



**USAID** | **GHANA**  
FROM THE AMERICAN PEOPLE

# Quarterly Progress Report #3

(April-June 2014)

FINANCING GHANAIAN AGRICULTURE PROJECT  
(USAID | FinGAP)

**July 2014**

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(USAID | FinGAP)

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# CONTENTS

Acronyms & Abbreviations.....	v
Executive Summary .....	1
Background and Strategy .....	2
Challenges .....	2
USAID   FinGAP Activities (Q3) .....	4
Component 1: Agribusiness Opportunities Development Unit.....	5
Context and Overall Approach .....	5
Task 1 Activites – Private Sector Engagment/Market Chain Linkages .....	5
Task 2 Activities – Project Development and Investment Proposal Preparation .....	6
Task 3 Activities – Business Performance Improvement .....	9
AOD Performance Indicator Progress.....	11
Component 2: Financial Sector Support Unit.....	12
Context and Overall Approach .....	12
Task 4 Activities – Financial Sector Capacity Building.....	13
Task 5 Activities - Small Grants Facility .....	17
FSSU Performance Indicator Progress .....	18
Cross-CuttingIssues.....	19
Gender .....	19
Environment .....	20
Feed the Future Implementing Partners Collaboration.....	21
Project Operations.....	21
Tamale Office .....	21
Staffing.....	21

Planned Activities (Jul-Sep 2014) ..... 22

Performance Indicators ..... 23

# ACRONYMS & ABBREVIATIONS

AOD	Agribusiness Opportunities Development (Unit)
ATT	Agricultural Technology Transfer (Project)
BAS	Business Advisory Services
CCC	Collaborative Circles of Chief of Parties
COP	Chief of Party
COR	Contracting Officer's Representative
DCA	Development Credit Authority
EAT	Enabling Agricultural Trade
EDAIF	Export Trade, Agricultural and Industrial Development Fund
EMMP	Environmental Mitigation and Monitoring Plan
FBO	Farmer Based Organization
FinGAP	Financing Ghanaian Agriculture Project
FSSU	Financial Sector Support Unit
FtF	Feed the Future
GAX	Ghana Alternative Exchange
GAIP	Ghana Agriculture Insurance Program
GCAP	Ghana Commercial Agriculture Project
GOG	Government of Ghana
GSE	Ghana Stock Exchange
IMS	Investment Mapping System
LPG	Loan Portable Guarantee
M and E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NGO	Non-Governmental Organizations

OCAAT	Organizational Capacity Assessment Tool
PFI	Participating Financial Institution
PPP	Public Private Partnership
RFA	Request for Applications
RING	Resiliency in Northern Ghana
SASL	Sinapi Aba Savings and Loans
SEC	Securities and Exchange Commission
SMiLEs	Small Medium including Large Enterprises
STTA	Short Term Technical Assistance
TA	Technical Assistance
USAID	United States Agency for International Development
USG	United States Government

# EXECUTIVE SUMMARY

Over the April-June 2014 (Q3) period, the USAID-FinGAP project focused on implementing the project's 'light touch' approach for unlocking financing for agribusinesses in the rice, maize and soy value chains, through the provision of capacity building support and smart incentives to Business Advisory Service (BAS) providers and Participating Financial Institutions (PFIs).

Building on the project's efforts in Q1 and Q2 to identify priority investment needs and opportunities and build a network of partner intermediaries, in Q3 USAID-FinGAP facilitated linkages between Small and Medium including Large Enterprises (SMiLEs), BAS providers, and PFIs to support their deeper engagement with the target value chains. In April, USAID-FinGAP hosted a major Agribusiness Investment Summit with over 275 participants, where business-to-business (B-2-B) meetings catalyzed ongoing investment services between Ghanaian market actors.

USAID-FinGAP rolled out performance-based contracts to 10 new BAS providers, bringing the total number of firms in the project's network to 22. As a result of these contracts, BAS providers are seeking out project developers and structuring transactions in previously underserved value chains. The BAS providers' immediate pipeline of deals totals over USD 8.6M. In Q3, these BAS providers received training and technical assistance focused on sourcing, analyzing, and closing transactions. The project also held two BAS workshops aimed at reviewing BAS providers' progress in deal facilitation, identifying solutions to challenges they face, and evaluating additional training needs.

