

HYBRID	 <p>WORLD CASHEW CONFERENCE</p>	Jointly organised by Cashewinformation.com &  <p>AEC-CI ASSOCIATION DES EXPORTATEURS DE CAJOU COTE D'IVOIRE</p>
	<p>JNEC-CI Journées Nationales des Exportateurs de Cajou de Côte d'Ivoire</p>	<p>16-18 Feb, 2022 Radisson Blu Hotel Abidjan, Cote d'Ivoire</p>

Financing Cashew Value Chain- Learnings and the way forward

Chaired by : Raissa
Diomande

Financing Cashew Value Chain- Learnings and the way forward



Cashew sector

Financial institutions

Learning

Solutions

Processors

PROCESSING BACKGROUND



- Mr chu Lin
Co-founder SG Agro



- Mr Diaby Lucman
Président du Gic ci
(groupement des
industriels du cajou
de CI)

FINANCE BACKGROUND



- Solene Agbojan
Credit Portfolio Manager at Injaro
Investments Limited



- Simplice Chigbo
Agriculture Investment
officer at oikocredit

Diaby Lucman- Président du GIC CI (groupement des industriels du cajou de CI)



- Trained engineer
- Worked in the private sector all his career
- Has been in cashew sector for 12 years
- Current Deputy Managing Director from CI Cashew (7000T to dabakala)
- Current president of the GIC CI (Industry grouping of CI)
- Current Vice President of CI Cashew Inter Profession

Mr. Shu Lin - Co-founder SG Agro



- 2009-2018
General Manager of Uniciel International Trading, IVC
Trading Business of RCN, Tropical Agriculture products
- 2018- Now
C.O.O. and Co-funder of Southland Global Agriculture, IVC
Pioneer of Cashew processor in Africa, Capacity of 24000 MT, BRC AA certified factory, focus on sustainability.



SOUTHLAND GLOBAL AGRICULTURE

The pioneer cashew processor in Africa





2018

RCN trading

from IVC, Bissau etc. to
Vietnam

IVC: 3000MT RCN/year
Bissau: 1000MT RCN/year

2019

RCN trading and tolling in
IVC & Vietnam

IIVC trading: 14000MT RCN/year
IVC tolling: 4000MT RCN/year
Vietnam tolling: 3600 tons/year

2020

Process factory IVC

kernel capacity: 5000 MT/year
total Area: 7 hectares
employees: 1300 persons

**Open the raw
material market**

**Open European
market (cashew
kernel)**

**Key position in value
chain**

SGAGRO is committed to becoming as the pioneer cashew processor in Africa to serve the world. We focus on product quality/service, sustainability and carbon neutrality.

Our vision is Better food, Better life.





Trends of supply chain
➤ **Vietnam to Africa**



Approach to the market
➤ **North America, US**
➤ **Europe**
➤ **South Africa**
➤ **Middle East**



Logistics time savings
➤ **15-35**
days(Compared
with Vietnam)

OUR SALES



- **Forward contract/Prompt shipment**

- **Main Market:**

- **North America, US: New York/ Chicago/ Oakland etc**
- **Europe: Antwerp/ Rotterdam/ Hamburg/ Italy/ Poland etc**
- **South Africa: Cape Town/ Durban etc**
- **Middle East: Shukwaikh Port, Kuwait etc**
- **Turkey**



OUR ADVANTAGES

- ✓ Availability of good-quality raw material
- ✓ Destination for single-source, traceable production
- ✓ No RCN shipping costs; short transit time; reduced cost for kernel to US+EU
- ✓ Shorter value chains promote sustainability
- ✓ Generous incentive scheme and massive public support
- ✓ Benefits of free trade agreements
- ✓ Clean and safe industrial processing methods

