Funding puts insect protein maker ahead of food security fight

By 2050, the global population is projected to reach 10 billion people. Current food production systems will be unable to meet the growing demand and protein scarcity is a concern. Traditional protein sources such as soy and fishmeal may not be able to meet the growing demand. Insect protein offers a versatile and sustainable solution.

To help solve the problem of food security for humans, South African Impact Investment Fund, E Squared Investments recently participated in a follow-on funding round with Nambu Group, an insect protein company founded by Allan Gray Fellow founder and CEO, Lowell Scarr, that converts food waste into high-value protein feed for the poultry, pork, fish farming industries as well as the exotic pets market-based in the Eastern Cape.

Source: Supplied

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Furthermore, insect protein is nutritionally superior to traditional protein sources and will have long-term cost benefits. Global demand for alternative proteins and oils is projected to reach 500,000 metric tonnes by 2030, primarily driven by the pet food and aquafeed markets. The insect protein market is forecast to reach $4.6bn by 2027, driven by initiatives to reduce greenhouse gas emissions and increased awareness of sustainable food sources.

A commitment to sustainability

Tshilidzi Matlala, E Squared's chief portfolio officer is excited about the opportunity to continue creating value in Scarr's business and says: "We are excited to augment our Nambu partnership for this next phase of the growing venture. Expansion at this stage makes a lot of business sense and we are confident of Lowell's ability to take Nambu to the next level whilst remaining committed to his vision."

Nambu has been in the E Squared Ventures portfolio since 2020 and this seed round investment will be used to upgrade and expand their Black Soldier Fly (BSF) production facilities, improving product sales revenues and increasing the sustainability of the business.

Insect protein derived from the Black Solider Fly

Scarr spent time researching the best insect to farm as a solution to waste processing and sustainability issues, one that would also be environmentally friendly and cost-effective. He chose the Black Soldier Fly because farming can be done on a large scale and produces a high protein yield. BSF farming is an incredible solution to these problems in part because it is intensive and efficient - there is no need for great swathes of arable land or much water and the larvae feed on the nearly inexhaustible supply of food and organic waste created by humans.

Sustainable environmental solutions in food production

The United Nations Food and Agriculture Organisation estimates that up to 35% of food produced globally is wasted, placing a significant cost on economies and environments. Nambu has already begun providing waste management as a service but is looking to expand its capabilities to offer a sustainable and alternative recycling solution for businesses that generate significant amounts of food waste. These industries include property management, retail groups, processors, and even municipalities.

By utilising Black Soldier Fly farming methods, Nambu's recycling process produces up to 50% less Carbon Dioxide Equivalent (CO_2e) than traditional composting and landfill methods. This solution will not only help industries meet their environmental, social, and governance (ESG) reporting goals but also contribute to the effort to reduce waste at landfill sites.

Nambu currently employs 23 people in a province that is renowned for having the country’s highest unemployment rate, sitting at 45.8% going into the third quarter of 2022 (Statistics South Africa). This deal and the subsequent expansion will mean almost doubling Nambu’s staff commitment this year. This alone makes the deal worthwhile for E Squared, which pays attention to the social impact of their investments and long-term commitment to responsible entrepreneurship.

But it does not end there. There is a net positive impact on the environment as expansion will allow Nambu to process up to 20 tonnes of additional food waste per day and thus in part creates an innovative solution to South Africa’s 10-million tonnes a year food waste problem; one-third of all food in the country (Worldwide Fund for Nature South Africa Report).

"We have built a business that is highly appropriate for the South African context which is at the root of our sustainability and success. Going into the new year with additional E Squared funding means that we can crystalise some promising engagements and expand without compromising our supply of high-quality feed or negatively affecting existing relationships and commitments. It also means that we can undertake R&D on further product offerings and process significantly more waste as part of our expanded waste management service," says Scarr.