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# TRADE HUB AND AFRICAN PARTNERS NETWORK

## FEED THE FUTURE FINANCE AND INVESTMENT OPPORTUNITIES REPORT

Contact No.: AID-624-C-13-00002-00

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**DISCLAIMER**
The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government.

# CONTENTS

**Acronyms** ..... **5**
**1. Introduction** ..... **7**
1.1 Report Purpose and Organization ..... 7
1.2 Executive Summary ..... 7
**2. Background and Methodology** ..... **9**
2.1 Trade Hub Project Overview ..... 9
2.2 FTF Opportunity Study and Field Visits Methodology ..... 9
**3. Deal Generation and Processing** ..... **11**
3.1 The Value Proposition ..... 11
3.2 Deal Selection Criteria & Identification ..... 12
**4. Field Visit Findings** ..... **14**
4.1 FTF VC Overview ..... 14
4.2 Macro Findings ..... 17
4.3 Country FTF Business Strategies ..... 19
**5. Finance Access Facilitator Development** ..... **29**
5.1 Selection and Status ..... 29
5.2 Enhancing FAF Effectiveness ..... 30
**6. Partnerships and Collaborations** ..... **31**
6.1 Financial Institutions ..... 31
6.2 Associations ..... 31
6.3 USAID Missionas, DCA and AGOA ..... 31
6.4 Special Initiatives ..... 32
**7. Conclusions and Recommendations** ..... **33**
7.1 Conclusions ..... 33
7.2 Recommendations ..... 34
**Annex A** ..... **35**
**Annex B** ..... **42**

# ACRONYMS

| | |
|---|---|
| **A2F** | Access to Finance |
| **ACA** | African Cashew Alliance |
| **AGOA** | Africa Growth and Opportunity Act |
| **BDS** | Business Development Service |
| **BNDE** | Banque Nationale pour le Développement Agricole |
| **COFENABVIAO** | Confédération des Fédérations Nationales de la Filière Bétail et Viande de l'Afrique de l'Ouest |
| **DCA** | Development Credit Authority of USAID |
| **DFI** | Development Finance Institution |
| **E/ATP** | Expanded Agriculture and Trade Promotion (a USAID sponsored project) |
| **ECOWAS** | Economic Community of West African States |
| **FAF** | Finance Access Facilitator |
| **FI** | Financial Institution |
| **F&I** | Finance and Investment Component (of the Trade Hub) |
| **FinGAP** | Financing Ghana Agriculture Project (a USAID sponsored project) |
| **GDP** | Gross Domestic Product |
| **GE** | Global Exports (Value Chains) |
| **GSA** | Global Shea Alliance |
| **MoU** | Memorandum of Understanding |
| **MT** | Metric Tons |
| **NEPAD** | The New Partnership for Africa's Development |
| **NEXTT** | Nigerian Expanded Trade and Transport (a USAID sponsored project) |
| **NGO** | Nongovernmental Organization |
| **SME** | Small and Medium-size Enterprise |

| | |
|---|---|
| **SSA** | Sub-Saharan Africa |
| **TA** | Technical Assistance |
| **TO** | Task Orders (Deliverable in processing cycle) |
| **Trade Hub** | Trade Hub and African Partners Network |
| **TTEE** | Trade and Transport Enabling Environment (a Trade Hub component) |
| **UEMOA** | Union Economique et Monétaire Ouest Africain |
| **USAID** | United States Agency for International Development |
| **VC** | Value Chain |
| **WAGN** | West African Grain Network |

# 1. INTRODUCTION

## 1.1 REPORT PURPOSE AND ORGANIZATION

This report summarizes the results of a study carried out in January 2015 by the Trade Hub's Finance and Investment (F&I) team. It reaffirms the strong interest which businesses, associations, and financial institutions in West Africa expressed for financial facilitation. The report makes recommendations with regard to implementing F&I's Access to Finance (A2F) strategy for Feed the Future (FTF) Value Chains (VC). The FTF value chains identified for the Trade Hub are staple cereals (rice, maize, millet/sorghum) and livestock (cattle and small ruminants, consisting of sheep and goats). The January 2015 study with its field visits were the sequel to F&I's September2014 study, which focused on the Trade Hub's value-added global value chains (cashew, shea, mango, apparel) and the opportunities and constraints facing agribusiness financing in West Africa.

The January study and field visits achieved three main goals:

- Identify potential Feed the Future finance and investment opportunities deals.
- Orient and coach recently recruited Finance Access Facilitators (FAF).
- Strengthen the Trade Hub's cooperation with its strategic partner network.

The field visits met with stakeholders, including USAID bilateral missions, country-level associations, Trade Hub strategic partners (COFENABVI AO and the West African Grain Network, WAGN), and financial institutions (FIs). The field visits were conducted through four country teams, covering: (1) Ghana, (2) Côte d'Ivoire and Niger, (3) Senegal and Mali (in Bamako and Segou) and (4) Nigeria (in Abuja and Lagos). Due to the variances in their investment climates, financing availability, political stability and investment opportunities, individual country strategies are included within the main body of the report.

This report is organized into sections which provide overviews of the Trade Hub and its F&I component, the study's methodology, the deal generation and selection process, the FTF value chains, facilitation country strategies, strategic partnerships and conclusions, and recommendation to advance the Trade Hub's FTF finance facilitation and investment mandate.

## 1.2 EXECUTIVE SUMMARY

This report summarizes key findings from field visits made in January 2015 to identify strategic investment opportunities, support Trade Hub FTF partners' (COFENABVI AO and WAGN) knowledge of regional investment opportunities, and coach Trade Hub Finance Access Facilitators on identifying and supporting FTF firms to access financing.

The field visits were carried out in collaboration with Trade Hub FAF and resulted in the generation and promotion of 25 FTF leads which are summarized in Annex B. These include approximately $10 million in additional investment support, including one potential Public-Private Partnership (PPP) to launch a slaughterhouse in Niger. Table 1 summarizes a few key leads across the 6 countries visited.

**Table 1: Lead Pipeline Generation**

| Lead | Description |
|---|---|
| DAMAL (Senegal) | Finalize construction of slaughterhouse: $1,000,000 |
| Danaya (Mali) | Finalize modern cereals plant and working capital: $100,000 |
| Eleojo (Nigeria) | Upgrade rice milling and packaging: Amount TBD |
| ETC (Niger, women-owned) | Relocate and expand cereals processing: $250,000 |
| GALBAL (Mali) | Downstream meat processing: Amount TBD |
| Morobone (Nigeria) | Downward maize starch processing: Amount TBD |
| Nembel Invest (Côte d'Ivoire) | Rehabilitation of slaughterhouse: Amount TBD |
| Osoboba (Ghana) | Maize milling: $150,000 |
| Sangare Global (Côte d'Ivoire) | Relocate and expand rice operation: $250,000 |
| Volta Rice Miller (Ghana) | Expand paddy rice supply chain: $1, 000,000 |

In addition to the identification of potential deals, the field assessment determined the diversity and complexity that exists among the potential partner firms. These 25 investment opportunities all require different types of support; some of this can be provided through the FAF's assistance and some will require additional advice and guidance from Trade Hub experts. For example, one emerging business had developed a business plan that needs complete restructuring, including projected financial statements, the identification of buyers, and assistance to negotiate long-term contracts with local producers. The nuances identified during the study inform the Trade Hub's F&I team regarding required next steps to train the FAF as well as essential follow-on technical assistance to individual firms.

The FTF value chains, especially at the production levels, tend to be more informal and "socially" biased than the export-oriented global VCs. Their deal generation and financial facilitation will be labor intensive and generally take considerable time. Key entry points for the project and its FAF are feed mills/animal processing and downstream FTF activities, which will be considered more "bankable" by financial institutions.

The Trade Hub's regional approach provides an extraordinary platform for developing sector expertise, industry networks, knowledge-sharing, relationships with FIs, and alliances with input providers and output buyers. It is recommended that the Trade Hub continue to exploit this *regional advantage* while at the same time creating strong synergies with USAID bilateral missions which have their "boots on the ground" and strong links with national businesses, associations, and financial institutions.

# 2. BACKGROUND AND METHODOLOGY

## 2.1 TRADE HUB PROJECT OVERVIEW

USAID West Africa's strategic objective is to support the emergence of a politically stable and economically prosperous West Africa. The Trade Hub contributes to this objective by promoting regional trade in key agriculture staple foods and reducing poverty through increased jobs and income. The Trade Hub carries out its objectives by working closely with partner associations, banks, and with private sector enterprises - with a particular emphasis on supporting women entrepreneurs - and adopting a subregional "corridor approach." The Trade Hub works in four core areas: 1) strengthening regional feed the future (FTF) and value-added global value chains through technical assistance and grants, 2) improving the region's enabling environment for trade and transport, 3) supporting cross-cutting and capacity building initiatives, and 4) improving access to finance and investment, which is the focus of this study and report.

The Trade Hub's finance and investment (F&I) component will achieve its ambitious targets (including leveraging $62.5 million in investment in its first three years) by working in collaboration with four partner groups: i) **private sector businesses** which implement the investments; ii) **Finance Access Facilitator** (FAFs) subcontractors, who generate and process investment leads; iii) **financial institutions**, which extend financing (debt, equity, grants or hybrid investments) to the businesses; and iv) **strategic partners/trade associations,** which provide referrals and technical assistance and market-linkages support. The F&I component also works closely with the Trade Hub's value chain component staff to benefit from its industry knowledge, technical expertise, and regional contacts.

## 2.2 FTF OPPORTUNITY STUDY AND FIELD VISITS METHODOLOGY

The FTF Opportunity study followed the methodology of its earlier global value chain study (September 2014) which proved well-conceived and efficient. Since the September study, two developments added to the overall strength of the F&I component. In the past three months, the Trade Hub has identified 23 FAF across the region and is now fully engaged in the project.

These new FAFs were involved in the planning and implementation of this study.

The study's approach included the following methodology:

- Step 1 focused on background desk research and field visits preparations, mainly from the United States.
- Step 2 started with a day-long strategy meeting at the Trade Hub's Accra office on January 19, 2015. This critical meeting reviewed study objectives and logistics and was attended by the F&I team and consultants and included briefing meetings with other Trade Hub component specialists. The field visits took place from January 20 to February 2, 2015.
- Step 3 consisted of the field teams' February 3, 2015 return to Accra to consolidate findings and recommendations, brief Trade Hub management, and make a detailed power-point presentation

with extensive questions-and-answers to Trade Hub colleagues and the USAID West Africa Mission.

In all, the study interviewed over 125 businesses, financial institutions, associations and stakeholders. The field team also met with USAID bilateral missions in each country. Table 2 presents a summary of interviews and meetings, by country.

**Table 2: Summary of Field Visit Interviews**

| Field Visit Interviews | | | | | |
|---|---|---|---|---|---|
| **Côte d'Ivoire** | **Ghana** | **Mali** | **Niger** | **Nigeria** | **Senegal** |
| 16 | 17 | 19 | 20 | 40 | 15 |

# 3. DEAL GENERATION AND PROCESSING

## 3.1 THE VALUE PROPOSITION

Although there is a dearth of financing for most segments of agribusiness, including small and medium-size enterprises (SME)[1] there is competition within most markets for viable investment opportunities. Firms are also wary of donor projects that come and go and of possibly dubious intermediaries that are unknown to them. As such, the finance and investment team felt compelled to clearly articulate its financial facilitation message to attract the best FAFs, the best deals, and the best financing partners across the region.