This quarter USAID-FinGAP brought new Financial Institutions (FIs) into its PFI network, and ramped up the provision of demand-driven trainings to encourage agricultural lending. The project trained 111 key personnel of 39 diverse FIs on Risk Management, Agricultural Value Chain Finance, Loan Appraisal Techniques, and Loan Structuring. Over half of the FIs that received training operate in the northern region.

The project also conducted an assessment to evaluate priority grant incentive schemes for FIs aimed at expanding FI agricultural financing portfolios. The project will be rolling out a flexible RFA in early Q4, which will allow FIs to propose the best utilization of funds to increase access to agricultural capital.

As of the end of the third quarter, the project had facilitated USD1,761,000 in financing for SMiLEs, representing 35% of the project's Year 1 target of USD 5M. Despite a challenging macroeconomic environment, USAID-FinGAP continues to facilitate and source cheaper funding for SMiLEs through channels which provide funds to the end borrower at rates far lower than the typical 25-35% commercial bank loan rate. With continued support to BAS providers to finalize ongoing transactions, and the award of grants to PFIs in Q4, USAID-FinGAP anticipates that it will meet its financing targets by the end of Y1.

# BACKGROUND AND STRATEGY

USAID-FinGAP is a five year (2013-2018) project that contributes to USAID's overall goal of fostering broad-based, sustained, and inclusive economic growth. USAID-FinGAP is designed to address a key constraint that restricts the development of commercial agriculture in Ghana: access to finance necessary to enable investment in agricultural value chains. Using a mix of technical assistance (TA) and financial incentives, the project aims to unlock financing for commercial agriculture development in the rice, maize, and soy value chains in the north of Ghana.

Over the five-year project, USAID-FinGAP is expected to achieve the following outcomes:

- 25 strategic partnerships in target value chains
- 250 financial transactions
- \$75M in finance (anticipated average transaction size of \$300,000)
- 90 SMEs and farmer organizations linked to 120,000 smallholder farmers in target value chains gaining access to finance

To achieve these outcomes and ensure sustainability, USAID-FinGAP employs a value chain approach and partnership-driven model, whereby the project supports the development of dynamic BAS providers and FIs servicing the agriculture sector. USAID-FinGAP is developing a network of Ghanaian BAS providers who are receiving training to provide consulting services to agribusiness firms and help them to access affordable options for financing new agricultural investments. The project is also developing a network of PFIs that have committed to supporting the agricultural sector, and is using smart incentives and trainings to increase their agricultural lending portfolios.

USAID-FinGAP also contributes to the implementation of the Partnership for Growth (PFG) Joint Country Action Plan (JCAP) to address at policy level major constraints to developing the financial sector infrastructure, encouraging development finance, and supporting SME access to finance.

USAID-FinGAP achieves its objectives through the interaction of two integrated components. The first, the AOD Unit, identifies, develops, and supports agribusinesses for investments through strategic market linkages with investors that integrate SMEs and smallholders to promote equitable participation of farmers in their supply chains. The second component, the FSSU, facilitates the financing of the agribusiness opportunities working with financial intermediaries, GOG programs and other donors in providing affordable and sustainable finance and credit.

The project is designed to contribute to the success of multiple, parallel initiatives financed by USAID in Ghana, such as the World Bank and USAID-financed Ghana Commercial Agriculture Project (GCAP), the USAID-Funded Agricultural Technology Transfer (ATT) project, the Agricultural Policy Support Project (APSP), and ADVANCE II for greater results.

## CHALLENGES

Ghana's macroeconomic environment has been deteriorating for several quarters, thus exacerbating a constrained credit environment for agribusinesses. Interest rates remain high, making loans more risky due to higher interest payments, and importers face higher expenses due to the depreciation of the cedi.

T-bill rates have escalated from 19.95% to 21.14% over the last five months, providing competition for bank and other financing. <sup>1</sup> The cedi has depreciated 38.43% over the last 6 months<sup>2</sup>.

With these challenges in mind, USAID-FinGAP continues to facilitate and source cheaper funding for SMiLEs through existing channels such as the Export Trade, Agricultural and Industrial Development Fund (EDAIF) and the Outgrower and Value Chain Fund, which provide funds to the end borrower at 12.5-15% rather than a typical 25-35% commercial bank loan rate. Additionally, other financial institutions such as Sinapi Aba Savings and Loans (SASL) have a pool of funds loaned at an 18% rate.

