Cato actively engages women and youth, which supports inclusive participation their supply chain. However, the company faces challenges such as labour availability during peak periods, rising labour costs, and cultural norms that can limit participation of certain groups, especially women in some communities. *Overall, while there is strong potential to build an inclusive workforce, labour constraints and social norms can affect inclusivity, productivity and consistency of supply.*
Inputs & financing	• Access to quality inputs (improved stems, fertilisers, crop protection) remains uneven, with cost and rural distribution as primary barriers; affordable credit is scarce for smallholders, with terms often unfriendly. • Growing interest from FIs and development partners in agriculture-focused financial products (value-chain financing, input credit) to increase access.	• Most of Cato's farmers have limited access to credit, which affects their ability to invest in improved inputs and expand production. This often results in lower yields and inconsistent supply for the company's processing needs. While there are some opportunities through partnerships and input support initiatives, access is still not sufficient or consistent. *Overall, inputs and financing poses a risk, particularly in ensuring reliable production and supply from farmers.*
Trading system	• Multiple layers of intermediaries control cassava marketing. This reduces transparency, cuts into farmer profits, and makes consistent traceability hard. Informal trading practices lead to information gaps that encourage price exploitation. Direct sourcing platforms are emerging in the value chain.[2]	• The current system often leads to price fluctuation and competition for raw materials affecting the company's ability to secure consistent supply from farmers. However, by working closely with farmers through structured onboarding and aggregation, Cato is creating a more direct and reliable sourcing channel. *Overall, the trading system poses a risk, especially in terms of price stability and supply consistency.*

Opportunity | Neutral | Risk

Sources: 1) IFPRI (2025); 2) Business Day (2025); 3) Cato's Enabling Environment Survey (2026)

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Enabling environment (3 of 3) | Price fluctuation, land insecurity and social barriers hinder productivity and growth and lead to high operational costs

Category	Situation	Impact on business model[5]
Pricing & competition	• In 2025, cassava farmgate prices collapsed sharply as cheap corn starch imports (facilitated by zero-duty policies) caused processors to halt purchases, leaving unsold harvests and creating farmer distress. • Multiple off-takers and middlemen compete intensely for farmer loyalty, with price volatility following seasonal patterns and external economic factors.[1]	• Fluctuating market prices and competition from other buyers make it difficult for Cato to secure consistent volumes from farmers. At the same time, offering fair and stable pricing helps the company build trust and long-term relationships with farmers, which is an opportunity for more reliable sourcing. *Overall, pricing dynamics pose a risk, particularly in maintaining consistency and managing costs.*
Institutional stability	• There is a strong recognition of the strategic importance of cassava with policies targeting value chain development with emphasis on industrialization. • Farmer-herder conflicts and insecurity in some farming areas disrupt operations, restrict farm access, and increase logistics costs.[2]	• Institutional stability supports Cato's operations allowing the company to consistently engage with farmers and carry out field activities. Occasional risks such as local security concerns or community-level disruptions, however, affect farmer participation and movement of goods. *Overall, institutional stability is an opportunity, but the company remains mindful of localized risks that could impact operations.*
Land tenure	• Nigeria's land governance system is fragmented across statutory, customary, and Islamic frameworks, with weak enforcement resulting in tenure insecurity.[3] • Land speculation and sub-divisions are reducing average farm sizes, constraining productivity.[4]	• The land system limits farmers ability to invest in long-term improvements, land expansion or use land as financing collateral. Existing access to land through community and family systems, however, still allows farmers to continue production. *Overall, land tenure poses a risk, particularly for long-term investment and scaling.*
Social norms	• Gender disparities, traditional norms, and low access to education and healthcare constrain the full participation of women and youth, despite women's significant role in cassava production and processing	• Social exclusion of women and youth reduces the labour pool accessible to Cato. *Overall, social norms offer an opportunity for inclusive impact but also pose risks that can affect productivity and equity.*

Opportunity | Neutral | Risk

Sources: 1) Procurement source (2026); 2) Ofoegbu (2025); 3) Tan (2024); 4) Olutumise et al. (2024) 5) Cato's Enabling Environment Survey (2026)

