

16<sup>th</sup> 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



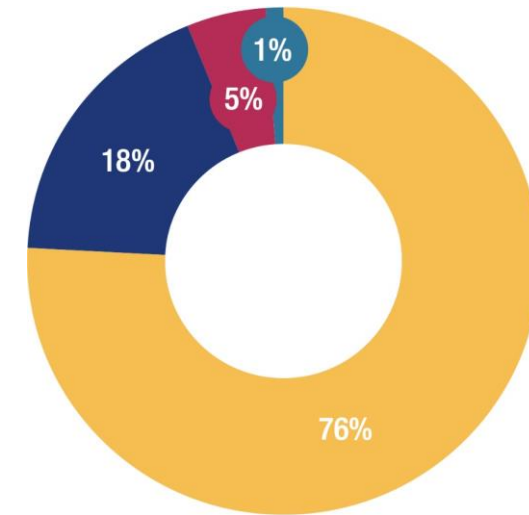
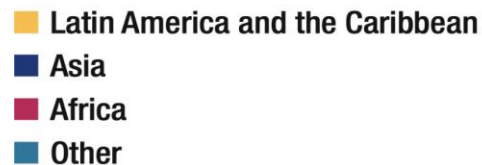
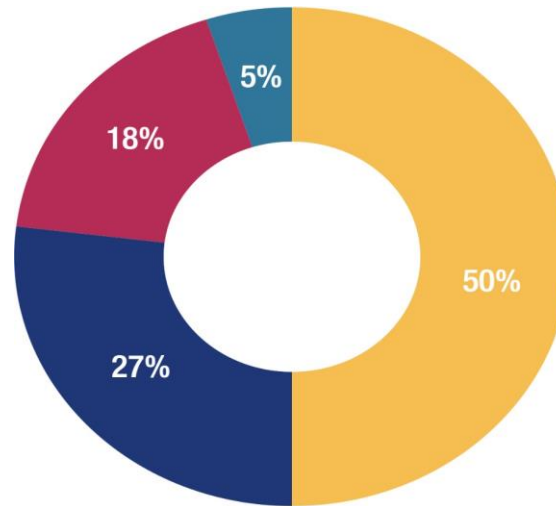
# OIKOCREDIT: HOW WE SUPPORT AND IMPACT THE AFRICAN CASHEW SECTOR

**Simplice Chigbo, Agriculture Investment Officer**

Sep 13th, 2022

# A. OIKOCREDIT INVESTMENT PROFILE

- Socially responsible investor
  - Cooperative society registered and headquartered in Holland
  - Development finance pioneer
- 563 partners in 63 countries
- € 845.1 million development financing outstanding
- Regional and country offices in 14 countries



\* including microfinance and SME finance

## AGRICULTURE FOCUS CROPS:

- COCOA
- CASHEWS
- PALM OIL



## B. WHY CASHEW NUTS?

- Encourage job creation, women empowerment, value addition, trainings
- Support employment for youth and women in regions where there is limited job opportunity
- Support creation of value addition with the production of semi-finished or finished cashew products