Table 3 summarizes the Trade Hub's financial facilitation value propositions, many of which are shared across the different partner groups, albeit as a mirror image (i.e., "clients seeking good FIs for financing" and "FIs seeking good clients to finance"). During the study, these propositions served as a basis for approaching new investment leads and financial intermediaries in explaining what the project is seeking to achieve. The value propositions are now included in the FAF marketing materials.

**Table 3: Value Propositions, By Stakeholder**

| Value Proposition | | | |
|---|---|---|---|
| ***Businesses*** | ***Financial Institutions*** | ***Finance Access Facilitators*** | ***Strategic Partners*** |
| 3rd party project assessment | Access to VC specialists | Access to VC specialists | Access to VC specialists |
| Access to VC specialists | Capacity building | Deal referrals | Deal referrals |
| Advocacy platforms | Deal introduction and vetting | Endorsement, credibility | Entree to companies |
| FAF endorsement | Deal outsourcing | Entree to companies | Intro to new funding sources |
| Free publicity | Deal supervision | Intro to new funding sources | Knowledge sharing |
| Informal political risk | Free publicity | Intro to loan instruments | Profile enhancement |

[1]From the October 2014 "Value Chain Financing Constraints and Investment Opportunities Report:" The SME segment encompasses firms of many different shapes, sizes and levels of sophistication. In West Africa, SMEs may be slightly larger than micro-enterprises, while at the upper end they are often viewed locally as "big business." This report adopts, with flexibility, a definition of SMEs as registered businesses (i.e., operating within the "formal sector") recording annual sales of between $100,000 and $15 million and employing between 10 and 300 people.

| | | | |
|---|---|---|---|
| Knowledge sharing | Intro to other USAID projects | Networking across region | USAID branding / partnership |
| Subsidization of FAF fees | Knowledge sharing | Subsidization of fees | Training, workshops |
| Technical assistance | Possible DCA cover | Training, workshops | Strengthened membership base |
| Training, workshops | Profile enhancement | USAID branding / partnership | |
| USAID branding / partnership | USAID branding / partnership | | |

The obvious "value proposition" which the Trade Hub does not offer is the capacity to invest funds. This "absence" is one of Trade Hub's compelling strengths. It requires the Trade Hub to work with and through FIs, and, in so doing, it strengthens the local and international FIs and the financial markets in which they operate. This strategy also makes it incumbent upon the investor and the FAFs to develop market-driven, bankable projects. This becomes the Trade Hub's "sustainability formula."

## 3.2 DEAL SELECTION CRITERIA & IDENTIFICATION

The Trade Hub's strategy recognizes that only a select group of projects/firms are suitable for F&I component support. For the purposes of the January FTF study and moving forward, the F&I team suggested that its selection criteria include the following:

- The client's core business/project consists of targeted cereals (maize, rice, sorghum/millet) or livestock (cattle, small ruminants) or some combination of both.
- F&I will support deals along the full value-chain but with a preference to value-added segments. For example, the Trade Hub will favor an operation which cleans, processes, and packages cereals as opposed to primary agriculture (however, with flexibility, judging the merits of each proposal on a case-by-case basis).
- Partners are private, or in transition to become private sector or have significant private sector involvement. This rules out purely government-owned or operated entities.
- Women entrepreneurs and their investments will receive focused attention, but credit quality standards will not be compromised. The Trade Hub will deliberately channel capacity building resources to women-owned and run businesses and associations.
- Just as the best deals are sought, so are the "best" FIs, FAFs and associations in terms of their "fit" with the Trade Hub's objectives. Several funds and developmentally oriented banks have recently been established (e.g., Senegal's BNDE, Mali's Fonds de Garantie pour le Secteur Prive) that are worth noting. These share a vision with the Trade Hub and would benefit from the partnership with the Trade Hub.
- Partners will be sought along the Trade Hub's selected corridors or which support cross-border transactions. For example, a cross-cutting livestock transport enterprise.
- Most of the F&I's partners will, by definition, fall within the "formal" category. Their enterprises will be registered and able to provide (now or with reasonable support from FAFs or other professional consultants) financial statements and legal documentation.

- Investors will possess the internal resources to dedicate capital and security to support FI lending. Deals should not be overly dependent on borrowed funds.
- Projects will be able to provide demonstrable evidence (e.g., in the form of operational and financial projections) that they will service bank debt and provide a reasonable rate of return to equity investors.
- The investment will have a catalytic effect, thereby encouraging other or a cluster of investments in the same or related VC.
- Firms recognize the value addition the project, through its FAF, bring and are willing to financially contribute to the conclusion of deals, e.g., the Trade Hub expects firms to pay FAF directly for their services, in addition to the fees they pay them.

FAFs originate deals in several ways, including from:

- Existing relationships by F&I staff, consultants and the FAFs themselves, and through referrals
- Trade Hub VC specialists with contacts in the FTF VC
- Association membership referrals (e.g., COFENABVI AO, WAGN)
- Prospecting and "cold" calls
- Networking at trade fairs and conferences, assuming attendance by decision makers
- Referrals from FIs, which may not themselves have the capacity to process the applications
- Referrals from donor partners which share a common vision in promoting an investment
- Leads from USAID missions (regional or bi-lateral) and other USAID-supported projects

# 4. FIELD VISIT FINDINGS

## 4.1 FTF VC OVERVIEW

This section provides a short overview of the targeted FTF value chains to put the study's findings in context as it relates to allocating resources and identifying good investment opportunities. These short summaries encapsulate the extensive information which the Trade Hub has collected and analyzed to date. Unlike the global VCs which were selected on the basis of in-depth studies[2] for inclusion in the Trade Hub project, the FTF VCs were preselected by USAID[3].

**Livestock**

Livestock (cattle and small ruminants) plays a critical role in the economies of West Africa. It is estimated that due to their high number and value per head, livestock accounts for nearly 45% of the region's agriculture GDP. West Africa accounts for some 25% of the cattle and 35% of the small ruminants in sub-Saharan African. Moreover, livestock is the biggest single contributor to regional agricultural trade, again due to high numbers and unit costs.

In contrast to smallholder farmer households which grow and consume most of their crops, livestock owners consume relatively small portions of their herds. They raise livestock mainly for sale to the more urban markets and, traditionally, as a sign of prosperity and a savings to liquidate for special events or emergencies. However, there are signs that this traditional and informal sector is adapting to more modern realities. Owners are making more routine sales and hauling cattle and small ruminants to market by truck (for example, leading up to religious festivals like Tabaski). The major sources of cross-border livestock into ECOWAS countries are Mali (also serving as a conduit for livestock from non-ECOWAS member, Mauritania) and Niger, followed by Burkina Faso.

While various doors and projects have made strides in estimating the size and value of livestock herds, market and trade data is still illusive. A 2013 presentation at the Food-Across-Borders Conference (January 2013, Accra) estimated that annual livestock trade flows are grossly underestimated[4]. By way of example, the annual outward trade of livestock from Mali was at the time officially estimated at $128 million, whereas market-based data gathering suggested that it was closer to $240 million. The comparable figures for Burkina Faso were $54.4 million and $212 million, respectively. The conference presentation suggested that official statistics capture only about one-third of the real value of total livestock trade within ECOWAS.

The main buyers' markets for livestock are the coastal countries of Nigeria (by far the largest), Ghana, Côte d'Ivoire and Senegal, and, in particular, their urban areas. Given the estimates that the urban food markets in sub-Saharan Africa, including West Africa, will expand fourfold over the next 20 years, the

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[2] Trade Hub and African Partners Network, Value Chain Assessment Reports and Value Chain Selection Report, May 2014.

[3] *Ibid*

[4] Assessment of Volume and Value of Regionally Trader Staple Commodities, Expanded Agricultural Trade Project, USAID, 2013.

market demand for livestock, including improved quality and presentation, is "bullish."[5] While the livestock industry along the full value chain faces many challenges, access to formal financing and the formalization of payments from buyer to seller are among the greatest and will be addressed by F&I's A2F program.

**Maize**

Maize has become an important crop in West Africa and, especially, in the region's rain fed, middle-belt production zone (see Figure 1, below [6]). Over the past thirty-or-so years, maize has become an important food staple supplementing starchy tubers (e.g., cassava) in coastal West Africa and an acceptable substitute for sorghum and millet year-round and in the lean, "hungry months." From its prime middle-belt production zone, maize trade flows south (to coastal markets) and/or north (to the sorghum-producing Sudanian zone and millet producing Sahel zone), depending on price incentives. Average, smallholder production levels continue to be very low (1-2 MT/ha), handicapped by poor seed quality and lack of use of fertilize and irrigation. As such, upside production improvements and cross-border trade opportunities loom strong.

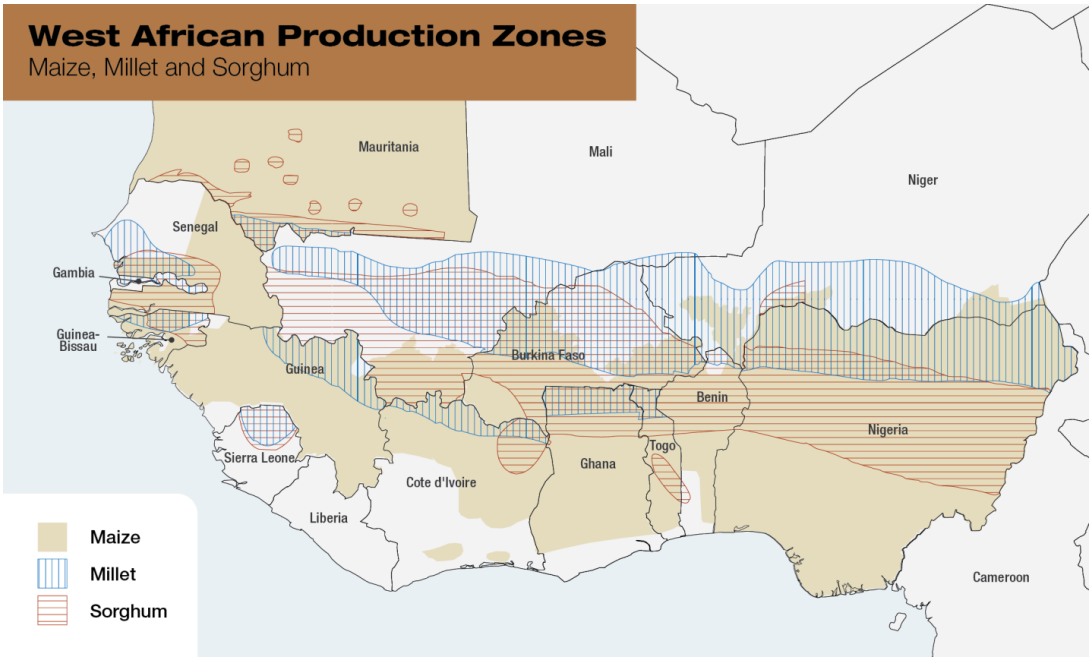
Feed millers are increasingly seeking out local sources of supply of maize as the main ingredient for poultry feed. The consumption of chicken meat and eggs continues to grow in West Africa. Import substitution of poultry products has emerged as a top priority of many West African governments. West Africa's import of fresh and frozen (mainly frozen) poultry meat rose from 60,000 MT to 310,000 MT between 2000 and 2011[7].