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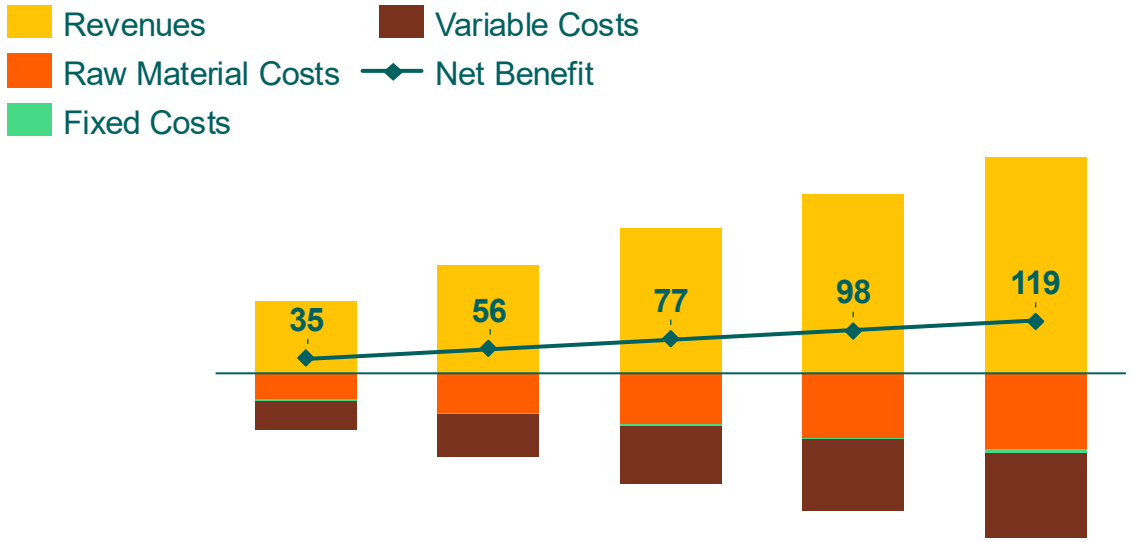
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Business Case

For business sensitivity reasons, we have excluded most slides in the business case chapter from the public report

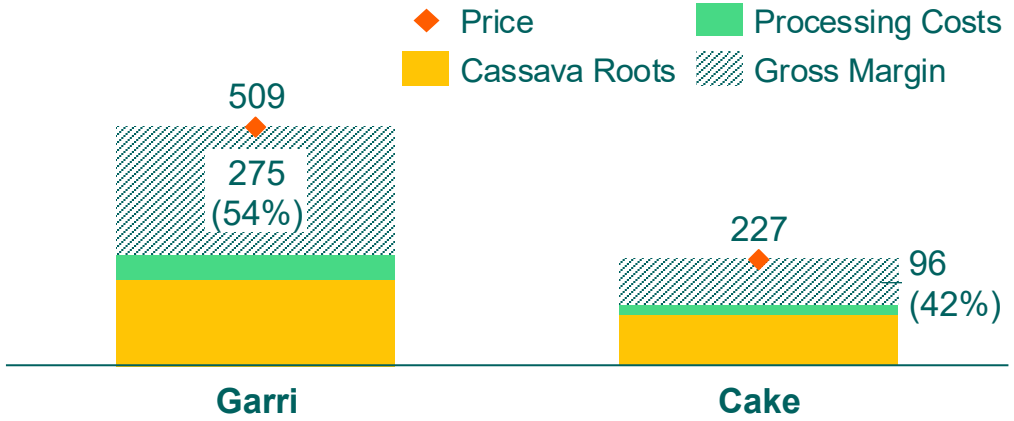
Semi Processing Centres (SPC) | While SPCs are envisioned to process both cake and garri, higher prices may shift production toward garri, thereby reducing the benefits for Cato

Net Margin Analysis per Centre ('000 USD/year)



	2026	2027	2028	2029	2030
Net Margin	*21%*	*23%*	*23%*	*24%*	*24%*
Cassava intake (MT)	*1,600*	*2,400*	*3,200*	*4,000*	*4,800*
Garri (MT)	*256*	*384*	*512*	*640*	*768*
Cake (MT)	*107*	*160*	*213*	*267*	*320*

Gross Margin Analysis for Cake and Garri USD/MT (Year 1)



- Cooperative run semi-processing centres are estimated to have a processing capacity of 16 MT of cassava per day. **At 33%** capacity utilisation in YR1, they more than break even, with a net margin of 21%. This is expected to improve as capacity utilisation increases.
- Cassava cake has a higher gross margin compared to garri. This is primarily informed by the price that Cato is willing to pay for cassava cake. Cato mainly intends to offtake cake with garri sold to the domestic market.
- An SPC is expected to employ 3 FTEs and to create opportunities for 18 casual staff every day.

