

16th ACA Annual Conference



ACA
AFRICAN
CASHEW
ALLIANCE

STRENGTHENING SUSTAINABLE KERNEL & BY-PRODUCTS MARKETING IN THE AFRICAN CASHEW INDUSTRY

Sheraton Abuja Hotel, Abuja, Nigeria
12-15 September 2022



SAHEL CAPITAL, Cashew Investment, Nigeria

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14th September, 2022

About Sahel Capital

| Key Features | FAFIN (Growth Fund) | SEFAA |
|-------------------------------|---|--|
| Target Fund Size | US\$ 66 million | US\$25 million |
| Expected Deal Size | US\$0.5 million – US\$8 million (<i>avg. investment size of \$5 million</i>) | US\$300K – US\$2.4 million (<i>avg. investment size of \$1 million</i>) |
| Investment Instruments | Equity and quasi-equity | Primarily debt capital but with the flexibility to make equity and quasi-equity investments. |
| Geographic Focus | Nigeria | Sub-Sahara Africa (Benin, Burkina Faso, Cameroon, Cote D'Ivoire*, Ghana*, Nigeria*, Togo, Ethiopia, Kenya*, Tanzania, Uganda*, Malawi, Zambia <i>*Focus countries</i> |
| Investment Focus | Primarily SMEs (<i>EU definition</i>); value chain/market leaders, positioned to lead with high growth potential. | Social Agricultural Enterprises (SAEs) enhancing business ecosystem, or income opportunities for SHFs either directly or indirectly. |



Financing the Cashew Sector aligns with our investment objectives

Growth Fund

- Food Security
- Import Substitution
- Value Chain Efficiency
- Reduce Post-Harvest Losses

Impact Fund

- Catalyse economic activity – creating jobs and increasing revenue
- Increasing productivity/better livelihood for SHFs

- Export revenue for Nigeria – 3rd largest agricultural export.
- Significant processing opportunity for local consumption and export – Nigeria processes only 10% of the produced nuts.
- Sector has a huge impact potential:
 - Over 25,000 SHFs are engaged in cashew farming in Nigeria
 - Provides over 600,000 jobs



Challenges investing in the Cashew Sector in Nigeria

Limitation of Existing Players

- Too small to absorb minimum ticket size
- Unproven business models – significant volatility of cash flow
- Unclear path to profitability – EBITDA negative
- Supply chain constraints

Fit with Fund Strategy

- Most cashew exporters are not organised enterprises and would not qualify for equity but could be structured for working capital;
 - Entrepreneurs have no skin in the game;



Thanks.