[5] From Growing Africa—Unlocking the Potential of Agribusiness, the World Bank, January 2013. Estimate is based on NEPAD's 6% per annual economic growth target, population and urbanization growth targets, and assuming that per capita value of food consumption is 25% higher in urban than in rural areas.

[6] Regional Agriculture Transport and Trade Policy Study, WATH, 2011

[7] US Department of Agriculture.

**Figure 1**




## Sorghum / Millet

Smallholder grown and rain-fed, sorghum and millet comprise critical elements of rural diets in West Africa and, in particular, in the northern zones of Burkina Faso, Mali, Senegal, Niger, and Nigeria. Together, sorghum and millet rank as the second or third largest calorie source in West Africa (below rice and ahead of cassava and maize). While primarily a low cost staple consumed locally by subsistence farmers and their surrounding communities, several small and medium-sized processing plants have recently emerged. Sorghum has also gained some currency as an alternative to imported barley, and Heineken and Guinness both use sorghum at their breweries in West Africa. Given that sorghum and millet are fundamentally smallholder crops grown informally in remote rural areas and prepared for cooking traditionally in small batches, the Trade Hub F&I expects to be less involved in A2F for sorghum and millet value chains than for livestock, maize, and rice.

## Rice

Over the past decade, West Africa has jumped ahead to become—by far—the world's largest milled rice importing subregion. With imports in the range of 3,000,000 to 3,500,000 metric tons (MT) in 2014[8], Nigeria alone ranks second globally in rice imports, after China. It is conceivable that Nigeria is, indeed, the world's largest rice importer once informal imports from neighboring Benin and other countries are taken into account. Together, Côte d'Ivoire and Senegal account for 2,350,000 MT of rice imports, ranking 8th and 9th on the global import scale. Taken together, West Africa consumes about 17,500,000 MT of milled rice, of which about half is locally grown and the rest is imported. In dollar terms, the price tag for imported rice in West Africa is approximately US$3.5 billion FOB[9]. Moreover,

[8] US Department of Agriculture and USDA Foreign Agriculture Service's GAIN Reports.

[9] Rice, 5% broken milled white rice, Thailand nominal price quote, July to December 2014 average (US$425/MT). CIF value, ports of call, West Africa would be substantially higher. Author's calculation based on World Bank and Index Mundi data.

not only does it represent a major budgetary burden for West Africa, but rice is only thinly traded[10]. As shown in II Quarter 2008, rice shortages resulted in price spikes of US$1,000 /MT and urban panic buying.

It is no wonder, therefore, that West African nations, donors, associations and the private sector are putting a lot of emphasis on Africa's self-sufficiency in rice. Fortunately, there have been some recent gains in the production of paddy rice, where Mali and Côte d'Ivoire (and to some extent Nigeria, Senegal and Benin) are standouts. However, the storage, milling, packaging, and distribution of rice remain herculean challenges and offer opportunities for investors in Africa. Given its urgent need for capital expenditure and working capital financing, West Africa's rice sector is a priority for the Trade Hub's and FAF attention and resources.

## 4.2 MACRO FINDINGS

The field visits reinforced and, in some cases, revealed new findings from the finance and investment component's knowledge of the targeted FTF value chains. This section of the report explores the study's macro findings in terms of: (1) FTF value chains, (2) financing issues, and (3) general considerations.

**Feed the Future Value Chains**

A few salient findings regarding the FTF value chains based on the January field visits, include the following.

- FTFs are huge value chains with regard to their nutritional contribution, domestic and regional trade volume and value, contribution to national GDPs, adverse impact on balance of trade, employment (including women), and social and development impact.
- FTF VC are generally local, informal, and difficult to service (less so for rice). And while their "value" is in excess to that of the Trade Hub's global VCs[11], their informality and limited financial literacy make crafting convincing financing proposals to FIs difficult.
- Given the right combination of farm and livestock inputs (e.g., seed, fertilizer, breeds of livestock, animal feeds) and improvements to infrastructure, FTF VCs could be more cost efficient to produce and process in West African than to import.
- The production in these VCs are heavily impacted by rainfall, drought, floods, and pests, causing them to be perceived as high risk by financial institutions.
- FTF supply chains are often long and arduous, frequently requiring multiple cross-border crossings to take products to the final point of sale. By way of example, the overland distance from Bamako to Dakar (livestock corridor) is 1,750 km. By contrast, the distance from Techiman (i.e., location of Ghana Nuts, a representative Ghanaian nut processor and exporter) to Tema is 400 km.

[10] Only an estimated 6% of global milled rice output is internationally traded. Most rice production in Southeast Asia is consumed domestically.

[11] Cashew has soared to become a "billion dollar" business in West Africa, and Côte d'Ivoire has become the world's largest exporter of raw cashew nuts. The GSA estimates that in 2012, 350,000 MT of shea kernels were exported from West Africa with a market value of approximately $120 million. The Trade Hub in its Value Chain Assessment Report for Mango points to the difficulty of estimating the value of the region's mango crop but suggests a total farm gate value of mango production in West Africa of $260 million. These "rough" estimates put the value of value-added global export VCs well below that of the FTF VCs.

- Field visits often heard complaints about various non-tariff barriers—such as the need for multiple animal health certificates, etc.
- Businesses often told the field team that national and donor subsidy programs (fertilizer and seed inputs) distort private sector activities while not promoting the industry's "sustainability" and transparency.

**Financing Issues**

During the course of the field visits, a number of key messages came up which are worth repeating here:

- The market place's response to the THs F&I approach has repeatedly been positive. FIs profess an eagerness to receive and finance promising leads. There is a general preference for downstream processing activities and shorter-term trade credits. Collateral is a consistent constraint. In the words of one banker: "cattle can die, be moved, or eaten."
- Few FIs are prepared to allocate a sizable portion of their total portfolios to agribusiness investment. Where an appetite does exist, most FIs are more interested in financing agribusiness trade.
- FAF would like the project to develop more formalized relationships with FIs that will include educating them on the merits of agribusiness; these overtures are seen as ways to increase FI's appetite for this sector and support for the FAF's work.
- Capturing buyer payment flows for FI debt servicing is more difficult in the informal FTF sectors (e.g., livestock cross-border sales) than in the value-added global VCs (e.g., process cashew exports) where foreign buyers are accustomed to channel payments through the banking system.
- Risk management instruments (e.g., forward hedging, weather-indexed insurance) are less developed in the FTF VCs and in the "northern" zones of West Africa.

**General Conclusions**

Several observations are also important to summarize in their relevant to the Trade Hub's execution of its F&I component.

- The Trade Hub's FAF are more technical experienced in financing value-added global VCs than FTF VCs. The FTF associations and the Trade Hub's own VC specialists will need to provide additional technical assistance to FAFs to support deal completion in the FTF value chains.
- The Trade Hub's regional approach offers important benefits on a number of fronts. FAFs' VC experience in one country can translate well to another. Client and financing relationships (e.g., pan-African FIs) can be cross-leveraged across regions.
- Field visit teams found that FIs were eager to learn about FIs' successes in other markets and other VCs. This fuels the FAFs' value proposition referred to in previous sections.
- The downside of this regional penetration is that bad, as well as good, news travels fast. An FI's bad experience in, say, Cotonou could spread overnight to Dakar and derail another Trade Hub facilitated deal. This, therefore, demands intense scrutiny of deals and a thorough due diligence process.
- Maintaining the highest standards and managing a diverse group of FAFs across a large geographic region is critically important for the project's success.
- For a number of reasons, including a military insurgency in the grain and livestock belt of Nigeria, USAID's preselection of the Trade Hub's FTF VCs is not be the most appropriate for all countries. In its presentation to USAID, the field team raised this concern and asked USAID officers to consider broadening the FTF VC to include cassava, aquaculture and horticulture, and to include swine and poultry[12] in livestock sector.

## 4.3 COUNTRY FTF BUSINESS STRATEGIES

The following summarizes country-specific business strategies developed by the field team, based on over 125 interviews with key stakeholders, including producers, processors, cross border traders, FIs, and the FAFs.

**Côte d'Ivoire**

Côte d'Ivoire was, by far and away, the main economy of West Africa outside of Nigeria before its military coup in December 1999. After years of civil war and political turmoil, the current president finally gained power in April 2011. Now, nearly four years later, the country is reemerging as Francophone Africa's most diversified and strongest agribusiness economy, offering good investment opportunities. After achieving GDP growth levels nearing 10% in 2013 and 2014, the country is expected to achieve more sustainable levels of 6-8% annually in the coming period. Still a lot hinges on international commodity prices for Côte d'Ivoire's agriculture and mineral exports. The country of 23 million (of which around 5 million live in greater Abidjan) goes to the polls this October to determine the fate of this country and its economy.

[12] Swine and poultry should be included as users of maize-based animal feed.

*Investment Opportunities*

The ten years of turmoil resulted in destruction to physical infrastructure and human capital. For example, agricultural cooperatives lack cash to rebuild. This represents an opportunity for the Trade Hub's F&I market-based approach as leading agribusinesses seek backward integration, combined with outgrower schemes to build supply chains and reduce costs of production that will boost productivity and increase revenues at the household level.

The government of Cote d'Ivoire developed a national agriculture strategy to support more value-added activities. One outcome of this strategy is the government's recent awarding of 5,000 hectares to an integrated poultry producer to promote vertical integration and smallholder production of maize. The government is also strongly promoting rice production. In 2014, the country experienced a significant jump in its paddy and milled rice production, with milled rice reaching about 1,200,000 MT. The country's urban supermarket economy is likewise rebounding, raising opportunities for the "import" of higher quality meats from Burkina Faso and Mali to its north.

*Facilitation Strategy*

F&I's deal promotion and financial facilitation opportunities are boosted by the proximity of the Trade Hub's two main offices (Accra and Ouagadougou) to Abidjan and the experience of two of the country's three FAFs. Two FAFs were formerly general managers of local banks and have particular interest in larger investments and experience with global VCs (cashew, in particular).

The Trade Hub will also focus on the most organized cooperatives and small rice and maize agribusinesses (mostly traders and small mills). It brought on board a more junior FAF who is specialized in rural cooperatives and smaller SMEs that can assist in these areas. This FAF is focused in the north of Cote d'Ivoire and more disposed to cereal VCs. Cote d'Ivoire's north was more afflicted than its south by the decade-long turmoil where the development of FTF transactions is expected to be more time consuming.

## Ghana

*Country Context*

Ghana has consistently been highlighted as an economic bright spot in the already rapidly growing African continent. It has the second-highest Doing Business ranking in SSA at 70 in 2015 and is well recognized for relatively good performance in investment environment metrics such as registering property, accessing credit, and protecting minority investors. This, combined with an English-speaking, well-educated workforce and an excellent track-record of political stability and democratic governance, have made it an attractive target for investors and businesses of all sizes—including significant numbers of donor-funded programs and social impact funds.

Cereals production in Ghana has been largely stymied by low productivity and low quality when compared to international imports and by poor transport and storage infrastructure that result in significant wastage at the farm gate. Domestic production capacity has, however, grown in recent years, but is focused primarily on meeting domestic demand (70% of rice consumption is imported), supported by a government policy focused on import substitution. Government support to the Trade Hub FTF value chains includes fertilizer subsidies and import tariff protection for major food items such as rice and poultry; in the maize sector, government and donor focus on capacity building, subsidies, and improved inputs have contributed to increased productivity and market competitiveness. This presents a

strategic opportunity for the TH to support the development of these value chains to, first, meet domestic demand and, ultimately, begin to trade on global markets.