Notes: Cassava roots are split 80:20 between garri and cassava cake. Transporting cake from the processing centres to Cato's factory minimises per-unit transport costs and increases the efficiency of the high-quality cassava flour production process. At its peak, an SPC is expected to operate for 300 days a year.

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Impact Case

Farmer segments | Two farmer segments have been established based on gender and age of the farmer, years of farming, land status and the intensity of support provided by Cato

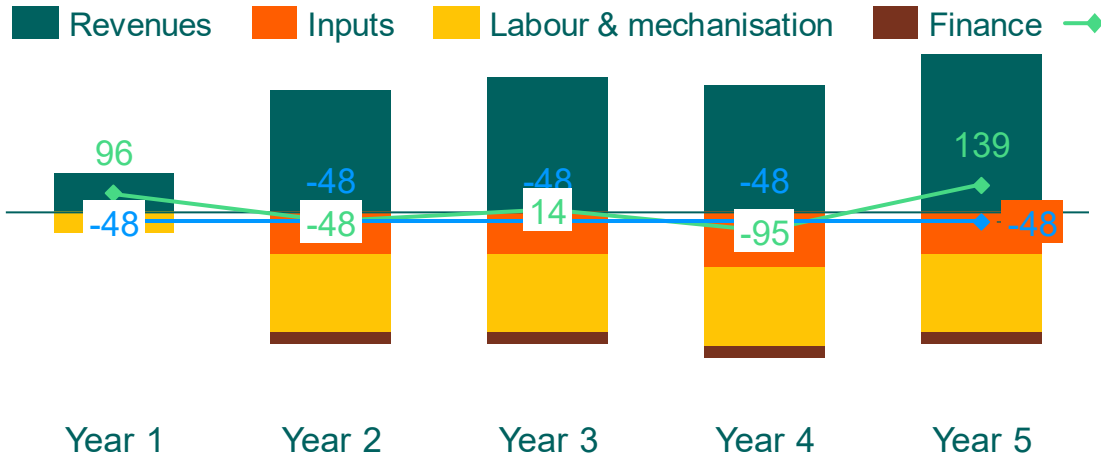
Characteristics	Baseline	COF	YOF
Current yield	8Mt/Ha	18Mt/Ha	20Mt/Ha
Maximum yield	8Mt/Ha	30Mt/Ha	30Mt/Ha
Farm size	2Ha	2Ha	0.4=>1Ha
Farm-gate price	38NGN/kg	38NGN/kg	38NGN/kg
Scale	N/A	100	1,000
Services			
Training		GAP, PHH, climate training, financial literacy	
Inputs		Case by case basis	stems, fertiliser, herbicides
Equipment & labour			1st and 2nd plough
Financial services			Input credit, loan facilitation
Market access		Guaranteed	Guaranteed

- **Baseline farmers:** Cassava farmers in the region assumed to have no access to services hence achieve lower productivity and mainly sell in the open market.
- **Community outgrower farmers:** Mostly men farmers, above 35 years already engaged by Cato. They operate their own farms, with aggregation done at cluster level to minimise transport cost. They have 10+ years of farming but still achieve lower than their potential yields due to limited handholding and farm monitoring.
- **Young outgrower farmers:** Mostly women farmers below 35 years engaged by Cato under the WISE project. They are allocated land by Cato within community block farms starting with 0.4Ha and growing to 1 Ha by year 2. Although these farmers are relatively new to farming (avg 2 years), they are expected to perform better as they have access to more services, hand-holding and farm monitoring support from Cato.

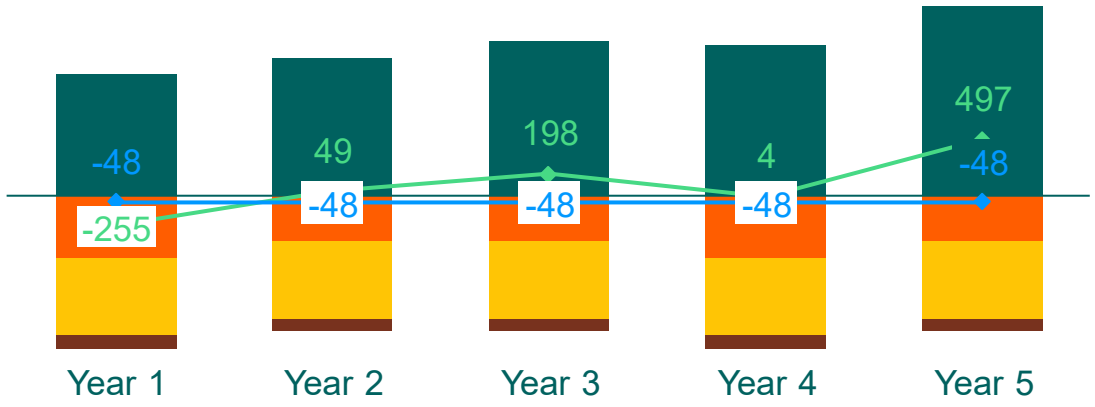
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Farm P&L | Cato's support leads to increased yields, improving farmer economics overtime although currently depressed cassava prices constraints profitability for YOFs

