



Potential Opportunities for Shared Services in the Cocoa Value Chain

Dec 2022



TABLE OF CONTENTS

The Problem and Potential Opportunity	04
Cocoa Value Chain and Various Players	7
The Proposition	11

Disclaimer

- The information contained in this presentation has been obtained from external sources and other experts, including the Afreximbank's Report.
- The presentation is distributed with the understanding that the information contained herein has not been independently verified by the African Export-Import Bank ("Afreximbank") and that no representation or warranty, expressed or implied, is made, nor is any responsibility accepted by Afrexim with respect to the authenticity, origin, validity, completeness, accuracy or reasonableness of any information, statements, translations, forecasts, opinions and comments contained in this presentation or any accompanying documents or further information supplied in connection with the proposed facility, and no agent, officer or employee of Afreximbank is authorised to make any such representation or warranty.
- This presentation is not intended to provide the sole basis for any credit or any other valuation and should not be construed as a recommendation on behalf of the Afreximbank, that any recipient of this presentation should participate in any transaction such as lending syndication or equity investment. Each recipient of this presentation contemplating participating in any transaction shall make, and shall be deemed to have made, its own independent investigation and assessment of the financial conditions and affairs and its own appraisal of the creditworthiness of the Borrower and its own independent assessment of the terms and conditions of the proposed financing.
- Any financial projections contained in this presentation have been prepared by third party vendors and set out for illustrative purposes only and should not be taken to as a commitment as to future performance; they do not constitute a forecast. No representation or warranty is made, either explicitly or implicitly, that such information remains unchanged in any respect as of the date or dates after those dated herein, with respect to the contents of the presentation. No person accepts any responsibility or liability for advising any recipient of this presentation of any changes or additions to the information contained herein or any other relevant information of which any of them become aware.
- The information in this presentation and its attachments are being submitted to selected financial institutions for their use in consideration of the proposed facility. The presentation may not be used, in whole or in part, for any other purpose nor be furnished to any other than those to whom copies of this presentation have been sent by Afreximbank. Where this presentation contains summaries of documents, these should not be relied upon, and the original documentation must be referred to as necessary for its full effect. The description of the terms and conditions of the proposed program/facility constitutes a summary herein and will be subject to and is qualified in its entirety by the finance documents.
- The information in this presentation is strictly confidential and may not be reproduced or used in whole or in part for any purpose whatsoever other than for the purpose in determining whether to participate in the program/facility, without the written permission of Afreximbank. If at any time any such reproduction or use is made and Afreximbank suffers loss, damage or liability of any kind arising out of or in connection with any such reproduction or use, the recipient of this presentation breaching the restriction on reproduction or use shall indemnify the Afreximbank, from and against such loss, damage or liabilities.
- Nothing in this presentation shall be construed as legal, financial, technical, insurance or tax advice. The law may restrict the distribution of this presentation in certain jurisdictions. Accordingly, persons into whose possession this presentation comes are required by the Afreximbank to inform themselves about and to observe such restrictions. Afreximbank does not accept any liability to any person in relation to the distribution of this presentation in any jurisdiction.
- Recipients are reminded that they have signed, as a condition to receiving this presentation, a confidentiality undertaking, which includes a prohibition on disclosure of the presentation's contents to any third party. Acceptance by a recipient of its copy of this report constitutes its agreement to, and acceptance of, the terms set forth in this notice.