To entice PFIs to loan to SMiLEs, USAID-FinGAP has linked various risk-lowering financial tools to loans, such as the DCA partial (up to 50%) loan guarantee, Ghana's EximGuaranty's partial (up to 75%) loan guarantee, and bringing in crop and weather insurance to protect the producers or PFI in case of the risk realization. USAID-FinGAP also looks to Social Impact and Equity Investors to mitigate the macro-economic challenges, as these investors generally provide long-term capital as equity and debt investments, at generally lower-than-commercial bank rates (15-20%).

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<sup>1</sup> Bank of Ghana Treasury Bill Rates, 30<sup>th</sup> June 2014, [http://www.bog.gov.gh/index.php?option=com\\_wrapper&view=wrapper&Itemid=86](http://www.bog.gov.gh/index.php?option=com_wrapper&view=wrapper&Itemid=86)

<sup>2</sup>Oando Historical Exchange Rate, <http://www.oanda.com/currency/historical-rates/>

## USAID | FinGAP ACTIVITIES (Q3)

The following chart lists activities undertaken this in the period of April through June 2014:

Activity	Date	Status
<b>Component 1: AOD Units</b>		
<b>Task 1 Activities – Private Sector Engagement/Market Chain Linkages</b>		
Hold launch event to present investment opportunities	April 2014	Completed (also under Task 2)
Beta test use of map among investors and PFIs	Apr 2014	Completed
Modify production map accordingly	Apr 2014	Achieved & ongoing
Conduct marketing and communication activities around production map	Apr/May 2014	Planned for Q4
<b>Task 2 Activities- Project Development via BAS Providers</b>		
Release tender for BAS providers	Nov/Dec 2013 (and ongoing on a quarterly basis)	Completed
Selection of 5-20 BAS providers to engage	January 2014 (and ongoing)	Completed
RFP re-released each quarter and new BAS selected	March/June/Sep 2014	Achieved & ongoing
Hold launch event to introduce investment opportunities and BAS providers to investment & finance community	April 2014	Completed
<b>Task 3 Activities – Business Performance Improvement</b>		
Host quarterly workshops to hear from BAS providers and evaluate BAS training needs	March/June 2014	Achieved & ongoing
Develop curriculum/ host training based on identified BAS provider needs	April, May 2014	Completed
Host training on strategic investment identification	June 2014	Ongoing-USAID-FinGAP will continue to provide PFI trainings 3-4 times a year.
Connect BAS providers to value chain alliances via 1-2 networking opportunities	Jan –Sept 2014	Ongoing
<b>Components 2: FSSU</b>		
<b>Task 4-Financial Sector Capacity Building</b>		
Publicize high profile financing success stories	Jan-Sep 2014	Ongoing
Hold periodic discussions with USAID DCA on alignment between DCA guarantees and identified deals	Mar–Jul 2014	Achieved & ongoing
Design and deliver demand- driven capacity building based on needs of PFIs to close investment deals	Jan-Sep 2014	Completed
Hold workshops/provide TA/carry out assessments per Joint Country Action Plan priorities for year 1	Ongoing	Achieved & ongoing
<b>Task 5 Activities – Small Grants Facility</b>		
Make awards	Ongoing	Planned for Q4

## COMPONENT I: AGRIBUSINESS OPPORTUNITIES DEVELOPMENT UNIT

### CONTEXT AND OVERALL APPROACH

USAID-FinGAP focuses on increasing financing to three sectors that are critical to Ghana's level of food

security: rice, maize, and soy. The AOD Unit mandate is to identify the types of investments that will have transformative impact on the target value chains, define the most effective uses of funds, and support the development of a network of BAS providers who can facilitate transactions. The project is driving efforts to increase financing for SMiLEs in priority areas through three interrelated tasks:

- Private Sector Engagement/Market Chain Linkages
- Project Development and Investment Proposal Preparation
- Business Performance Improvement

In Q3, the project implemented key activities focused on building a sustainable ecosystem of BAS providers that offer quality consulting services to ensure the success of identified investment opportunities. The Project has developed a network of a core set of experienced BAS providers who have been hired through performance-based contracts to facilitate investment, and have begun receiving training to improve their technical skills related to servicing the agribusiness sector.