YOF I Profit and loss (USD/farm)



COF I Profit and loss (USD/farm)



- The USD 175 starter pack grant enables YOFs to generate positive net income of USD 96 in YR1. Without the starter pack, farmers would incur a net loss of USD 78.
- Scaling to 1ha in YR2 increases revenues 3x. However, introduction of finance costs and high input cost results in net losses of USD 48.
- Increasing yields improve farmer economics over time, although periodic stem replacement and currently depressed cassava prices constrain profitability.

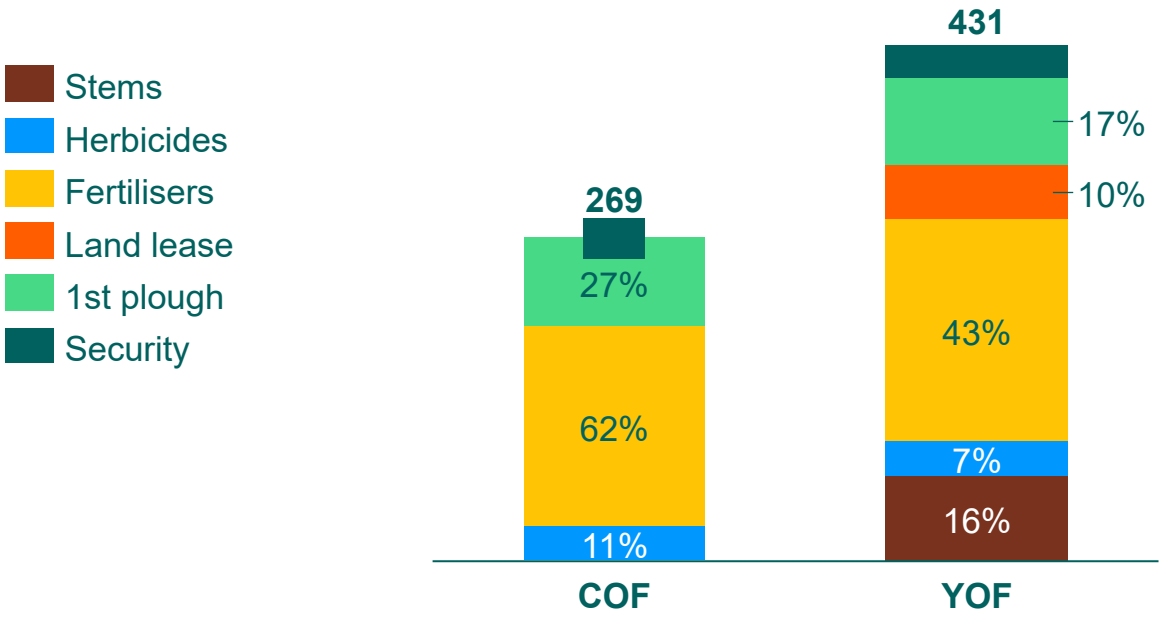
- COFs become profitable from YR2 onwards, driven by revenue growth from increased yields and lower input costs resulting from stem recycling.
- Stem sales* contribute an additional $189 annually in YR 1–3 and 5, providing a meaningful secondary income stream and accounting for up to 18% of total revenues.