*Investment Opportunities*

Domestic rice production in Ghana has almost doubled since 2005 and continues to grow. FAO has identified investments in improved milling infrastructure and techniques as a strategic priority for the rice sector, aiming to increase quality to compete effectively with foreign rice. Similarly, domestic white maize production, supported by fertilizer subsidies and purchases by Ghana's National Food Buffer Stock Company (NAFCO), has grown in recent years. Imports of yellow maize, primarily used for poultry production, have continued in most years and show signs of increasing due to recent government support for domestic poultry production. Yellow maize production, and its scaling up, presents a potentially compelling investment opportunity in the medium term, given the resurgent poultry industry, assuming that government policy and tariffs and sector productivity gains can make domestic production price competitive with imports. Across multiple value chains, rural storage and transportation infrastructure were also identified as key priorities, presenting opportunities for strategic, broad-impact, cross-cutting investments.

*Facilitation Strategy*

Due to its market-attractiveness, Ghana has become home to a broad range of both local and international investors, social-impact funds, development finance institutions (DFIs), and donor-funded economic development programs. On the one hand, this results in a broad array of potential financing and technical support for viable transactions in the focus value chains. On the other hand, competition among programs and social-impact funds for viable deals is fierce. In the short-term there are clear opportunities for the Trade Hub to support through its FAF system in the rice and livestock sectors; for example, supporting rice millers in the Volta region and a meat packaging and distribution facility.

The rice sector is expected to present particularly rich opportunities to leverage partnerships with other development actors. For example, Technoserve implemented the Competitive Africa Rice Initiative project which provides capacity building and business development support to rice mills and is able to present a ripe pipeline of attractive investment transactions for Trade Hub support. The maize sector will likely present opportunities in the medium term, though care must be taken to not overlap with the activities of the sister USAID FinGAP project (working in Northern Ghana) and to identify market-viable projects amid the numerous regulatory distortions of the maize sector. Where producers can raise productivity and/or take advantage of government tariffs to produce competitive maize for poultry feed, the rise of the poultry industry in Ghana presents a significant investment opportunity.

## Mali

*Country Context*

Mali continues to make a slow recovery since the toppling of its government in early 2012 and separatist violence in 2014 and, more recently, in Gao in January 2015. Political stability and the current de facto division between North and South have been strained by the country's proximity to Ebola afflicted countries and its own dozen-or-so cases, including at least one death. This enormous country (5 times the size of Ghana) is sparsely populated (population of 16.5 million versus 25.8 million for Ghana). However, in part due to migrations forced by ongoing conflicts, the country's rate of urbanization is 4.8% on top of an overall population growth rate of 3%. This growth is impelling political and food security issues. Its "Doing Business" ranking for 2015 is slightly on the high side for SSA, settling in at 19$^{th}$ out of 47 positions; however, it slipped three notches since the prior year. While only 5.5% of its

land is arable, Segou and its surrounding areas have access to the River Niger and long established (and underused) irrigation schemes. As a result, Mali is one of the few countries in West Africa which is nearly self-sufficient in rice production. In addition to rice and other cereals (sorghum/millet, maize), the country has West Africa's largest endowment of livestock, which serves contiguous markets in Senegal, Cote d'Ivoire and, to a lesser extent, Guinea.

*Investment Opportunities*

With its existing assets of irrigable land and abundant livestock, Mali is in a position to not only feed its own growing population but to be a major source of food staples and nutrition for neighboring countries. As it is, the country is an important supplier of cattle and small ruminants to Cote d'Ivoire and Senegal's urban centers. However, these supply chains are in need of modernization. The government of Mali is trying to promote through subsidies the feed milling industry, but a clear message regarding the cost benefits of modern fortified feed over cottage-industry improved feed has yet to be made or to convince herders. In line with the country's high rate of urbanization and, in some circles, less time for traditional food preparation, a demand is growing for semiprepared food (e.g., hulled and cleaned millet and sorghum). As throughout West Africa, cereal yields are low and can be improved with the introduction of drought tolerant and improved seeds, offering investment opportunities for both industrial and smallholder farmers.

*Facilitation Strategy*

The TH's financial facilitation opportunities in Mali are enhanced by the involvement of two FAF facilitation firms which have well developed client bases and credibility within their markets. However, client resistance still prevails, especially within the livestock sector, with regard to paying success fees. This resistance originates from some past poor experience with "agents" in the past and the belief among some herders that government and donor funding is or should be available "free of charge." The FAFs' challenge is to demonstrate to the farmers, herders, and processors that they can "go beyond" the level of financing available from local banks by preparing convincing financing proposals and by tapping into new financing sources and instruments.

In order to further exploit investment opportunities within the livestock sector, a full and integrated value chain approach will need to be developed. This chain would stem from the supply of feedstock to herders, identification of cross-border markets and trustworthy payment mechanisms. An alternative transactional approach—but with less impact—is for FAFs to facilitate the financing of an incrementally higher number of cattle and small ruminants. In the initial stages, this livestock is geared toward domestic markets.

The country's well capitalized BNDA, with its offshore shareholders Banque d'Escompte and Banque Populaire (both of France), and the new Fonds de Garantie pour le Secteur Prive, offer two potentially willing financing partners, among others. However, the Mali financial marketplace is in its infant stage compared with its coastal West Africa neighbors, offering both challenges and need for financial facilitation.

## Niger

*Country Context*

Niger's economy remains informal and rural with 90% of the country's rapidly growing population (growth rate of 3.3% p.a.) of 17.5 million engaged in subsistence level agriculture and animal raising. Social and political tensions internally and within the region continue to unsettle the country. An overall

unfavorable business environment discourages private sector investment. On the World Bank's 2015 "Doing Business" scales, Niger ranks 34th out of 47 SSA countries, between Burkina Faso and Nigeria. Within this ecosystem, four strong associations in rice, millet/sorghum, livestock and vegetables play leadership roles. Each has more than 100,000 members. However, they do not have the needed financial resources to support their membership through the pooling of resources, buying in bulk inputs or selling the products on the market. Their role is limited mainly to lobbying. The Government of Niger's direct interventions and subsidies in favor of producers and donor humanitarian support are cited by the private business community as distorting the market (especially with regard to the efficient and sustainable distribution of seeds, fertilizers and milled rice).

Examples are given in which SMEs and micro-enterprises limit their investment to the size of the matching grant program, as farmers are looking to access such "free money." In a sense, one could say that no one is thinking big. Trade Hub will have to work within this environment and, with the more privately operated SMEs, develop business plans that combine matching grants and commercial financing.

*Investment Opportunities*

Despite this difficult enabling environment, the field visit's discussions with stakeholders helped to identify some investment leads. Niger has become a significant rice importing country, increasing imports from a low base of 20,000 MT in 2000 to 310,000 MT in 2014[13] (some of which ultimately ends up in Nigeria's northern markets). Due to unfavorable growing conditions and weak infrastructure, rice cultivation in Niger is not expected to meet rising demand in the coming years. MCA is developing its Concept Note to MCC with irrigated rice as a core project. The government of Niger is, through the Security Stockpiles agency, buying most of the marketed rice, although sometimes with payment delays of up to a year. This situation is complicating the rice farmers' annual planting cycles, which include off-season crops. The rice federation is trying to develop rice mill units to sell white rice with added value. Trade Hub F&I could support feasibility studies covering optimum sizes and models for rice mill units.

Regarding millet/sorghum (millet being the most important food crop in Niger), production is mostly for household consumption. Families rarely sell their surplus. Some larger farms will sell their surplus locally, as there is an important unmet demand. In good years, millet surplus is sold into Burkina Faso and Nigeria. The USAID REGIS-ER program is supporting this value chain, helping the vulnerable population. The Trade Hub's VC component seeks to support Mali and Burkina Faso processors to sell to Niger, thereby increasing regional trade and eventually reducing imported rice from Southeast Asia.

Maize production yields are low, as very few farms use improved seed or have irrigation systems, depending instead on rainwater. Only vertical integration of poultry or animal feed units could justify the cost of irrigation systems. To date, as maize is mostly imported, opportunity exists for the VC component to support the Burkina Faso maize producers to sell their surplus in Niger.

With its 37 million livestock herd, this value chain remains the main wealth of Niger. Recently, an important rehabilitation of the Niamey slaughterhouse was approved at a cost of $6 million. This will improve the overall quality of the local meat and improve hygienic conditions. As there is a Nigerian law that forbids importing red meat from border countries, the potential export added value of red meat appears low. Nigerian traders take advantage of this ban by buying underfed livestock from Niger villages and then fattening them in Nigeria. The Nigerian traders then profit from the value-addition, rather than those in Niger. There are numerous efforts to support livestock value chain development in Niger, but none of these is as yet bringing the structural change needed to generate important benefits for the population and for Niger's payment balance.

[13] US Department of Agriculture

The USAID REGIS-ER project is working to improve the resilience of local communities by supporting the raising and marketing of small ruminants. The World Bank's PRODEX project, through its matching fund, supports private sector development with 102 cattle fattening units and 13 communal cattle markets. While these efforts help to raise the cattle supply, they are not serving the Nigeria market, where most Niger cattle is ultimately sold, unfattened.

*Facilitation Strategy*

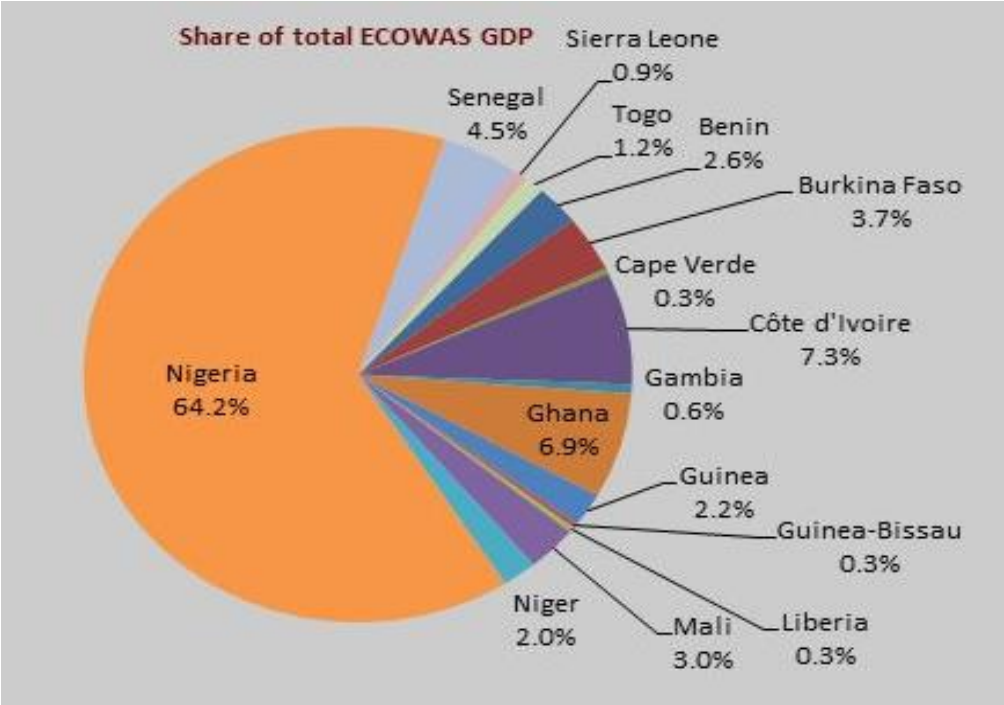
The TH F&I has no FAF in Niger. Initially, F&I planned to assign the Burkina Faso FAF for specific projects. This remains a possibility but is being revisited. Based on a couple of potential SME investment start-ups in Niger, it may be more opportunistic to recruit a consulting firm from Niger. One challenge is that there is apparently no strong consulting firm in Niger to develop business leads and interact with FIs, although this is being explored further. While meeting with the new CCD-G9 (*Cadre de Concertation et de Dialogue* of 9 entities of Niger) supported by Swiss cooperation, F&I specialists met with an individual who could play this role. She is opening a consulting firm in partnership with a Dutch consulting firm, with a mandate to create private SMEs and promote entrepreneurship in West Africa. F&I is currently exploring this alternative.