OUR PROCESS



**RCN
PURCHASE**



SHELLING

**COLOR
SORTER**



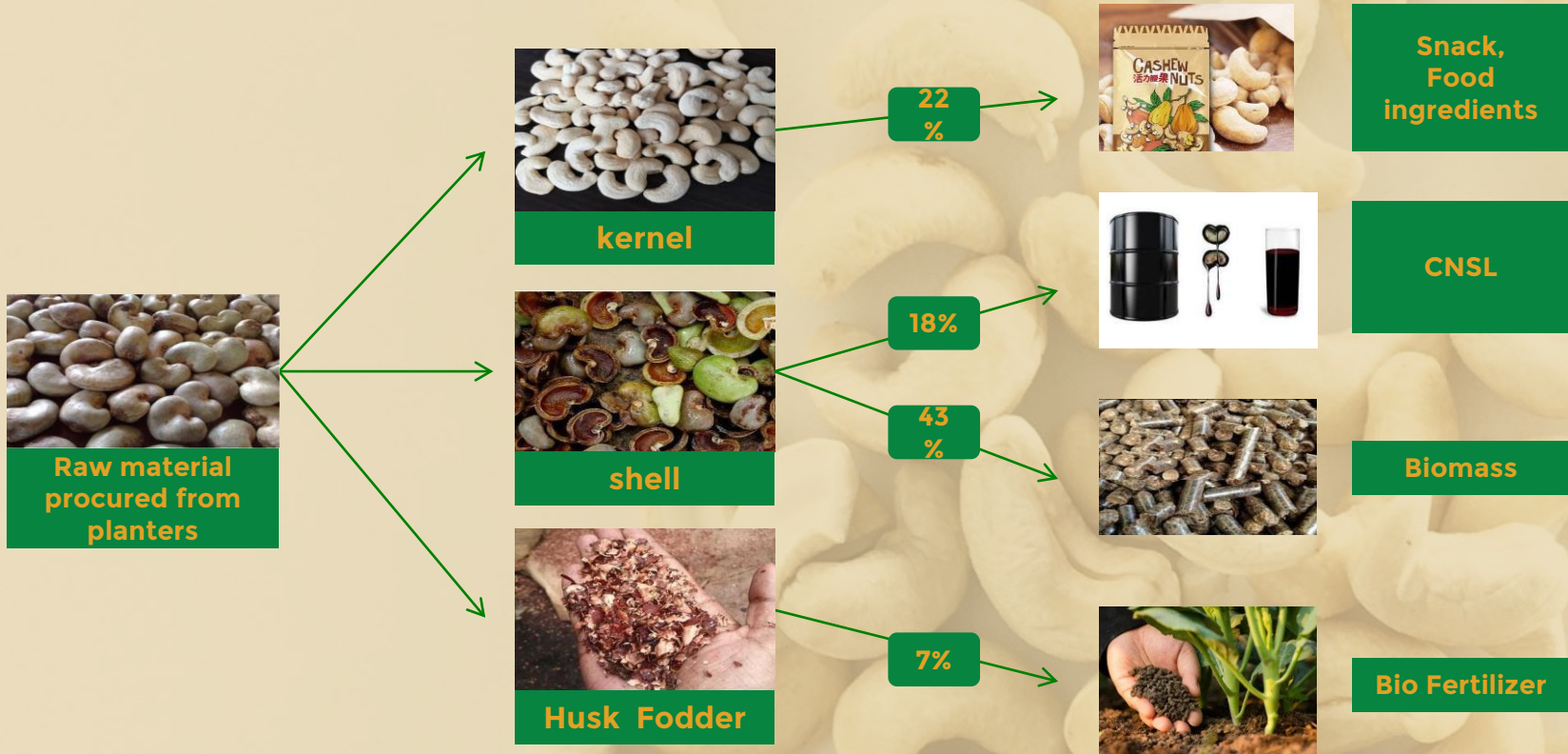
**MANUAL
PEELING**

**PACKAGIN
G**

EXPORT



SUSTANIABLE DEVELOPMENT



SOCIAL RESPONSIBILITY



COVID vaccination program for employees

Supporting team building sessions for the employees



Sanitary products provide to the local villagers and authorities

Provide commute to and from get off work

**Provide commute to and from get off work
Donations to farmers and local agencies during COVID-19**



SOUTHLAND GLOBAL AGRICULTURE
Thank you!