**) Cassava stems from 1ha can generate planting material for up to 5ha in the next season, sustained for 3 years before new foundation stems are required.*

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Service package cost | While COFs and YOFs face similar underlying production costs in Yr 1, the starter pack de-risks farm establishment for YOFs

Cost of service package (USD/Ha*)



	COF	YOF
Marketable surplus (Mt/Ha)	**15.8**	**16.2**
Service cost/MT	**- 17**	**- 26.6**

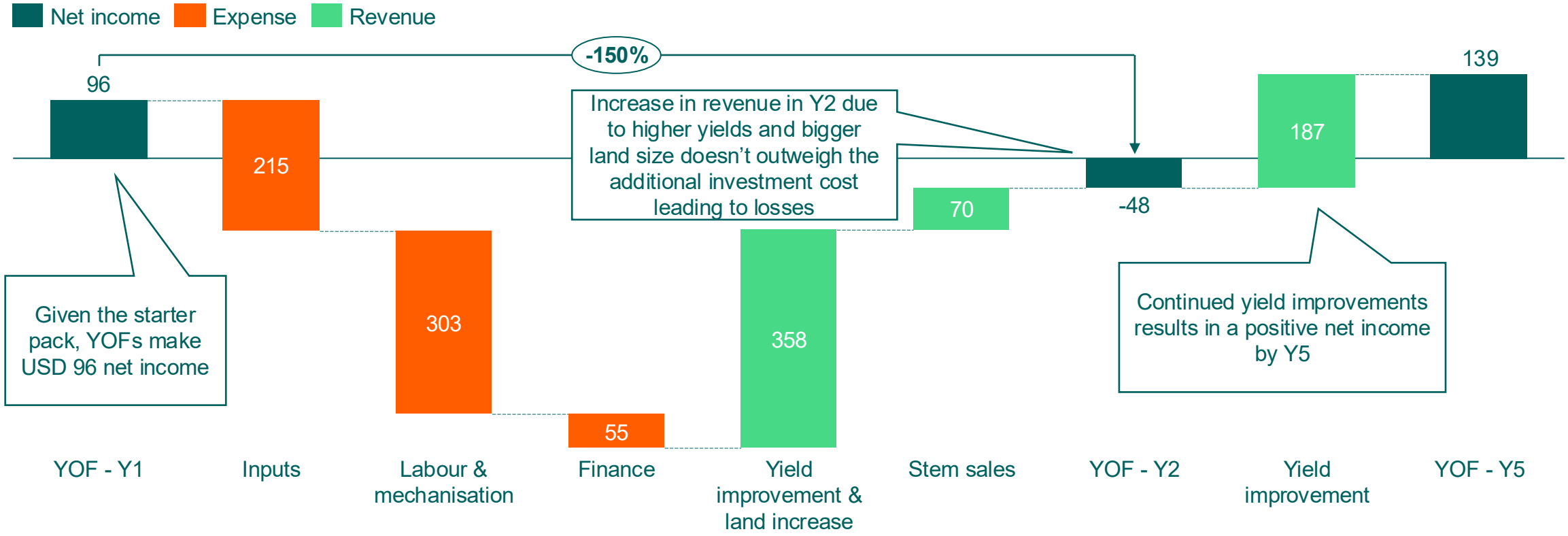
- The WISE starter pack* provides YOFs with key inputs and services in YR 1 for the 0.4ha establishment phase, delivered as a grant, significantly reducing upfront cash constraints ahead of scale-up to 1ha in YR 2.
- The starter pack represents ~62% of total production costs in YR 1. Without this, many YOFs would face substantial cash constraints and may be unable to establish their farms.
- The starter pack support ends after YR 1, while farmers are expected to scale to 1ha in YR 2. This increases the financing requirement substantially as farmers must self-finance both the larger production area and the service package costs.
- Projected YR 1 profits are insufficient to fully fund the YR 2 scale-up, creating a gap that may constrain expansion for some farmers.
- Without access to affordable finance, farmers may reduce input use or delay expansion, potentially limiting productivity gains and affecting progression through the model.
- While the starter pack is effective in facilitating entry into cassava production, additional financing solutions may be required to support successful graduation from subsidized establishment to sustainable commercial farming.

**While these costs are calculated on a per Ha basis for comparison, the YOFs support in YR is for 0.4Has*

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Income build-up | Despite an initial profit in YR1, higher input and investment costs lead to losses in YR 2, with sustained yield gains only restoring profitability by YR 5

YOF I Drivers of income improvement (USD/farm)