### TASK I ACTIVITIES – PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

#### BETA TEST ONLINE INVESTMENT MAPPING SYSTEM AMONG INVESTORS AND PFIS AND MODIFY MAP ACCORDINGLY

Last quarter USAID-FinGAP contracted a software company to develop an interactive Investment Mapping System (IMS) that allows prospective and current investors to manipulate production projections to view unique investment scenarios, including the potential locations of warehouse, processing, transport and other agribusiness infrastructure. The beta version of the system was first presented to USAID- FinGAP, USAID/Ghana and Washington at CARANA Headquarters in early April 2014. A further refined version was later presented to participants at the Ghana Agribusiness Investment Summit in on April 29, 2014 for stakeholder feedback.

#### RESULTS

The IMS was presented at the plenary of the Ghana Agribusiness Investment Summit in April 2014. An additional hands-on session was held at the summit for participants interested in gaining in-depth understanding of how to use the map. 30 participants representing FIs, farmer-based associations, agribusiness managers, and staff of MOFA attended this session.

The system was well received and participants provided useful comments on how it can be improved, with the most prominent issue being data quality. The data to populate the IMS was initially gathered from a combination of other USAID-funded projects, MOFA, universities and other entities. Therefore, the quality of the data varies widely, and requires ongoing data quality maintenance in order to maximize

utility. In an effort to limit the cost associated with regular data collection efforts that may suffer the same issues related to data quality, the idea was presented to incorporate crowdsourcing to the existing software. In early Q4, USAID-FinGAP released an RFQ for this add-on software.

Additional suggestions from participants, which have been incorporated into the IMS, include the following:

- a. Build additional functionality to enable users to adjust the ratios that drive or determine when additional infrastructure needs to be added based on forecasted growth in crop production
- b. Build additional functionality to enable Users to "draw" or enclose any given region on the map with a circle of a predefined radius to gauge relative distances
- c. Change both the Legend and the District Information Panel to reflect the color-coded infrastructure markers that are consistent in design with those appearing on the map itself

Once the IMS is finalized, it will initially be hosted by USAID-FinGAP on an investment promotion website. USAID-FinGAP intends to eventually transition the hosting of the IMS to a local organization to ensure its sustainability after the end of the project. The project has already identified several local organizations that may have the requisite capability and interest.

## CONDUCT MARKETING AND COMMUNICATION ACTIVITIES AROUND PRODUCTION MAP

Given that USAID-FinGAP is in the process of adding a crowd-sourcing function to the IMS, the project has not yet undertaken an intensive marketing effort for the system. Thus there has been low usage of the system to date. In the third quarter, the project focused on addressing the validity and functionality issues that were highlighted by potential users during the beta test. Once the system is finalized, the project will undertake a concerted marketing and communications campaign to attract users.

The project anticipates awarding the crowdsourcing subcontract in early September 2014; the crowdsourcing add-on is projected to be completed in the first calendar quarter of 2015.

## TASK 2 ACTIVITIES – PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL PREPARATION

### RELEASE TENDER FOR BAS PROVIDERS AND SELECTION OF 5-20 BAS PROVIDERS

USAID-FinGAP continued efforts to hire, through performance-based contracts, BAS providers to identify and support financing and investment deals and constitute the project's network. This quarter USAID-FinGAP evaluated and contracted providers through a rolling tender, scheduled to close at the end of the calendar year. To ensure a wide and diverse network, the project advertises quarterly for BAS providers to apply for participation in the project. Responses are submitted, and the Grants Committee reviews and assesses each according to qualification and scoring criteria; those that receive points above a predetermined threshold are invited into the BAS network. USAID-FinGAP will continue to advertise and use leads from PFIs, SMILEs and IPs working on the USAID FtF projects to identify and engage BAS to enroll in the project's BAS provider network.

## *RESULTS*

Of the additional 18 BAS providers that responded to the advertised tender this quarter, 10 bidders were selected for performance-based contracts. The USAID-FinGAP BAS network now has 22 member firms, which have been trained and equipped with tools to offer business advisory and financial facilitation services to agribusinesses.

Since the RFP will be open until December 31<sup>st</sup>, 2014, the project is receiving and evaluating responses on an ongoing basis. Nine additional BAS providers have expressed interest to join the network, and plan to submit proposals. These proposals will be evaluated in the early part of the fourth quarter.