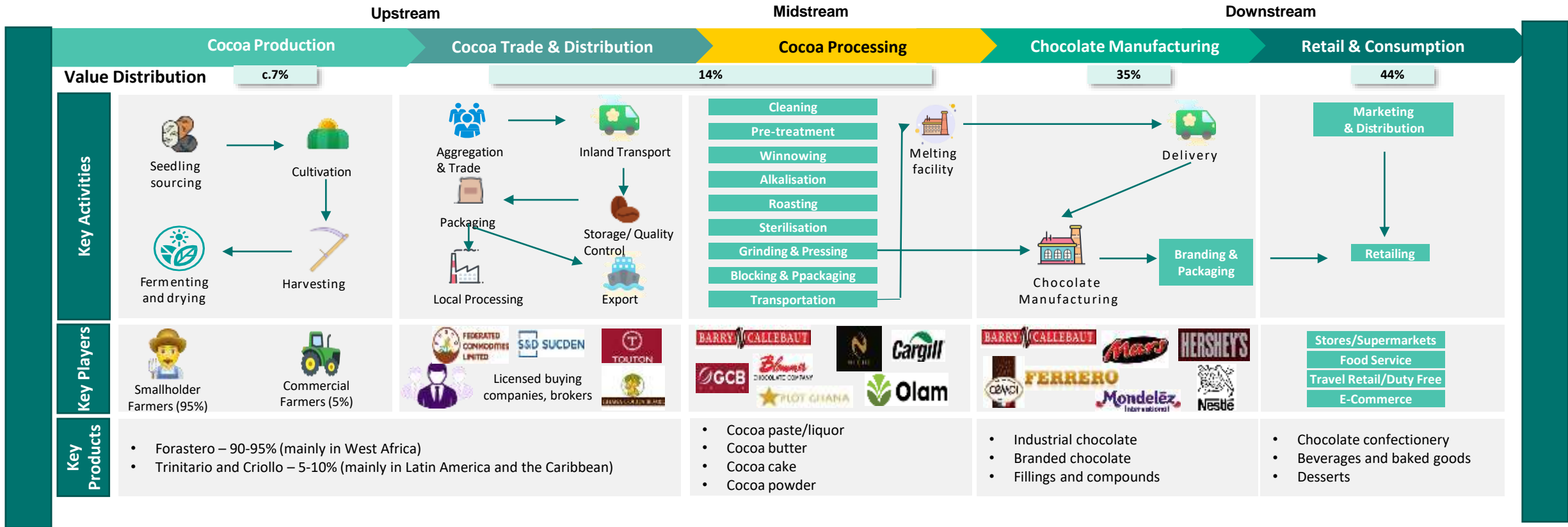
The Problem and Potential Opportunity

A Quote

Every Problem is an Opportunity in Disguise

– John Adam

The Cocoa-Chocolate Value Chain



• Uneven value distribution between actors – a significant portion (**c.80%**) of the cocoa-chocolate value chain dollars is unlocked at the chocolate manufacturing and retail levels.

The Problem Statement

The Problem: Most Cocoa producing countries predominantly play at the upstream level, which barely controls about c.7% of the dollar value chain.

— A study commissioned by Afreximbank

The Hypothesis: The development of organized shared services in form of a Joint Venture could facilitate farmers participation in midstream segments of cocoa value chain.

This hypothesis is premised on the fact that there is no documented evidence that all farmers are solely farming for their immediate cash needs. Therefore, there is a potential opportunity to address the concerns of farmers who have grown beyond farming for basic needs but do not have the resources to participate in midstream levels of cocoa processing due to its capital-intensive requirements.