# C. OIKOCREDIT CASHEW PROJECTS IN WA

## Senegal

- 1 partner
- € 300,000
- Working capital

## Côte d'Ivoire

- 3 Partner in CDI
- €9,000,000 (+5M CNYD)
- Working capital

## Benin

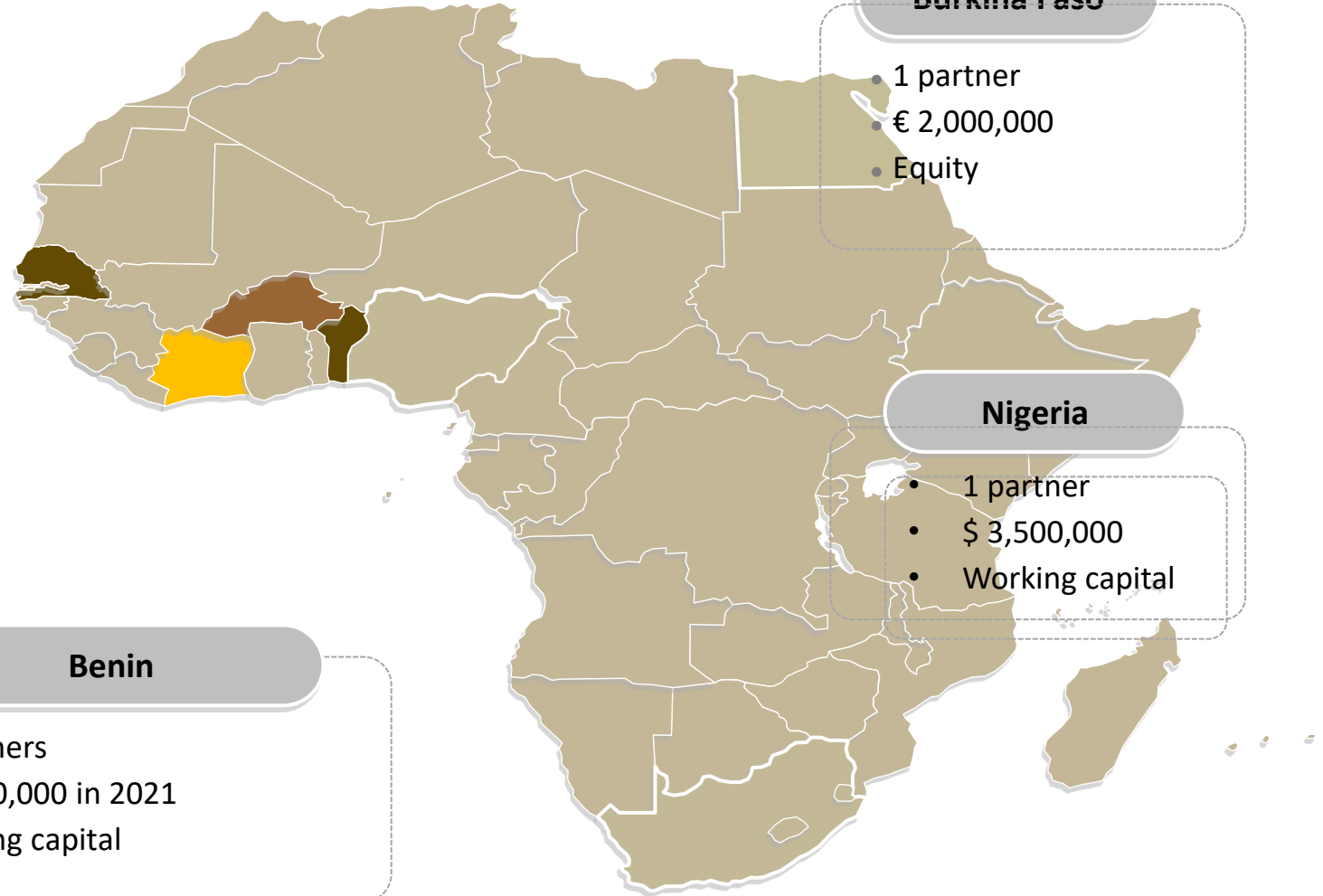
- 2 partners
- € 3,700,000 in 2021
- Working capital

## Burkina Faso

- 1 partner
- € 2,000,000
- Equity

## Nigeria

- 1 partner
- \$ 3,500,000
- Working capital



# D. OIKOCREDIT INTERVENTION IN THE CASHEW SECTOR

## Overall satisfactory experience:

- 9 Years Investment experience in the cashew sector
- Marked by ups and downs, bad experiences and good ones, and very often the desire to give up
- But always this will and this commitment to continue to support the industry, to support the sector
- Current Portfolio:
  - 11 Cashew companies (processors and trading companies) based in Côte d'Ivoire, Nigéria, Bénin, Burkina Faso
  - EUR 15M (+EUR 5M CNYD)