## Nigeria

*Country Context*

Nigeria "rebased" its economic indicators in April 2014 and is now reported to be Africa's largest economy, with a GDP estimated to be over US$ 500 billion in 2013. The petroleum industry is dominant in the economy, though Nigeria is actively trying to diversify and revive moribund agricultural and light manufacturing sectors. Nigeria is reported to be growing at an average 7% per annum in recent years; however, the economy remains hobbled by inadequate power supply and infrastructure to support this growth. Nigeria's population is estimated to be 180 million, with approximately 60% of the population living in poverty. Nigeria accounts for nearly two-thirds of all ECOWAS GDP, including agriculture (See Figure 2).

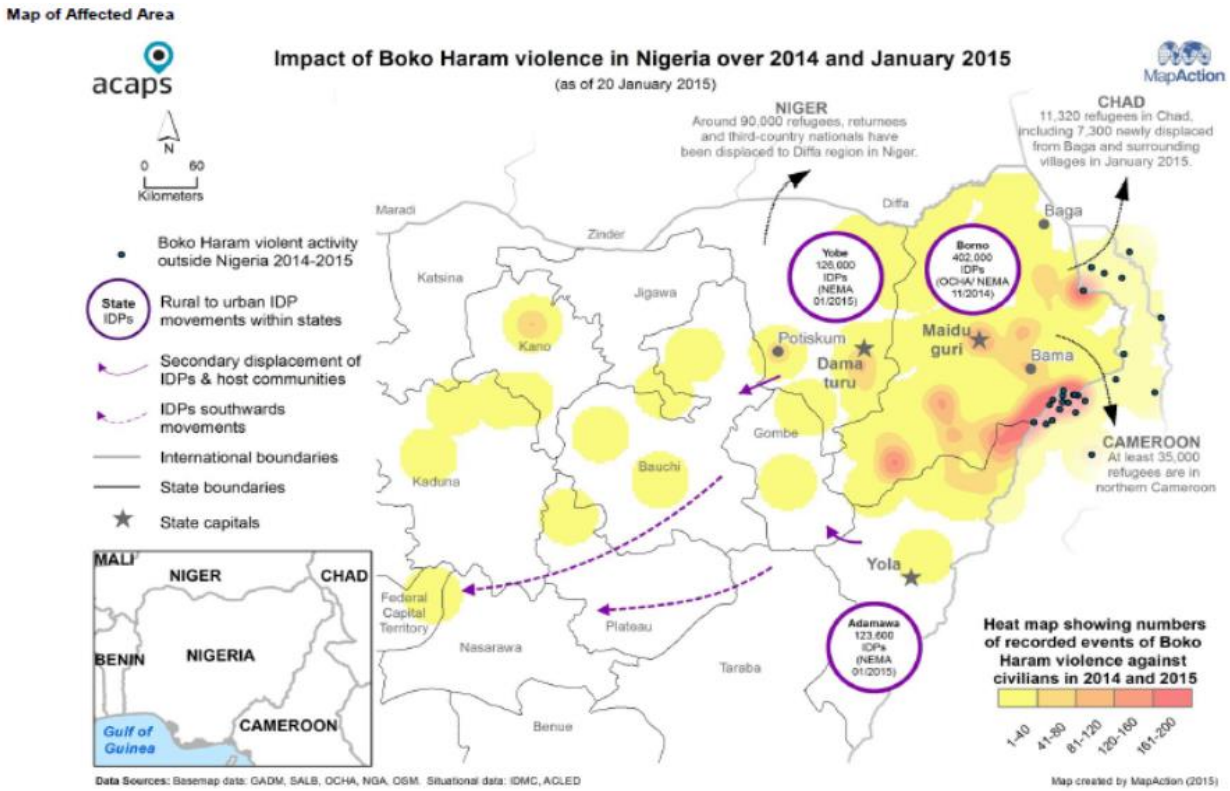
**Figure 2**




Source: http://www.resakss.org/region/ecowas

Over one-half of ECOWAS's population lives in Nigeria. Nigeria is a net importer of agricultural products, including identified FTF value chains of rice, sorghum, millet, maize, and livestock. Nigeria has an ongoing and intensifying insurgency (Boko Haram and splinter groups including terrorist organizations) that is negatively impacting grain and livestock production and trading as the farmers leave fields fallow and markets are targeted for bombings throughout Nigeria's northern grain growing regions (see Figure 3, below). Further, as a result of recent declines in global oil prices, Nigeria's currency (the Naira) is under significant pressure and devaluing rapidly vis-a-vis the US dollar.

**Figure 3**




The preselected value chains for the West Africa region may not be the most appropriate for promotion of investment (access to finance) in Nigeria, given the political and economic risk factors in Nigeria, as described above. As such, the Trade Hub should consider adapting its approach to Nigeria's country context and align more closely with government priorities.

*Investment Opportunities*

The field team travelling to Nigeria assessed numerous FTF value chains through consultation with development partners and donor programs, meetings with the Nigeria Ministry Trade and Investment commodities division, and industry actors. Based on these key informant interviews and literature review, a cross-cutting approach to promotion of investment may be an effective strategy within the identified VCs. These include:

- Animal Feeds (ruminant, poultry and fish feed)
- Processed Foods (focus on cereal grain–based products)
- Service Markets (logistics, transport, storage, packing, packaging, and equipment suppliers)

Additionally, in-depth stakeholder discussions and the team's knowledge of ongoing challenges and government priorities in Nigeria lead to the conclusion that Trade Hub should focus its investment promotion in FTF value chains that are aligned with government and industry priorities for domestic market demand, namely rice, cassava, aquaculture, horticulture, and livestock (poultry and swine).

*Facilitation Strategy*

The Trade Hub will work to leverage its strategic partners in Nigeria, including collaboration with key USAID bilateral projects such as NEXTT. In addition, it is proposed that communications remain fluid with the Ministry of Trade and Investment, the World Bank/DFID GEM light manufacturing and food processing project, GTZ's CARI project, DFID's PropCom project, and DFID GEMS I meat and leather activities. In addition to development partners already engaged by the Trade Hub, TH is anticipated to expand discussions with Nigerian civil society organizations and nongovernmental organizations, including the Nigerian Association of Small & Medium Enterprises (NASME), the Association of Small Business Owners (ASBON), and the National Association of Microfinance Banks, which may provide good leads to FAFs.

In addition to these opportunities, the F&I team is identifying and contacting equipment and service providers active in the identified VCs and industrial sectors to collaborate in the identification of potential investment opportunities. For example, Alvin Blanch, a leader in agri-business processing equipment and sales, is establishing a sales office in Nigeria to serve ECOWAS and has already agreed to support our FAF in their investment facilitation and technical assistance to firms.

## Senegal

*Country Context*

Senegal has in recent years followed a reformist policy agenda, witnessed by an uptick in its World Bank "Doing Business" ranking from 171 in 2014 to 161 in 2015 and earning the country accolades as one of the top 10 performers in the world. Population and urbanization are growing rapidly at 2.5% and 3.3% per annum, respectively. Today, close to a quarter of the country's population of 13.6 million lives in greater Dakar. However, agriculture still accounts for 77.5% of total employment, as subsistence farming and livestock prevail in rural areas. Only about 20% of the country's land is arable. Senegal is West Africa's single largest importer of rice after Nigeria, but its dependence on imported rice (about 80 kg/pc for imported rice) is four times that of Nigeria. It is no wonder that the government has, with donor support, including that of USAID, designated rice production, milling, and distribution as among its highest agribusiness priority, with an ambitious target to achieve self-sufficiency in 2017.

*Investment Opportunities*

Dakar has a growing middle class supplemented by a large expat community and tourism activity, which together seek higher quality meats and rice (among other food staples). These VC, and potentially maize for the country's growing feed milling and poultry industry, will be a focus of TH F&I attention, in terms of production, processing, and distribution (including cross-cutting services). The country and Dakar's livestock demand is largely filled through imports along the Bamako - Dakar corridor (by hoof, rail, and truck). The regional and import substitution opportunities in favor of feedlots and slaughtering will be examined further by the Trade Hub's value chain component specialists.

*Facilitation Strategy*

Dakar has a wide representation of local, pan-African, and European banks as well as a growing number of social impact investors, NGOs, and other banking and non-banking institutions. These represent a source of funding for FAF facilitated projects. However, they also present a potential source of deal competition. The response by the new BNDE to the Trade Hub was encouraging and will be pursued.

USAID's most diversified DCA program in West Africa has been in Senegal, albeit focusing on micro-enterprises. However, the Trade Hub will leverage USAID's long-established agriculture project presence and will take advantage of its one-person office in Abidjan to liaise with the business communities.

FAFs are currently pursuing leads in rice milling, livestock processing, and cashew and mango processing (the latter two in global VCs). The F&I component intends to leverage one of the FAF's close ties with agriculture associations and rural cooperatives to promote financing facilitation to these partnerships.

# 5. FINANCE ACCESS FACILITATOR DEVELOPMENT

## 5.1 SELECTION AND STATUS

The Trade Hub has registered twenty-three FAFs across the region (see Table 4, breakdown by country). The F&I component identified FAF candidates through referrals and public notices in each of the countries. Most individual candidates were interviewed during the September field visits and were subsequently asked to submit their companies' profiles and personal curriculum vitae outlining specific accomplishments as they pertained to facilitating agribusiness investments. F&I provided copies of the draft Master Contracts, both in English and bilingual (English/French), for FAF review and comments.

**Table 4: FAF List, by Country**

| Registered FAF | |
|---|---|
| Benin | 1 |
| Burkina Faso | 1 |
| Côte d'Ivoire | 3 |
| Ghana | 6 |
| Mali | 2 |
| Nigeria | 6 |
| Senegal | 3 |
| Togo | 1 |

The FAF selection process sought to engage a cross-section of experience levels, skills, agro-industry expertise and industry contacts. Across the spectrum, some "senior" FAFs had deep experiences in, for instance, facilitating financing for value-added global VCs, while more "junior" FAFs had focused on assistance to agriculture-based community associations and cooperatives. The selection reflected the expectation that the F&I team and more experienced FAFs would coach less experienced FAFs in the years ahead. FAF engagements are typically for a year, permitting the Trade Hub to extend top or replace poor-performers.