Cocoa Value Chain & Various Players

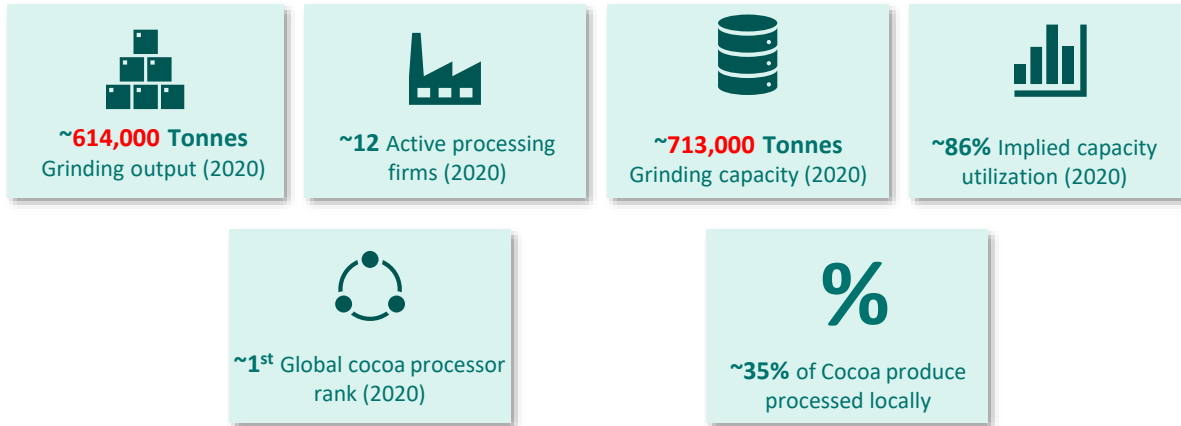
Africa as an example



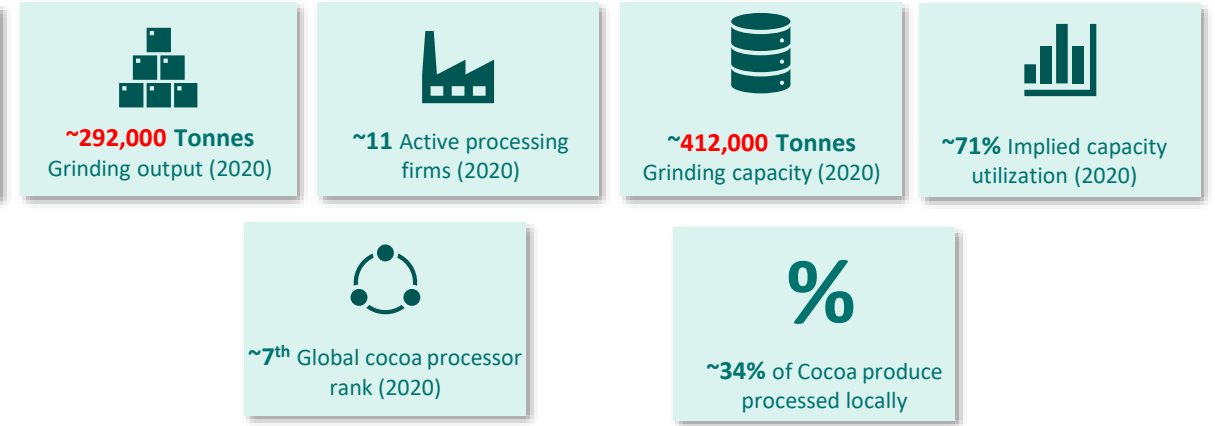
By producing over 70% of global cocoa bean and only 3% of global cocoa powder exports, the Continent is grossly underutilizing its opportunities. Said differently, Africa is playing at the raw material production segment, even when there's a glaring opportunity to benefit from more rewarding (high margin) segments of the value chain.