## HOST LAUNCH EVENT TO INTRODUCE INVESTMENT OPPORTUNITIES TO INVESTMENT AND FINANCE COMMUNITY

USAID-FinGAP, in partnership with GCAP, MOFA and FIPC, hosted the Ghana Agribusiness Investment Summit 2014 to present agribusiness investment opportunities in Ghana and connect firms in rice, maize and soy value chains with investors, FIs, and BAS providers to share information and do more business.

## *RESULTS*

Under the theme “Turning Potential into Opportunity and Opportunity into Investments,” the Investment Summit was formally opened by US Ambassador to Ghana and the Minister of Food and Agriculture. The Deputy Ministers of Finance, and Trade and Industry, also spoke during the opening ceremony.

The goal of the Summit was to bring together all of the actors working under the USAID-FinGAP umbrella to help stimulate deals. The Summit was attended by 277 participants, including representatives from 25 BAS providers, 25 FIs, 36 SMiLEs in the target value chains. Other participants were from GOG ministries and agencies, donor organizations, embassies and foreign missions in Ghana.

The Summit's plenary opened with a broad overview of the investment opportunities in rice, maize and soy value chains, followed by in-depth case study presentations by leading agribusiness leaders in each of the commodity value chains. 30 agribusiness investment opportunities in the target VCs were profiled and presented in a booklet and presented to each participant at the Summit. Figure 1. US Ambassador to Ghana, Gene Cretz giving opening remarks at the Ghana Agribusiness Investment Summit

Figure 2. USAID-FinGAP BAS Provider in a B-2-B meeting with an impact investor at the Ghana Agribusiness Investment Summit



The Ghana Agribusiness Investment Summit introduced the project's network of BAS providers to participants, and highlighted their role in generating deals and facilitating financing for agribusinesses. A panel discussion was held on the role of BAS providers in identifying and evaluating agribusiness investment opportunities. The 50 BAS providers at the summit were linked with SMiLEs during business-to-business (B-2-B) sessions.

At the close of the B-2-B sessions:

- 6 transactions were concluded (money released or BAS provider letter of engagement signed with the SMiLE)
- 39 SMiLEs, PFI and BAS providers agreed to work together
- 43 agreed to meet again after the Investment Summit to discuss business
- 47 agreed to call each other for further discussions
- 33 agreed to exchange documentation for further review.

Post-summit, USAID-FinGAP has been monitoring and providing technical assistance to the opportunities identified between SMiLEs, BAS and PFIs during the B-2-B session. During the 3<sup>rd</sup> quarter the status of the deals from the summit are:

- 3 K&A, a soy processor, received approximately \$86,000 in credit financing from Frontline Capital for the purchase of crude soy oil from 5 soy processors, to process into refined vegetable oil for the domestic (Kumasi and Accra) markets, as well as a standby generator.

- Solar Harvest has secured USD103,000 from Ecobank Ghana Limited for rice and soy production for Avnash and Vester Oil Mills, respectively.
- Agricare Ghana Limited has been having high level meetings with Trigon Capital based in Lithuania on investing in the SMiLEs in the form of equity and debt to the tune of US\$2.5 million. There have been trips made by Trigon CEO and other high level staff to Agricare Ghana Limited on this transaction. Investment is expected in the next 6 months.
- Barclays Bank is in the process of providing an overdraft facility for GHS 4M to increase its stock of poultry feed to participate in the GOG-initiated poultry revitalization project.
- Transactions are at an advanced stage for ARIMA Savannah Farms to secure USD120,000 to procure mechanization equipment to pilot 500 ha of its 7,000 ha for rice, maize and soybean production. This is to pave the way for investment by AgDevCo, which showed interest in ARIMA when they met at the Summit.
- Golden Web is being assisted to work on business plan to be presented to AGRI-Vie, an equity investment company in South Africa. This is to facilitate investment of between USD5M-10M as equity and debt.

### TASK 3 ACTIVITIES – BUSINESS PERFORMANCE IMPROVEMENT

#### HOST QUARTERLY WORKSHOPS TO HEAR FROM BAS PROVIDERS AND EVALUATE BAS TRAINING NEEDS

The project held a number of engagement meetings and two workshops in April and May to understand BAS challenges and identify their training and capacity needs. Given that several of the 22 BAS providers in USAID-FinGAP's network have been more active than others in generating and facilitating deals, the project solicited feedback on its approach and input on the challenges firms were facing.