Chu Lin(Alex)



Email: chu.lin@southlandglobal.africa

Solène PRINCE AGBODJAN - Credit Portfolio Manager at Injaro Investments Limited



- She is in charge of the direct investments of the Agri-Business Capital (ABC) Fund.
- Solène has a rich international experience in agricultural finance, investment, and finance
- Solène has a master's degree in Economics from Paris Dauphine University.

WCC-JNEC2022

Radisson Blu Hotel- Abidjan

IN PARTNERSHIP WITH:



About Injaro Investments

- ✓ Injaro Investments currently manages Injaro Agricultural Capital Holdings Limited (“IACHL” or the “Fund), a US\$49m impact investment fund focused on SME investments across the agricultural value chain in West Africa.
- ✓ IACHL’s portfolio has generated \$71m of revenues, facilitated \$52m of local sourcing and benefitted around 880,000 persons mainly comprising smallholder farmers, low income persons and their families
- ✓ Investors in IACHL are CDC, Proparco, FMO, SEDF (Soros Economic Development Fund), AGRA and family offices.

About the ABC Fund

- ✓ Injaro Investments also manages the ABC Fund that provides debt funding to agricultural SMEs and to cooperative enterprises in developing countries with focus on Africa, Caribbean and Pacific..
- ✓ With a focus on impact, the fund provide small investments (from €200k to 800k) to SMEs, young rural agro-entrepreneurs and financial intermediaries to fill the missing middle financing gap.
- ✓ ABC offer one-stop-shop impact investing solutions, by combining direct debt financing to farmers, with technical assistance, financial intermediation and potential equity investments.
- ✓ Investors in ABC Fund are EU-ACP (European Union-Africa Caribbean Pacific), AGRA (Alliance for a Green Revolution in Africa), IFAD (International Fund for Agriculture Development).

Pre- harvesting financing facilities for farmers

- ✓ **Use:** Purchase of RCN + operating expenses
- ✓ **The tenor of the loan:** Usually a one-year working capital loan
- ✓ **Beneficiaries:** Could be done directly to farmers or indirectly to those who are buying from farmers (typically processors or local exporters of RCN)
- ✓ **Collateral:** Assignment of receivables, inventory, personal guarantee

Financing raw cashew stocks of processors

- ✓ **Use:** Coverage of operating expenses from RCN instore to delivery to final off-takers
- ✓ **Tenor of the Loan:** Usually a one-year working capital loan
- ✓ **Beneficiaries:** Local processors (and farmers indirectly)
- ✓ **Collateral:** Assignment of receivables, inventory, personal guarantee

Equipment loan- CAPEX

- ✓ **Use:** New cashew processing units or expansion of existing units
- ✓ **Tenor of the loan:** Usually between 3 and 5 years
- ✓ **Beneficiaries:** Local processors (and farmers indirectly)
- ✓ **Collateral:** Current equipment (if any), new equipment, personal guarantee, pledge on land/buildings

Equity and quasi-equity

- ✓ **Use:** To increase the capital of the company
- ✓ **Tenor of the loan:** Usually between 6 to 7 years
- ✓ **Beneficiaries:** Local processors

Risks identified by banks and financial institutions

- ✓ Early-stage operations and short track- record
- ✓ Late disbursement
- ✓ Lack of suppliers (break-even volume)
- ✓ Selling process not completed (only LOI available)
- ✓ Huge competition with foreign traders
- ✓ Inadequate processing equipment
- ✓ Not enough staff training
- ✓ Lack of knowledge on international market / language barrier
- ✓ Loan repayment delay link to unprofitability / bad credit history
- ✓ Amortization schedule not aligned with the cash cycle

Thank You



Simplice Chigbo - Agriculture Investment officer at oikocredit



- has a banking background successively working for SG and Citibank.
- Was a Senior Loan Officer for Root Capital, with significant loans made in the cocoa and cashew sectors in Benin and Togo.
- Simplicie holds a 10-years'experience in cashew financing, pioneering impact lending in the cashew sector since 2012
- He is graduated in Business-Management from ESCA, a famous elitist Ivorian public business school.