## 5.2 ENHANCING FAF EFFECTIVENESS

The January field visits proved to be an important step in orientating the FAFs to the Trade Hub project and F&I component's approach to financial facilitation. Field visit teams met each of the FAFs and interviewed potential firms together.

These visits revealed a number of weaknesses among selected firms, including their inadequate understanding of the Trade Hub's operating and contractual/administrative practices, knowledge of USAID, and an in-depth understanding of the range of support they are anticipated to provide firms. Further, USAID is in the process of standardizing some guidelines pertaining to its three Trade Hub projects[14] and these will be applied as well to the Trade Hub's FAFs. Modifications under consideration include:

- *Confirmation by FIs of their receipt of loan applications.* Wording in the Master Contract will be revised to allow stamped or signed letters of credit application by FIs to serve as the basis for payment of the milestone fee to FAF.
- *FAF Independent Service Agreements*. Expanded guidelines will provide more details regarding the FAFs' disclosure of fee payment and other conditions between FAFs and clients as documented in their independent service agreements.
- *USAID Branding.* Guidelines will be amplified with regard to the FAFs' use of logos. For instance, FAFs may not depict USAID logos on business cards.
- *Monitoring businesses' performance*. Revisions will be made to conform the Master Contracts to USAID-Washington's standardization of its M&E systems and with regard to the assessment of the clients under the FAF contracts. For example, an FAF must be required to report on firm performance after it has received financing.
- *Compensation.* The FAFs' compensation schedule deliberately back-loaded fee payment to the disbursement of loan or equity funding (i.e., a "success fee"). Some, especially the newer consulting companies, advise that they did not have the financing resources to "underwrite" front-loaded expenses or prospect opportunities outside of their home bases (i.e., in the interior of their respective countries).
- *Tailored compensation level*. FAFs have pointed out that the capped and percentage-based compensation schedules modeled after "medium-sized" deals do not adequately reflect the time and effort which it takes to transact smaller and, in some cases, complex larger transactions.

A 3-day training workshop has been developed for the FAF network in March 2015 to provide them with a comprehensive understanding of the project, in-depth insights regarding how to develop future pipeline deals, and technical knowledge on the types of business advisory services they are anticipated to deliver to firms. The training will be an excellent venue for FAFs to network; discuss common experiences, issues and solutions; meet with Trade Hub VC specialists; receive briefings from key associations; encounter a couple of FIs (including Social Impact Funds); and, overall, learn about and embrace the Trade Hub's regional and poverty alleviation strategies. From the Trade Hub's perspective, the workshop will provide an additional opportunity to motivate and develop loyalty among a select group of Business Development Service providers who have other work alternatives outside of the Trade Hub.

[14] In addition to the TH, USAID supports two trade hub projects in East Africa and Southern Africa.

# 6. PARTNERSHIPS AND COLLABORATIONS

## 6.1 FINANCIAL INSTITUTIONS

Strong partnerships with financial institutions (FIs) are critical to the Trade Hub's success in facilitating access to finance and investment. FIs include a broad array of entities, including traditional commercial banks, saving and loan institutions, leasing companies, social impact funds, private equity funds, risk sharing funds (e.g., the USAID Development Credit Authority or DCA), donors, and development financial institutions (DFIs). One of the strengths of the A2F programs and arsenals of the FAFs is their ability to select among multiple financing sources to best fit the needs of the potential investment.

During the September global value chain study and this assessment, a host of FIs were interviewed to assess their interest in the Trade Hub's selected value chains. Most expressed great interest, albeit on different levels, to viable deals within the Trade Hub's areas of interest. Efforts have continued to solidify further relationships between the Trade Hub and the FIs, including an ongoing effort to obtain formal Letters of Partnership (or Memorandum of Understanding) from selected FIs. A field mission to consummate these relationships will take place over the coming months.

## 6.2 ASSOCIATIONS

The Trade Hub's key strategic partners are regional associations (the Borderless Alliance, the African Cashew Alliance) as well as country-level associations and organizations. The project works hard to build these organizations' capacity to operate independently and provide membership support—such as access to finance.

Offering members access to finance is seen as a critical area of support for most associations. As such, their recommendations to the Trade Hub in this area are a win-win for both organizations: the Trade Hub receives strong recommendations while the association receives recognition for providing its members an attractive service.

This collaboration is already well advanced for the global value chains through ACA, GSA and the Borderless Alliance. It is still under development with respect to the FTF associations the project has identified: the Confédération des Fédérations Nationales de la Filière Bétail et Viande de l'Afrique de l'Ouest (COFENABVI AO) and the West African Grain Network (WAGN). The FTF team visits held meetings with representatives of both groups. However, the associations are still building their internal organizations and have significant capacity gaps that need to be addressed. The Trade Hub project, including the F&I component, is working closely with COFENABVI AO and WAGN to build their internal capacities to develop a clear vision, robust regional memberships, and the ability to provide its members with critical services—such as access to finance.

## 6.3 USAID MISSIONAS, DCA AND AGOA

The field teams contacted or met with the bilateral USAID missions in each of the countries visited. USAID staff often made valuable company referrals and industry suggestions. Some missions have on staff industry specialists (e.g., a livestock specialist in Mali), who provided technical and market

knowledge. Field visits to Senegal and Niger coincidentally overlapped with a visit by a DCA-Washington staff member (Brook Adam, West Africa DCA Officer), which provided an opportunity for the sharing of information and potential deals. The Trade Hub will continue to work closely with all of the West African bilateral missions to ensure its work complements and bolsters the missions' country-level objectives.

The Trade Hub's AGOA advisor (Abou Fall) participated in several meetings in Dakar with FAF and potential clients. Given Abou's long experience with the Trade Hubs, he was able to offer valuable background with respect to the Trade Hub's mandate and approach.

## 6.4 SPECIAL INITIATIVES

Discussions are ongoing with regard to the Trade Hub's expanding its impact outside of the FAF deal transaction structure by supporting a highly catalytic "showcase" project. This avenue deserves attention and could benefit from support of the Trade Hub's other components. For example, there has already been meaningful work on developing of meat value chains for cross-border, urban markets. The development of an integrated and convincing business case (from "feed to fork") could pool this information with F&I component's financial facilitation angle to produce a master livestock marketing plan.

# 7. CONCLUSIONS AND RECOMMENDATIONS

The study and site visits focused on the generation of FTF-focused investment and finance leads across 6 countries. The field teams explored the complexities of these deals and the ability of Trade Hub FAF to provide the necessary support that would result in financing and investment to implement firm plans. The trip was also an occasion to build and strengthen relationships with Trade Hub regional partners (COFENABVI AO and WAGN) along with country-level associations, financial institutions, and bilateral donors (and their associated projects)—in particular, USAID country missions.

## 7.1 CONCLUSIONS

The Trade Hub is a powerful investment promotion instrument, capitalizing on USAID's ten year legacy and networks built by the former West Africa Trade Hub, the Expanded Agricultural Trade Project, and by its commitment to political security and poverty alleviation in West Africa. The Trade Hub's corridor approach provides new opportunities to build on past successes and continue cross-pollination and collaboration among businesses, buyers, financial institutions, associations, donors, and government agencies.

**Rice Trends in West Africa**

Dramatic changes in the preferences of West African consumers have created a wide and growing imbalance between regional rice supply and demand. Rice consumption in West Africa has increased by nearly 6% per year during 2006-10. The most important factor contributing to the shift in consumer preferences away from traditional staples and toward rice is rapid urbanization and associated changes in family occupational structure. As women enter the work force, the opportunity cost of their time increases and convenience foods such as rice, which can be prepared more quickly, rise in importance.

These trends have meant that rice is no longer a luxury food, but has become a major source of calories for the urban poor. Urban consumption surveys in Burkina Faso, for example, have found that the poorest third of urban households obtains 33% of its cereal-based calories from rice. For that same group, rice purchases represent 45% of cash expenditures on cereal. Similar findings have been obtained in several other West African nations, demonstrating that rice availability and rice prices have become a major determinant of the welfare of the poorest segments of West African consumers who are the least food-secure. (Source: CGIAR, Global Rice Science Partnership)

West Africa's food instability remains tenuous as population growth and food demand outstrip locally produced and processed cereals and livestock. Some bright spots do exist, but the reality is that West Africa's food trade imbalance is greater now than it was five years ago. For example, West Africa is now the world's number one rice importing region and Nigeria is the world's second largest rice importing nation (see textbox).

It is widely accepted that an energized private sector and its investments are key to increasing food production and distribution. Financial institutions play an important role in this respect as their capital is essential to fund needed upgrading, diversification, and expansion of West African FTF-related businesses. However, FIs remain, in spite of reassuring talk, dubious of agribusiness investment—especially in primary agriculture and livestock. Capacity building, risk mitigation measures, and financial incentives are critical to motivate FIs to invest. Farmers and herders—especially within the more informal and entrepreneurial segments—need assistance to access financing finance.

The Trade Hub has sketched out an important role and ambitious targets for the F&I component. This component is carefully selecting and supporting investment opportunities that address West Africa's food insecurity challenges and promote long-term sustainable growth. Its model of using private sector intermediaries (FAFs) will also serve as an important demonstration effect, utilizing market driven approaches to facilitate financing and investment.

The field team identified twenty-five (25) serious leads within the FTF VC during the course of this study. Of note, the livestock value chain has seven leads as it includes animal feed milling operations. The potential investment opportunities are well distributed across the major value chains and countries visited, as follows:

- By country: Côte d'Ivoire (5), Ghana (5), Mali (6), Niger (4), Nigeria (3), and Senegal (2).
- By value chain: Livestock (7), Maize (7), Rice (7), Sorghum/Millet (2), and Cross-cutting/Transport (2).

One FAF is responsible for each of these identified transactions and will work with the F&I team to bring these deals to closure. A summary of all leads generated appears in Annex B.

## 7.2 RECOMMENDATIONS

Drawing upon the above conclusions, this report proposes the following recommendations[15]:

**Review of FAF Payment Structures and Reporting.** The FAF compensation schedule needs to be reviewed to assess if it creates the needed incentive structure to facilitate support for firms seeking investment. In particular, the project should review its capped and percentage-based compensation schedules that do not adequately reflect the time and effort which it takes to transact smaller and, in some cases, complex larger transactions. FAF are held to a total fee revenue ceiling of $150,000 over the initial three-year life of the project. Some FAF express confidence in their ability to exceed this ceiling, and asked for this cap to be revisited. This systematic review of FAF activities must be coupled with a strict process of due diligence to review each proposed deal, including site visits to larger potential investments.

**Ongoing Pipeline Development.** The study recognizes that FAF may continue to need assistance to build credible pipeline deals relevant to the Trade Hub's value chains. Continued expert technical assistance will be required in the coming months and years to deepen the investment pipeline, in particular within the FTF value chains.

**FAF Capacity Building.** The Trade Hub should map the capacity needs of its partner FAF to identify the range and extent of skill gaps related to their project related tasks, e.g., to facilitate investment to regional firms. This mapping would support the development of a multi-year skill building program for the FAF network, drawing on available training tools whenever possible.

**Capacity Building of Strategic Partners.** The F&I component must seek continuous opportunities to support FTF regional partners (COFENABVI AO and WAGN) with respect to structuring finance deals for their membership. These efforts should be done in close collaboration with the Trade Hub's capacity building team and value chain experts, such that finance and investment skills are integrated into overall skill building objectives.