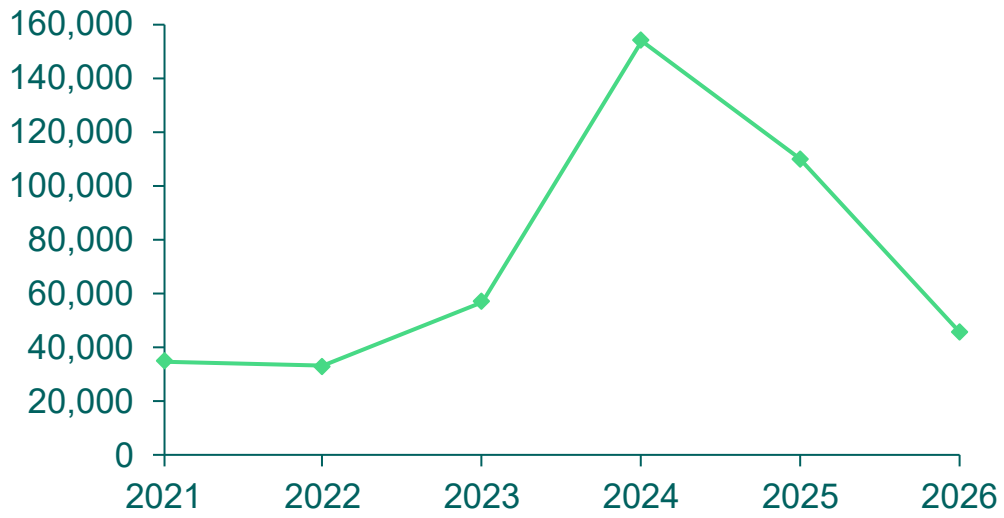


As young farmers become more actively involved in farming activities, factors such as improved bargaining power when negotiating for service costs and collective procurement will positively influence profitability. Farmers thus need to be equipped to exploit these opportunities through stronger coordination, business skills, and market engagement.

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Sensitivity analysis | Combined improvement in price and yield has the potential to push farmers towards profitability. Cassava prices have however been on a decline since 2024

Nigeria annual cassava prices (NGN/Mt)[1]



YOF | Net income sensitivity analysis (USD/farm)

Price (NGN/Mt) →

Yield (Mt/ha) ↓

	33,000	38,000	48,000	58,000	68,000	78,000
18	-302	-245	-130	-15	99	214
20	-248	-182	-51	80	211	342
23	-194	-120	27	175	322	469
25	-140	-58	106	269	433	597
28	-86	4	184	364	545	725
30	-32	66	263	459	656	852
33	22	129	342	554	767	980
35	76	191	420	649	879	1108

Starting yield (YR1)

Expected yield (YR5)

Profitable

- Farm profitability is highly sensitive to both yields and farm-gate prices, with price improvement demonstrating the largest impact on farmer incomes. At current prices (38 NGN/kg), the young out grower farmers require significant yield improvements to achieve sustainable profitability.
- While generally there is optimism about potential price increase, on average the prices have been declining since 2024 due to high production (glut) driven by the price spike in 2024.
- Supporting farmers with on - and/or off-farm diversification is an important avenue to improve farmer incomes and reduce the risks of farmer attrition.

1) Cato's Cassava price tracker. 2026 is average price by June

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IDH Annual Report (2024)



Farmfit Insights Hub

This report was created using think-cell

Thanks

IDH would like to express its sincere thanks to Cato Foods for their openness and willingness to partner through this study. By providing insight into their model and critical feedback on our approach, Cato is helping to pave the way for service delivery that is beneficial and sustainable for farmers and providers

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Annex

5.1

Underlying data & information

Learning questions

With this IBA, we aim to answer the following questions:

Topic	Question
Sourcing & Processing	• What is the business case for the young-women centred out grower block model and how do the economics compare to other sourcing channels (non block farm out-grower, traders/aggregators, own farm)? • What is the business case for investing in the additional production line and what is the envisioned impact on business performance and employment creation?
Farmer impact	• To what extent do young women see an income improvement due to their participation in Cato's model and how does this compare to unit economics of out growers (mixed gender)? What are the supplementary services and activities required to support young women's participation?
Semi-processing centres	• Under what conditions is there a business case for Cato's to invest in establishing and sustaining makeshift processing centres, and how does this relate to the level of subsidy available? • What are the income and employment effects for young women engaged in the makeshift processing centres?
Starter packs & subsidy	• How does the impact case vary depending on the conditions available (e.g., subsidy for starter packs, interest rates for loans) for young women to invest in their farms? How does the level of subsidy for starter packs impact the sustainability of the business model?
Organisation capacity	• To what extent is the current organisational capacity adequate to support Cato's envisioned growth beyond the IDH program?

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Data & assumptions

The analyses presented in this report are based on a combination of measured data, stakeholder inputs and modelling assumptions.

Underlying data and assumptions are available upon request.

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