# OIKOCREDIT INTERVENTION: FIGURES AND FACTS

SINCE 2014

EUR 32 M TOTALLY  
DISTRIBUTED

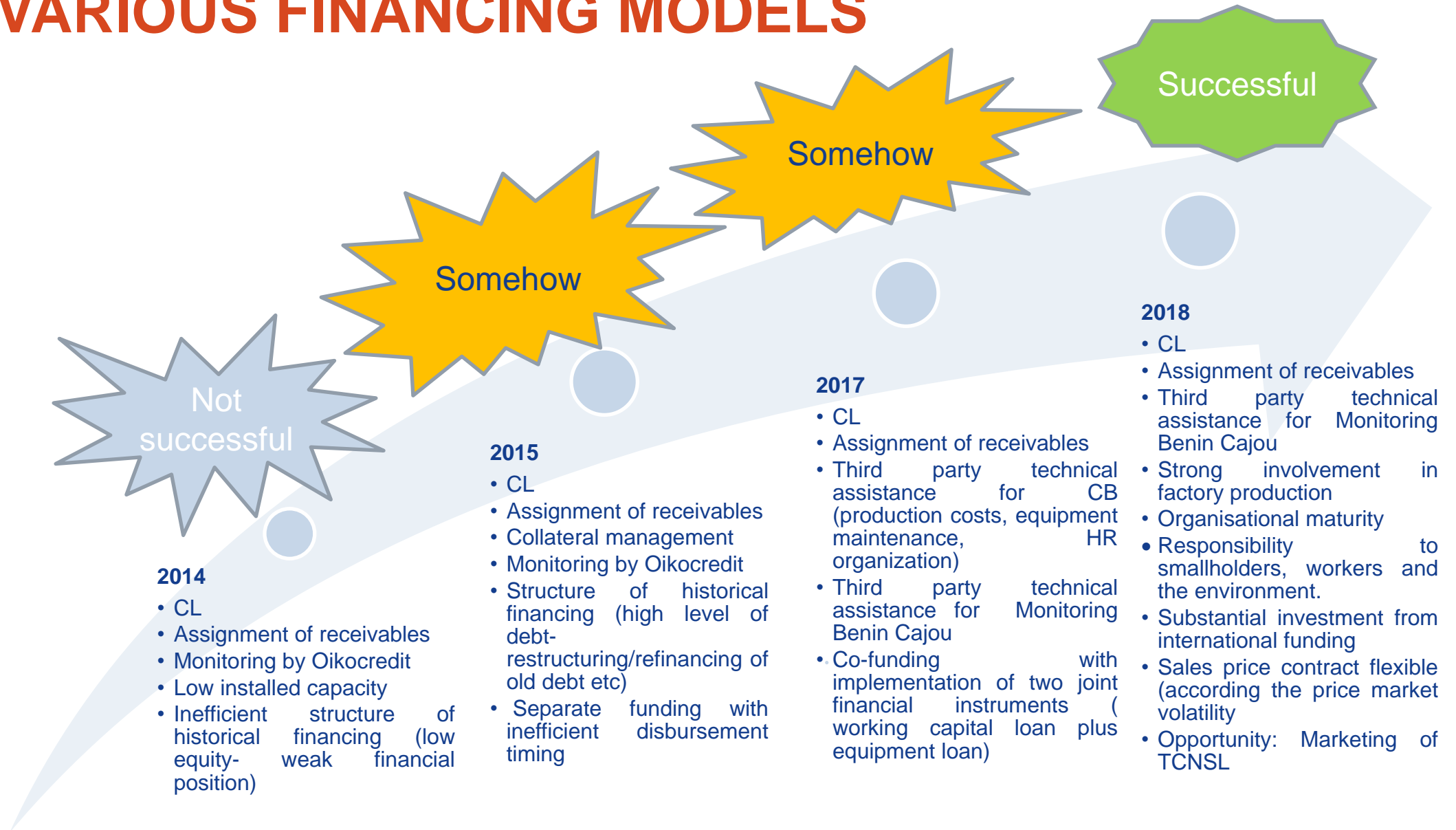
TO 9 PARTNERS

IN 5 COUNTRIES

REACHING 10,000+ SMALLHOLDERS  
FARMERS



# E. VARIOUS FINANCING MODELS



# F. TYPES OF INSTRUMENTS

TYPES	CATEGORIES	EXAMPLES	AMOUNT	TENOR
DEBT	Line of Credit	Seasonal WC loans	EUR 1M to EUR 5M	1 to 2 years
	Direct Loan	Capex / WC	Up to EUR 5M	3 to 7 years
	Co-financing/Syndication	Capex / WC	EUR 2M to EUR 5M	1 to 7 years
EQUITY / QUASI-EQUITY	Investment in the capital of an existing company	Equity (suitable for growing businesses)	EUR 2M to EUR 5M	Depends (Exit Arrangement)