WORLD CASHEW CONFERENCE 2022

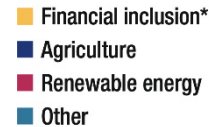
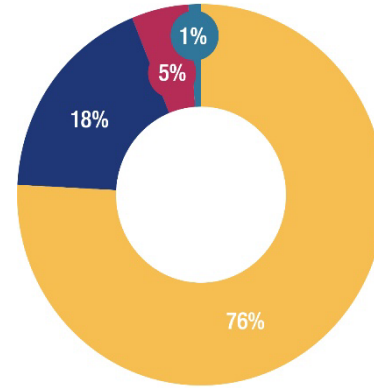
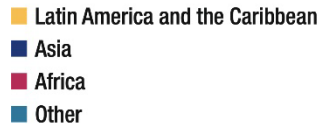
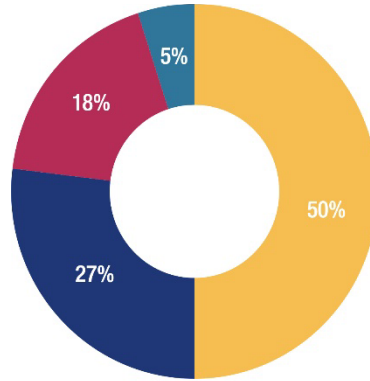
PANNEL: FINANCING THE CASHEW VALUE CHAIN

Presented by: Simplice Chigbo, Agriculture Investment Officer

February 17th, 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 nut?

- Encourage job creation, women empowerment, additional revenue, trainings
- Support employment for young and women in region where there is no job opportunity
- Support creation of value addition by producing semi finished or finished product





C. Cashew projects in WA

Senegal

- 1 partner
- € 300,000 in 2017
- Working capital

Côte d'Ivoire

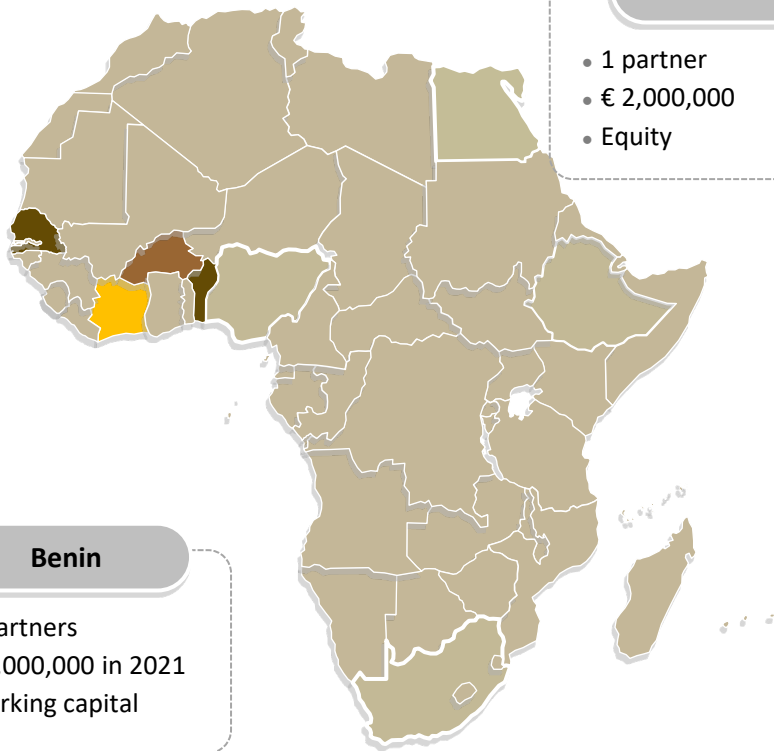
- 2 Partner in CDI
- €10,400,000 in 2021
- Working capital