#### RESULTS

In Q3, 19 out of 22 BAS providers in the project's network attended the workshops to discuss their experiences in finding agribusiness deals in the targeted value chains. The BAS providers stated that they have faced the following challenges since they started engaging with agribusiness SMiLEs:

- SMiLEs prefer not to pay up-front for business advisory services
- SMiLEs are waiting to see results of BAS providers' facilitation services before they commit to payment
- FIs still requesting collateral in spite of risk buy down instruments suggested by BAS
- High interest rates on loans by FIs
- Lack of proper documentation by SMiLEs

In response to these challenges, USAID-FinGAP outlined in detail its BAS incentive program as a means of reducing the cost for SMiLEs to engage BAS providers. It was suggested to BAS to structure their service payments such that it is feasible for SMiLEs to pay and also pay on success of facilitation. The

project also ramped up its efforts to train BAS on agribusiness investment opportunity identification and introduced BAS providers to the project's PFI network and funding sources that waive or have minimal collateral requirements.

BAS providers were trained on the completion of engagement letters and environmental reviews for SMiLE engagements. There have been improvements in the uniformity and quality of the engagement letters after the training. Moving forward, BAS providers are being assisted by USAID-FinGAP staff to undertake their first environmental reviews at the location of the SMiLEs who have contracted BAS for financial facilitation.

The participants were also oriented to the Organizational Capacity Assessment Tool (OCAT) which provides an opportunity to enable organizational learning, team sharing, and self-assessment within each organization. The tool will be used annually to determine the progress made in strengthening and sustaining these service providers. The areas for improvement include administration, human resource management, financial management, governance, and program management. Follow-on work to establish a baseline using the OCAT tool will be conducted in Q4.

In June, USAID-FinGAP undertook an outreach effort to identify and assist BAS providers in the 3 northern regions to join the project's BAS network as well as possibly link them with Accra-based providers to act as 'brokers' in the north. 12 BAS providers were identified as currently providing services for rice millers in Northern and Upper East Regions to acquire new rice mills. In Q4, USAID-FinGAP will hold BAS Clinics to prepare these 12 BAS and others to join the project network.

From interactions with BAS providers in across Ghana, three top training needs were identified: business plan development, investment analysis, preparation of financial statement and interpretation, and value chain financing.

### DEVELOP CURRICULUM/HOST TRAINING BASED ON IDENTIFIED BAS PROVIDER NEEDS

The role of the BAS is to identify, arrange credit and other investments from FIs for USAID-FinGAP client firms within the rice, maize and soy value chains. A number of trainings are being designed to equip BAS providers to achieve this purpose. In Q3, the project delivered a training to the BAS network on Risk Management and Value Chain Financing—key topics that were identified as priorities for the network over the course of recent months.

#### RESULTS

In June, the project organized a 2-day training program on Risk Management and Value Chain Financing to build capacity of BAS providers to understand how value chain approaches can be used to reduce risk and facilitate access to finance for the rice, maize and soy value chains. 34 representatives from 19 BAS providers attended the training which was delivered by USAID-FinGAP with implementing partner AZMJ. The training topics included: Agricultural Value Chain Financing: Issues, Providers and Model, Physical Asset-Based Financing, Risk Mitigation - Guarantees and Insurance and Investment Potential for upgrading SMiLEs.

Through this training the BAS providers have enhanced their understanding of the project value chains

*"The training has been very practical. Personally, I don't have [a] background in Finance, but now I have some understanding on the Agric Value Chain Financing and I also understand our role as BAS providers better"*

Geraldo Delima Lilian, MD, International Financial Services Ltd. USAID-FinGAP BAS Provider, 26 June 2014, Accra.

and FI requirements for assessing financing applications. Participants surveyed indicated that the trainings were directly applicable to their operations and had motivated them to increase deal flows. In addition, participants requested further training in cash-flow analysis as well as an interactive forum where they can engage directly with PFIs.

## HOST TRAINING ON STRATEGIC INVESTMENT IDENTIFICATION

The project has identified that BAS providers require training to identify the transformational deals and partnerships in the target value chains that will lead to a significant amount of financing. While a formal training has not yet been held, the project provided ongoing technical assistance throughout Q3 to BAS providers to support them to identify opportunities and build pipeline.

