

Why is the Agro-processing study done in two phases?

Before making a big investment (like a processing plant), it is crucial to understand the raw material sourcing (sorghum production) and the market (consumer trends) for processing. Phase 1 analyses the feasibility of expanding the sorghum industry from a production and market perspective. This has partly been done in the AIH report, and we propose going into more detail by building on the AIH report with the following points:

- Production:
 - Profitability analysis for each typical sorghum production area. While the AIH report included a general sorghum profitability analysis, we believe that the different production areas may have different sorghum gross margins and perform differently when compared to other crops relevant in the different areas (like maize, sunflower, soybeans etc).
 - On top of the current typical sorghum production areas, the profitability of the potential sorghum production areas (based on spatial, agronomic and University of Stellenbosch trials analysis) will also be developed and analysed.
 - Furthermore, we believe it may be insightful to illustrate the projected future profitability using the BFAP sector model, and not just the current sorghum profitability and crop competitiveness.
- Market:
 - Detailed historic price analysis of sorghum products (porridge and cereal bars). To truly understand how competitive sorghum products are to their competing products (like maize), the price of sorghum products needs to be compared historically to its competitors.
 - Graphical representation of the product demand and price difference. When investing in a big investment, like a processing plant, it is crucial to understand where the market is (highest consumption).
 - Detailed analysis of nutritional value-for-money. On top of comparing the competing product prices, the nutritional value for the cost of the product is proposed to be analysed
- Value Chain:
 - Spatially represent the sorghum value chain (production, processing and market) to identify key sorghum areas.

Phase 2 focuses more on the processing node and the products that will be produced, and the impacts that it will have on the value chain, by running scenarios with the BFAP sector model and analysing the impacts on the profitability per node. Furthermore, the following additional points will also feature (which as far as BFAP is aware, has not been covered in the AIH report):

- Production:
 - Unpack the small-holder producer profitability and feasibility

- Processing:
 - Evaluate the profitability of the extrusion plant for the current state, and project the profitability into the future 10 years
 - Determine the best possible location to build a sorghum extrusion plant
 - Evaluate the feasibility of building a processing plant at a specific location
- Market:
 - An unbiased consumer survey specifically for the extruded products.
- Value Chain
 - Link the impact of the processing plant to the other nodes in the value chain