Benin

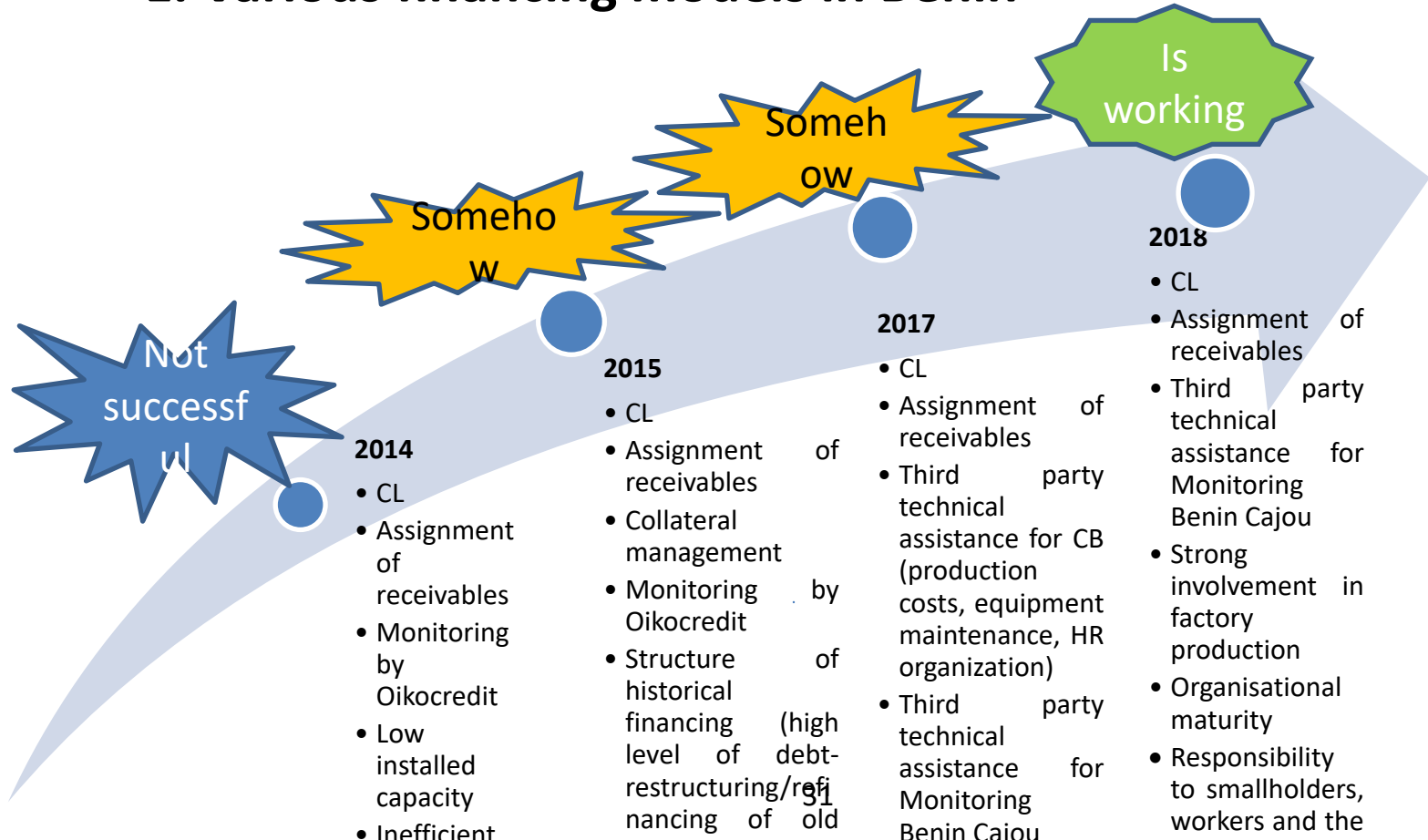
- 2 partners
- € 3,000,000 in 2021
- Working capital