Four West African Countries' Cocoa Processing Capacity Overview

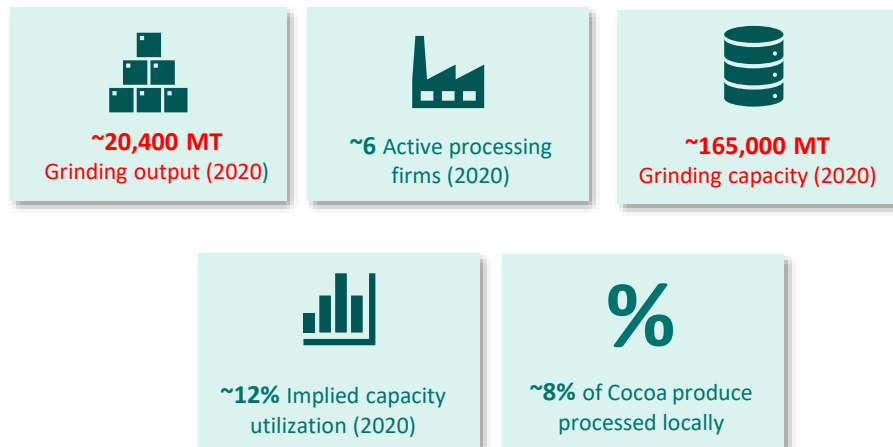
Cote d'Ivoire



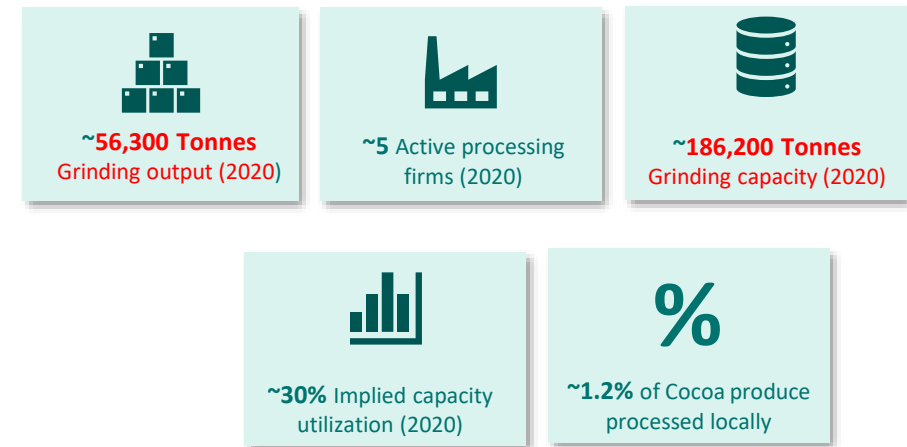
Ghana



Nigeria



Cameroon

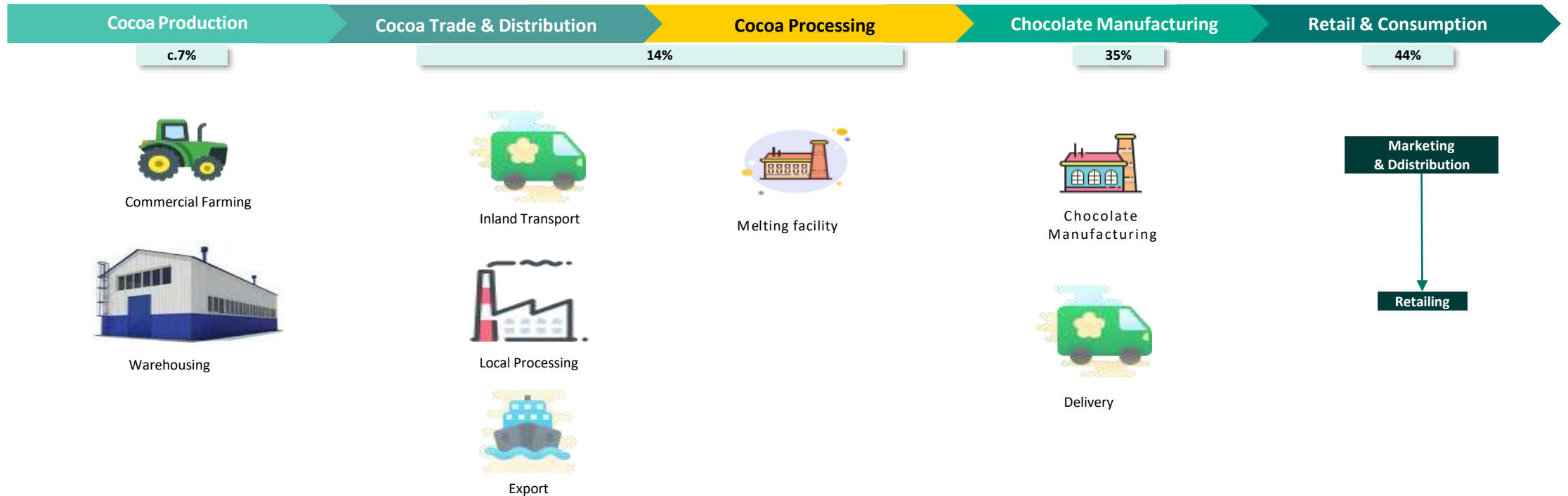


• **The aggregated unutilized capacity from a sample of assessed cocoa processors is circa 500,000 tonnes as of 2020.**



The Proposition

Areas of Capital Requirement/Shared Services



- The above indicates some opportunities for shared services within the cocoa processing cycle. The inability to independently integrate and provide these services could be one of the reasons why small and medium scale farmers prefer to sell cocoa beans for immediate cash and forego the additional returns of participating at the midstream level.

Proposition

The proposition is a call for further studies on the following areas towards improvement of small and medium scale farmers' revenue in the cocoa-chocolate value chain.

1. Facilitation of small-scale farmers participation in mid and down stream segments of the cocoa-chocolate value chain
2. Enhancement of profitability and value chain revenue of small and medium scale cocoa farmers through shared services
3. Improvement of processors and chocolate manufacturers' participation in shared services capacity arrangements towards reducing the cost of production.
4. Facilitation of cheaper working capital through JV arrangements with farmers.



Headquarters Offices

72B El-Maahad El-Eshteraky Street
Roxy, Heliopolis, Cairo 11341, Egypt

P.O. Box 613
Heliopolis, Cairo 11757, Egypt

T. +(202) 2456 4100/1/2/3/4

F. +(202) 2456 4110

business@afreximbank.com

For more information please contact:

Kingsley Mbah

Senior Manager, Advisory and Capital Markets

Tel: +20224563003

Email: kmbah@afreximbank.com