[15] The Trade Hub is currently executing many of these recommendations.

# ANNEX A

## PARTIES MET

### COTE d'IVOIRE

| Strategic Partners | Business Model | Key Person/s Met (Title) |
|---|---|---|
| ANARIZ-CI | Rice Federation of CI | FAF met Mr. Florentin N'Zi |
| ANOPACI | Rice, Maize, Millet & Sorghum | Mme Ndri, administrator, Mr. Yobouet, Executive Secretary. |
| CFS | FAF | Jean Guy Biley |
| EM Consulting | FAF | Emmanuel Diabaté |
| NGO Espoir pour les Enfants | Support to women in rice production | President and Secretary, 3 other employees. |
| SIGMA | FAF | Guillaume Liby |
| Société Coopérative des femmes AWALE de Divo (SCOOFADI) | Maize production and commercialisation | Met the President, the Executive Secretary and 4 other members of the Board. |
| USAID/CI | Economic Growth activities | Jeff Bryan, USAID Country Representative |
| WAGN | CI WAGN Delegation | Mme Bénie |

| Businesses | Business Model Activities | Key Person/s Met (Title) |
|---|---|---|
| Michele Yakice | Apparel | Michèle Caroline OKEI, Manager |
| Nembel Invest SA | Mango and livestock | Victor J. Nembelessini-Silue |
| Sangaré Services | Rice miller, rice, and maize trader | Mohamed Sangaré, CEO |
| SIPRA SA | Integrated poultry, animal feed, and maize production | Sylvain GOTTA, General Manager |
| UCOVISA | Maize | Emmanuel Sekongo, Manager |

| Financial Institutions | Business Model Type & Activities | Key Person/s Met (Title) |
|---|---|---|
| Alios | Leasing company in Burkina, CI, Mali and Senegal | Eric Leclere, Administrator & General Manager<br>Jehan Mahé Roux de Chavanes, Directeur du Développement Commercial, Afrique de l'Ouest |
| IFC | World Bank Group | Donald Nzorubara, Senior Investment Officer |

## GHANA

| Strategic Partners | Business Model | Key Person/s Met (Title) |
|---|---|---|
| AIMS | Financial access facilitator (FAF) | Charles Polet |
| Borderless Alliance | Transport industry association | Justin Bayili (Executive Secretary) |
| Ghana Grains Council | Grains/cereals industry association | Dr. Godwin Ansah (Managing Director) |
| Ghana Rice Inter-Professional Body (GRIB) | Rice industry association and capacity building body | Evans Sackey Teye (Executive Secretary) |
| Global Shea Alliance | Shea industry association | Joseph Funt (Managing Director) |
| IESO Agribusiness | Financial access facilitator (FAF) | Francis Osei |
| IFSL | Financial access facilitator (FAF) | Geraldo MacJohn |
| National Food Buffer Stock Company (NACFO) | Government agency controlling grains prices | Eric Osei-Owusu (CEO) |
| SNV (Netherlands) | Value-chain agriculture project implementing agency | Eric Banye (Senior Advisor, Agriculture) |
| Solutions Consulting | Financial access facilitator (FAF) | Solomon B. Quaye |
| Technoserve—Competitive African Rice Initiative | Rice capacity building and value chain development project | Frederick O. Phillips (Program Manager) |
| VA Consulting | Financial access facilitator (FAF) | Vincent Akue |

| Businesses | Business Model Activities | Key Person/s Met (Title) |
|---|---|---|
| CCH Finance House Ltd | Commodities trader and advisor | Alexis F. K. Aning (CEO) |
| Single Mother's Association (NGO) | Par-boiled rice processing; heavy gender aspect | Stella Abagre (Director) |

| Financial Institutions | Business Model Type & Activities | Key Person/s Met (Title) |
|---|---|---|
| AgDevCo | Social impact fund (debt) | Manuel Bueno (Investment Officer) |
| Databank | Asset manager; SME equity fund | Kali Gyau Dodi (Associate) |
| Investisseurs & Partenaires | SME equity fund | Baafour Otu-Boateng (Investment Officer) |

## MALI

| Strategic Partners | Business Model | Key Person/s Met (Title) |
|---|---|---|
| 7 Consult | FAF | Garibou Joseph Yalcouye |
| ADG Consulting | FAF | Moctar Traore |
| COFENABVI AO | National association (livestock) | Dr. Moussa Coulibaly, General Secretary |

| | | |
|---|---|---|
| Syndicat National des Eleveurs Laitiers et Producteur de Viande du Mali (SYNELPROV) | National association and entrepreneur | Oumar Gueye Fall, President |
| USAID | Official development agency | Dennis Knecht, Private Enterprise Officer<br>Yacouba Santara, Livestock Specialist<br>Modibo Traore, Project Manager |
| **Businesses** | **Business Model Activities** | **Key Person/s Met (Title)** |
| BMP | Cross-cutting transport, rice milling | General Manager |
| Entrepreneur | Commercial trader | Mamadou Sissoko |
| Entrepreneur | Livestock trader | Boubou Doucoure |
| Entrepreneur | Livestock trader | Saran Boure |
| Faso Kaba | Seed multiplication and distribution | Mme Maimouna S. Coulibaly, Director |
| GABAL Ets. | Livestock trader | Aboubacar Ba, MD |
| Groupe AMI | Wheat and animal feed millers | Claude Demba Diop, DMD<br>Nafo Samake, Projects Director<br>Mamadou Bakary, Nutritionist |
| Moulin Moderne de Mali | Agribusiness conglomerate, feed milling | Modibo Keita, CEO<br>M. Tassembedo, Director—Segou factories |
| **Financial Institutions** | **Business Model Type & Activities** | **Key Person/s Met (Title)** |
| Banque Atlantique | Commercial bank | Haoua Cisse, Director—Corporate Bank<br>Mohamed Diane, Director—SMEs |
| Banque Nationale de Developpement Agricole | Commercial bank with agribusiness focus | Souleymane Waigalo, Director—Commercial |
| Coris Bank | Commercial bank with SME focus | Alassane Kabore, Director of Credit |
| Fonds de Garantie pour le Secteur Prive | Risk sharing fund | Cheickh Sidi M. Seck, MD<br>Senyi Fofana, Director of Credit |
| IFC | Development Finance Institution | Malick Fall, IO |

## NIGER

| **Strategic Partners** | **Business Model** | **Key Person/s Met (Title)** |
|---|---|---|
| Agri Pro Focus | Dutch network of entrepreneurs in agriculture in Africa | Kekiatou Gazibo, Niger Coordinator, Zeinabou Hamani, Coordinator Assistant |
| Association pour la redynamisation de | The Association is the main lobby group of the | Amadou Dangui, Trésorier Général |

| | | |
|---|---|---|
| l'élevage au Niger (AREN) | livestock value chain. | |
| CASPANI | Another umbrella organization, Comité d'Action de Solidarité Paysane du Niger, representing WAGN in Niger | Ousmane Amadou, President |
| Federation des femmes transformatrices (processing women) | Processing of cereals | Mme LIMAN Aminatou |
| FUCOPRI | Federation of Union of Rice producers, | Mahamadou Hassane, Coordinateur |
| FUGPN-Mooriben | Federation of Union of Farmer of Niger. | Mahamadou Hassane, Coordinateur |
| GCC-G9 | Lobby organization of 9 major agriculture structure in Niger | Rakiatou Gazibo, Coordinator |
| MCA | The MCA is the Government Agency working on the Concept Note | Ari Malla, National Coordinator, Rekia Maikarfi, Financial Economist, Amadou Moussa, Economist. |
| PRODEX | World Bank Export Ag. project | Moussa Bola, National Coordinator, Youssouf Kailou, Commercial Responsible, Maazou Hadi |
| REGIS ER | The USAID regional resilience project, covering Niger and Burkina Faso. | John Heermans III, COP, Amath Diop, DCOP |
| US ADF | The African Development Foundation is supporting small impact project. | Fatchima Sidi Mahamane, Country Program Coordinator |
| USAID | Economic Growth | Megan Kyles, Agriculture Development Officer |
| **Businesses** | **Business Model Activities** | **Key Person/s Met (Title)** |
| Association des producteurs laitiers de Say | Largest milk and cheese factory in Niger | Altiné Belco, President |
| CNASEC and the group called Tounda Hiney | Specialized school with a processing unit as part of the training | Mme Mariame Oumar, Directrice Technique, and Maimouna Youcouba for the processing unit |
| Entreprise de transformation de céréales ETC SARL | Cereals, mostly millet and fonio | Mme LIMAN Aminatou, CEO |
| Groupe DEC SA | Fertilizer importer, developing a project to mix in Niger | Oscar DAAGA, CEO |
| Tabital Poular group | Milk and cheese, small unit | Aisa Manga, Presidente |
| **Financial Institutions** | **Business Model Type & Activities** | **Key Person/s Met (Title)** |
| Ecobank | Regional universal bank, under a DCA agreement in Niger | Mme Mariana Sani Ibrahim |
| SAHFI SA | Société Sahélienne de Financement, Fonds de | M.S. Nour Kaoura, DG and Abdou Amadou Tidjani, Dir. |

| | | |
|---|---|---|
| | Garantie | Exploitation |

## NIGERIA

| Strategic Partners | Business Model | Key Person/s Met (Title) |
|---|---|---|
| Alvan Blanch | Equipment supplier | Christabel Blanch, Africa Sales |
| ASSOCIATION OF SMALL BUSINESS OWNERS | Association | Sunmbo Adeleke |
| FEDERAL MINISTRY Of TRADE & INVESTMENT. | Government | Apanisile J. O, Director |
| GAPRIS CONSULTS | Consultant | Gabriel Umoren |
| GEM Light Manufacturing & Agro Processing | Donor funded project | Herbert Ndumele, Project Officer |
| George Davidson & Associates | Consultant | Bola Onasanya, MD |
| GROW AFRICA | Donor funded project | Joost W. Van Odijk, Country Rep. |
| Highnet Resources Ltd. | Consultant | Vivian Ani, Partner |
| Lighthouse Investments Ltd. | Consultant | Bode Oladawo, MD |
| MARKETS II | Donor funded project | Hawey Schartup, MD |
| MATOG CONSULTING | Consultant | Mathew Ogagavworia, MD |
| National Association of Microfinance Banks | Association | Titi Adeyeba |
| National Maize Association | Association | Joseph Sunday Bemidele |
| NEXTT | Donor funded project | Marc Shiman, COP |
| Nigerian Association of Small & Medium Enterprises | Association | Eke U Ubiji, Exec Secretary |
| Propcom | Donor funded project | Isaac Boateng |
| STAR Capital Partners Ltd. | Consultant | Felix Awotunde Awonaiya, MD |
| USAID NIGERIA | Donor funded project | James G. Lykos, PS and Trade Officer |
| Zusammenarbeit (GIZ) GmbH | Donor funded project | Stefan Kachelriess-maahess, Program Director |
| **Businesses** | **Business Model** | **Business Model** |
| 5th Harvest | Grain trader | |
| ANIMAL CARE | Animal feed | Peter R. Lazarus |
| Claims & Insurance Diagnostics Limited | Logistics | Solomon A. Alao |
| COS AQUACULTURE SUPPORT SERVICES | Catfish | Okereke Stanley Uzor, MD |
| Eleojo Foods | Rice | Eleojo R. Peters, MD |

| | | |
|---|---|---|
| Everest Group Limited | Catfish | Raf Abanum, CEO |
| GLOBALINK ENERGY IMPEX | Animal feed | Alhaji Abdu Ali |
| GOLDEN FEEDS | Animal feed | Mujibu Ahmad Inuwa |
| Growth & Development Limited | Cassava | Bunmi Oyeleye |
| HI-Nutrients International Ltd | Animal feed | Adetoyi E. Oiabode Ras, MD |
| HYBRID FEEDS | Animal feed | Michael Nyarko, Manager |
| Moroborne Trade Group | Grain trader | Dapo Olagundoye, CEO |
| Paramount Frozen Foods Limited | Mango exporter | Ravi Hemnani |
| Prime Cut Butchers Limited | Meat | Jumoke Olufade |
| Primeview Hotels Limited | Rice | Justin Chuma Anosike |
| SALID Agriculture Nig. Ltd | Shea exporter | Ali Saidu, Director |
| Slimpot Nigeria | Leather exporter | Mustapha Nabegu |
| SMEfunds.com | Biofuels | Innocent Azih |
| Starcraft Industries Limited | Casava | Enyi Nwadinobi, MD |
| Teragro | Grain trader | Jide Adedeji |
| **Financial Institutions** | **Business Model** | **Business Model** |
| GT Bank | Finance institution | Chinedu Okoli, AGM |