Burkina Faso

- 1 partner
- € 2,000,000
- Equity



E. Various financing models in Benin



F. TYPE OF INSTRUMENTS

TYPE	CATEGORIES	EXAMPLES	AMOUNT	TENOR
DEBT	Line of Credit	Seasonal loans (most dedicated to agri finance)	EUR 1M to EUR 5M	12 to 24 Months
	Direct or Amortized Loans	Capex (warehouses, equipment, trucks)	Until EUR 5M	3 to 7 years
	Co-financing and Syndication	Seasonal Loans or capex loans	EUR 2M to EUR 5M	1 to 7 years
EQUITY OR QUASI EQUITY	Investment in the capital of a company	Suitable for growing businesses	EUR 2M to EUR 5M	Depends

G. SELECTION CRITERIA

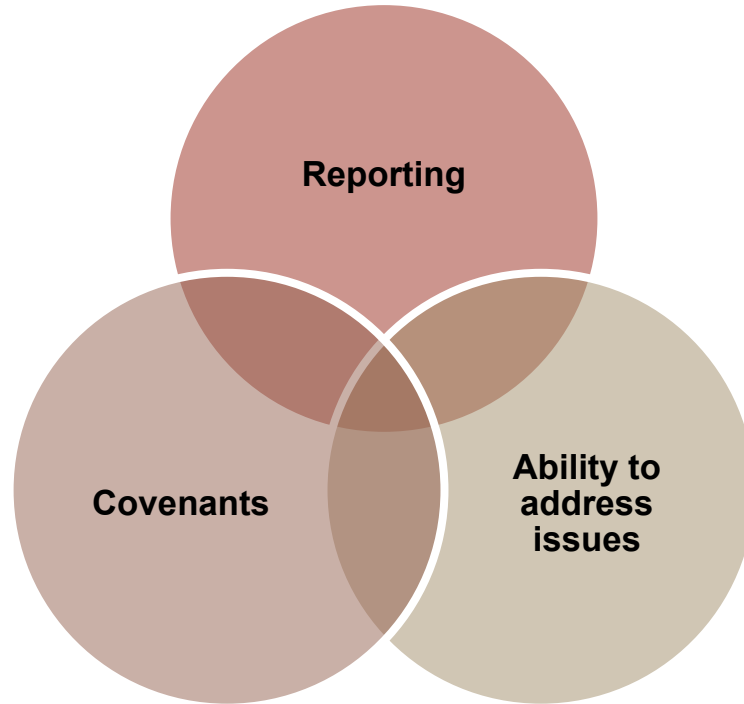
KEY SELECTION CRITERIA

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

H. KEY CHALLENGES OF FINANCING THE CASHEW SECTOR

Key risk	Description
Price risk	Kernels price volatility may impact margins and profitability without a sound price fixation methodology and an appropriate PRM mechanism
Procurement/Sourcing Risk	Difficulty to source RCN in appropriate quality and volume
Technology and quality product risk	This related to the quality and performance of processing equipment to guarantee a high quality marketable and valued finished product
Market risk	Cashew processors are frequently facing challenges to contract with good buyers to place their products
Environmental risk	Cashew industry is ordinary facing challenges related to environmental risk, mainly the disposal and/or appropriate treatment of empty shells
Managers' education and experience	Quality of Managerial staff with knowledge of international markets of almonds and tree nut trading
Skilled and well trained workers	Workers to have the necessary knowledge to adapt to technology and changes

I. MONITORING REQUIREMENTS

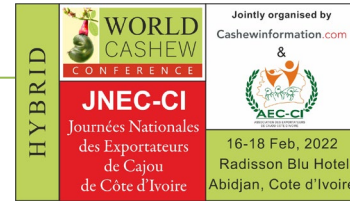


THE END

▶ THANK YOU

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PANEL DISCUSSION

QUESTIONS AND ANSWERS

WHAT ARE THE DIFFICULTIES YOU HAVE ENCOUNTERED?

At which level of processing, support from the banks will be most useful for processing plants?

What are the ways to address risks
perceived by banks/financial
institutions.

Number and kind of loans granted to the cashew sector? success ratios ?

The requirements to get loans ?
interest rate /amount ?

Success/failure stories ?

THANK YOU