# G. KEY SELECTION CRITERIAS

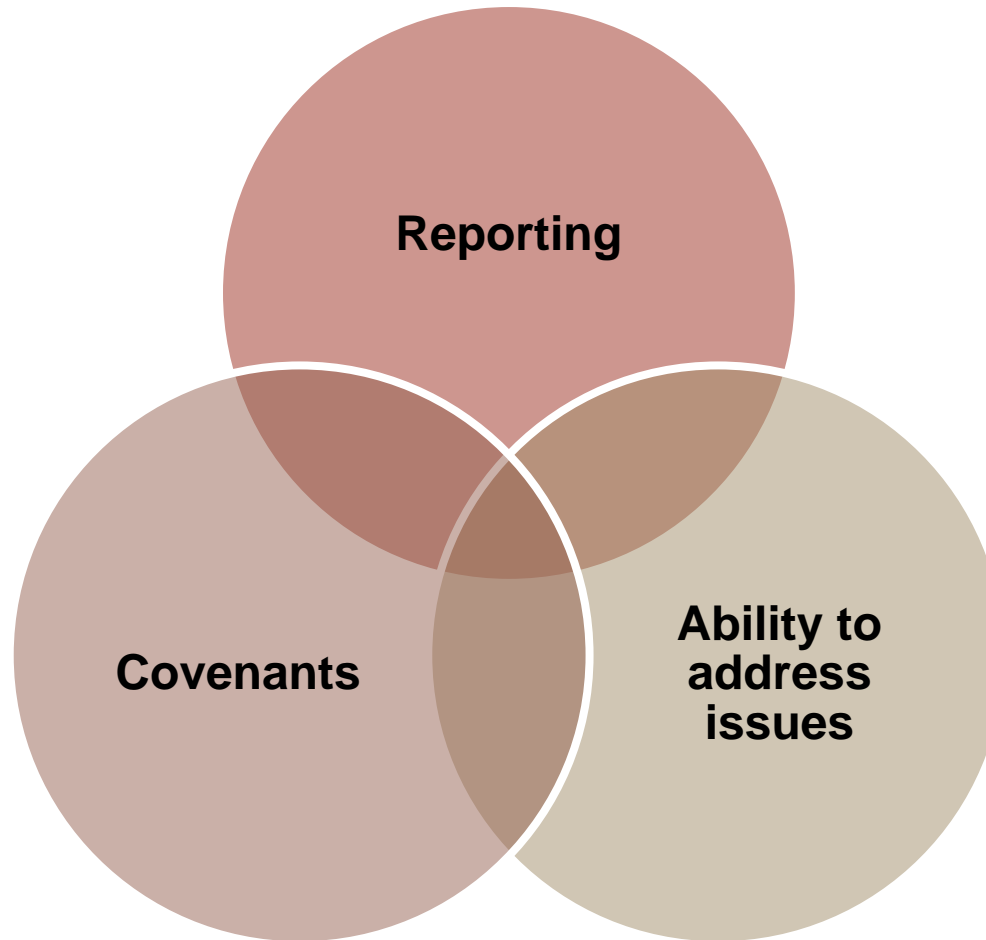
1	Proven social and environment commitment and practices, including gender promotion (preferably UTZ/RA/FT/Organic certified)
2	Proven link with farmers and huge commitment with rural communities
3	Preference for export value chain (triangulated receivables through offtakers payments)
4	Partner involved in sustainability programs, or likely to develop such programs in the short term
5	Good financial track records (at least 3 years audited financial statements)



## H. KEY CHALLENGES AND SECTOR RISKS

KEY RISKS	DESCRIPTION
<b>Price risk</b>	Kernels price volatility may impact margins and profitability without a sound price fixing methodology or an appropriate PRM mechanism
<b>Procurement/Sourcing Risk</b>	Difficulty to source RCN in appropriate quality and volume
<b>Technology and product quality</b>	Quality and performance of processing equipment to guarantee a high quality marketable and valued finished product
<b>Market risk</b>	Challenges to contract with good and reliable counterparties offering fair and competitive prices
<b>Environmental risk</b>	Challenges related to environmental risk, mainly the disposal and/or appropriate treatment of empty shells
<b>Managers' education and experience</b>	Quality and experience of directors and Managing Board members to make informed decision
<b>Skilled and well trained workers</b>	Workers to have the necessary knowledge to adapt to technology and changes

# I. MONITORING REQUIREMENT



**THE END**

**THANK YOU FOR YOUR ATTENTION**