## SENEGAL

| **Strategic Partners** | **Business Model** | **Key Person/s Met (Title)** |
|---|---|---|
| ANPROVBS | National association—livestock | Mamadou Fall, President |
| CFAHS | National association—fruits and vegetables | Cheikh Ngane, President |
| Financière Africaine | FAF | Abdoulaye Dieng |
| GET Services | FAF | Aliou Ndiaye |
| OPTIS Consulting | FAF | Abdoul Aziz Kane |
| Union Sénégalaises des Entreprises de Transit et de Transport Agréées (USETTA) | National association—transport | Etienne Sarr, VP & Borderless Association rep |
| USAID | Official development agency | Jenna Diallo, Economic Officer<br>Brook Adam, DCA Officer (Washington) |
| **Businesses** | **Business Model Activities** | **Key Person/s Met (Title)** |

| | | |
|---|---|---|
| DAMEL | Slaughterhouse | M. Mamdou, AMD |
| Entrepreneur | Management consultant | Samba Nor FALL |
| Les Mamelles Jaboot | Dairy and cereals processor | Pierre Ndiaye, MD |
| NMA | Flour and animal feed milling | Ameth Amar, CEO |
| Vital | Rice milling and distribution | Malick Seck, MD |
| Sinader | Mango export and processing | Mme Mboup, AMD |
| **Financial Institutions** | **Business Model Type & Activities** | **Key Person/s Met (Title)** |
| BNDE | Commercial bank with agribusiness focus | Mr. Tierno Sy, MD |

# ANNEX B

## INVESTMENT PIPELINE SUMMARY

**Feed the Future (Leads through Signed Task Orders)**

| Value Chain | Business / Investor | Investment Opportunity / Constraints; Financing Need | Possible Finance Source/s | FAF; Financing | Stage (Priority) |
|---|---|---|---|---|---|
| | | **COTE d'IVOIRE** | | | |
| Livestock | Nembel Invest SA | Former owner of Ferke's main slaughter-house. Major refurbishment will reopen it. Owner has expertise but requires liquidity. | Equity partners. | Yes.<br>Amount TBD | IC<br>(P) |
| Maize | SIPRA SA | 5,000 ha of intensive maize production, + another 5,000 ha in outgrowers' schemes. SIPRA is the end market buyer, contributing the scheme's "bankability." | STTA for the trainings. FAF for the identified potential farmers with more than 100 ha. | Yes.<br>Amount TBD. | IC<br>(P) |
| Maize | UCOVISA | Has contract to sell 3,000 MT to Premium Foods in Ghana. Work to do, like financial statements and projections to entice banks. | Equity to come from members, after which funds to stand up. | Yes.<br>$200,000 | IC<br>(P) |
| Poultry/Maize | SIPRA SA | 25,000 chicken/units as a franchise model, for up to 20 franchises. As SIPRA is the supplier of DOC and animal feed and is the end market buyer, the investments are bankable. Poultry is seen here part of the maize value chain, as poultry feed consists of 60% of maize. | Local banks will be interested in this vertical integrated approach. | Yes.<br>Amount TBD | IC<br>(P) |

| | | | | | |
|---|---|---|---|---|---|
| Rice | Sangare Global SARL | Important rice and maize producer with a small mill unit; supporting its cooperative members in their commercialization. To expand, co. needs to move into an industrial park and upgrade the mil equipment. | Local banks. | Yes.<br><br>$250,000. | PTO<br><br>(P) |
| | | | **GHANA** | | |
| Livestock | Meat packaging/marketing | Processing, packaging, and distributing pork for upper end of market; seeking CAPEX financing for expansion of facility, ~650,000 USD. | Social funds, various local banks. | Yes, in contact. | PTO<br><br>(TP) |
| Maize | Oseboba | New maize processing unit near to Accra which will produce grits for Ghana's breweries | Commercial banks | Yes.<br><br>$150,000 | TO |
| Rice | Anon. Medium-size Rice Miller | Lead is a medium-sized miller in the Volta region seeking working capital and input financing. Awaiting further information from Technoserve CARI project, who is primary partner and point of contact with client. | Ecobank, AgDevCo, several. | Yes<br><br>ST: $1 million (TBC) | IC<br><br>(M) |
| Rice | Volta Cereal Production | Trader and small processor, with plan to expand supply chain with small farmers and milling output. | Commercial banks | Yes.<br><br>$280,000 | PTO |
| Transport<br><br>(cross-cutting) | Borderless Alliance members | Fleet upgrading scheme—potential leasing, credit guarantee, or other financing arrangements. Very early stage discussions. More clarity post-workshop later this year. | Various, including regional DFIs. | No. Likely require additional, non-FAF support. | IC (L) |
| | | | **MALI** | | |

| | | | | | |
|---|---|---|---|---|---|
| Cereals sourcing for feed milling | Moulin Moderne Mali | Major agribusiness complex well financed by local, regional and multilateral FIs, but with financing gap to support contractors | To explore among diverse sources | Yes. | TO<br><br>(to be revised) |
| Livestock | Mme Saran Boure | Increase feedlot fattening operation | Most likely local banks, building on existing relationships and leveraging TH support | Yes.<br><br>$100,000 | IC<br><br>(M) |
| Livestock | GALBAL | Downstream processing of corned beef. Good concept; BP in preparation. | Most likely local FIs | Yes<br><br>$500,000 | IC<br><br>(TP) |
| Rice and Livestock | BMAP | Established company diversifying into rice and livestock. Recently purchased 100 ha in the MCC zone | Most likely local FIs | Yes.<br><br>$100,000 | |
| Sorghum/Millet | Danaya Cereals | For newly build modern processing plant, financing to complete purchase and installment of equipment and working capital for raw material sourcing. | Local banks to be supported by FGSP risk sharing fund; possibly, social impact | Yes.<br><br>$100,000 | PTO<br><br>(TP) |
| Seed multiplication (maize, rice) | Faso Kaba | Plant and equipment recent installed. Seeking working capital for own sourcing and supporting outgrowers. | Local banks | Yes.<br><br>$150,000 | PTO<br><br>(M) |

| | | | | | |
|---|---|---|---|---|---|
| **NIGER** | | | | | |
| Livestock / Animal Feed | Association des producteurs laitiers de Say | The largest milk and cheese farm of Niger, looking to modernize production and secure animal feed to support the supply of milk to the factory. 2 innox. tanks of 800 liters delivering milk and cheese to Niamey. 250 kg of mozzarella per week only for the Grand Hotel. | Debt and working capital. Amount TBD. | FAF. Business plan to develop. | IC |
| Livestock / Animal Feed | Association pour le Renouveau de l'Élevage au Niger (AREN) | Potential Investment opportunity in a very large Fattening and Cattle Market, to supply fattened and quality animals to slaughterhouses in Kano, Nigeria. Goal would be to sell 100 cattle per day, to supply 50 tons/day to slaughterhouse in Nigeria. | Equity investors and private capital, from Niger and Nigeria. Potential PPP, as the Government of Niger has an interest to see it happen. | STTA by Trade Hub.<br><br>FAF to pursue Business plan. | IC |
| Millet / Sorghum | Entreprise de Transformation de Céréales (ETC) SARL | A successful women-owned company processing cereals, already at a good stage, in its own building and with equipment. Need to move into an industrial park and upgrade equipment to pursue growth. | Debt and working capital of about $250,000. Local banks with DCA or other guarantee mechanism. | Yes, seeking FAF in Niger. | IC |
| Rice | TBD,<br><br>From members of FUCOPRI (37 rice cooperatives) | Together, FUCOPRI members sell more than $4 million of paddy rice, mostly to the government. The goal would be to create—privately owned by members—rice mills to increase added value for the member and diversify markets. | STTA to develop a good feasibility study, based on the concentration of rice volume. Business plan afterward. Amount TBD. | STTA by Trade Hub.<br><br>FAF to pursue Business plan. | IC |
| **NIGERIA** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Maize | Moroborne | Established grain trader and manufacturer; proposal will build a corn starch processing plant to supply domestic food processors and related manufacturers and expand to export markets | Proposal needs to reassess supply chain and links to end markets | The FAF will need additional support to modify the proposal | IC (P) |
| Maize and Cross-cutting | Uniconsult Farms | Provide logistics (transport, storage, processing, packaging) for the Federated Foodstuff Dealers Association, Lagos | Bank loans and equity from the Nigeria Stock Exchange | Yes. $4.5 million | PTO |
| Rice | Eleojo Foods | Established local producer of brown rice and other products (including honey). Firm's proposal is for product and process functional upgrading of rice milling and packaging facility to improve brand, packaging, quality, and quantity—for domestic middle market urban consumers | Proposal needs to be reassessed and focused on sourcing of better quality paddy, initial cleaning, sorting/grading and improved polishing | The FAF will need additional support to modify the proposal and project plan to present to financiers | IC (P) |
| | **SENEGAL** | | | | |
| Rice | Teranga Ent. | 7-year old rice miller located in Senegal River Valley | BP in finalization; assistance needed to recast financial | FAF identified | IC (M) |
| Livestock | DAMEL | Complete construction in process of a new slaughterhouse and procure TA to reach international efficiency and sanitary conditions | TA is a prerequisite to seeking financing; potentially from social impact investors | FAF assigned; $1 million to be scaled up | IC (M) |

**KEYS:**

**Stage**

IC - Initial Contacts

PTO - Pre-Task Order

TO - Signed Task Orders

**Priority**

TP - Top Priority: strong prospect, FAF and firm in active discussion. High likelihood that facilitation process can be completed within 6 months ("hot lead").

P - Priority: Promising prospect, FAF and firm in contact and starting to gather some project information. Good likelihood of facilitation but time-frame extends beyond 6 months and closer to a year ("serious lead").

M - Medium: Preliminary discussions between FAF and firm have taken place or to begin shortly ("encouraging lead").

L - Lower: Firm's investment idea is still at concept stage and will take time to mature to permit fruitful preliminary discussions ("distant lead").