### RESULTS

This quarter the USAID-FinGAP team met regularly with BAS providers to present the SMiLE investment opportunities identified by the project, suggest the financing needs and sources of funds for those SMiLEs (e.g., requirements for lower financing costs could be satisfied by PFIs going through EDAIF for 12.5% financing). The USAID-FinGAP team advised on packaging investments for specific PFIs, such as Sinapi Aba and GCAP grants, and suggested other PFIs to BAS providers for the provision of financing at lower collateral values. More formal training will be held in the fourth quarter.

## CONNECT BAS PROVIDERS TO VALUE CHAIN ALLIANCES VIA 1-2 NETWORKING OPPORTUNITIES

USAID-FinGAP had intended to link BAS providers to Ghana chapters of regional staple food associations supported by the West Africa Trade Hub project, but found that these were not functional during the first half of Y1. Therefore, using information gathered from BAS provider assessments and trainings, USAID-FinGAP began scheduling networking events and highlighting opportunities for BAS providers to engage with strategic actors along the target VCs during the Project year.

The first major networking opportunity for BAS arose in this quarter, when the USAID-FinGAP Ghana Agribusiness Investment Summit presented BAS providers as key facilitators of agribusiness financing to Ghana's larger public and private agribusiness-sector stakeholders. The project will continue to identify networking opportunities for BAS to attend, either through true value chain alliances or through other relevant events.

## AOD PERFORMANCE INDICATOR PROGRESS

The following results were achieved this quarter due to AOD Unit activities aimed at improving access to BAS by agri-enterprises, and developing Ghanaian capacity to provide these services:

- Indicator 1: 8 SMiLEs received BAS from USG- assisted sources during the quarter, representing 53% of the annual target of supporting 15 SMiLEs to access BAS.
- Indicator 2: In Q3, 19 BAS providers were trained in deal making and BAS in agriculture, representing 127% of the Y1 target. The increase over the target is a result of the project's strategy of engaging more BAS providers in order to reach out to more agribusinesses for financial facilitation.

- Indicator 3: No SMiLE made payments for BAS during the quarter. To date, 40% of the SMiLEs engaged by BAS providers have paid fees for financial facilitation services. The project anticipates that a number of transactions will be finalized before the end of the year, with corresponding performance-based payment by SMiLEs.

The AOD Unit undertook activities to improve the ability of agribusinesses to create fundable investment proposals in Q3. The following progress was made:

- Indicator 4: 2 SMiLEs (one medium-sized and one large) received USG assistance to access loans this quarter. Progress made to date represents 47% of the annual target of 15 SMiLEs.
- Indicator 5: 8 food security private enterprises received USG assistance this quarter, representing 27% of the Y1 target of 30 entities. Cumulatively, as at the end of Q3, 14 food security enterprises (47% of the annual target) have received USG assistance in the form of training, linkage to BAS and direct financial facilitation by USAID-FinGAP.

To increase private sector investment in socially inclusive agriculture related activities and enhanced agricultural commerce, the AOD Unit made progress on the following indicators:

- Indicator 6: In Q3 \$1,133,096.45 in private capital was deployed to targeted value chains by FIs with USG assistance. To date, the project has facilitated \$1,760,627.47 in financing (35% of the Y1 target of \$5,000,000). With continued support to BAS providers to help them finalize ongoing transactions, USAID-FinGAP anticipates that it will meet its financing target by the end of Y1.
- Indicator 7: 2 investment opportunities were successfully funded this quarter, contributing to the total of 10 investment opportunities funded to date (200% of the Y1 target). The project's strategy of facilitating investments for relatively smaller opportunities, in addition to large anchor investments, accounts for this target being exceed by 100%.
- Indicator 8: A total value of \$1,133,096.45 in agricultural loans was deployed to targeted value chains by FIs with USG assistance, contributing to a total of \$1,760,627.47 financing made to date (35% of the Y1 target of \$5,000,000).
- Indicator 9: No new private sector investments (equity) in the agriculture sector or food value chains was recorded within the quarter.
- Indicator 10: the value of incremental sales in rice, maize and soy as a result of USG assistance along the value chain will be determined at the end of the fiscal year.

## COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

### CONTEXT AND OVERALL APPROACH

Despite the rising supply and variety of FIs in Ghana, agricultural lending in Ghana accounts for only 5% of commercial lending. One reason for this imbalance is a lack of capacity and incentives for financial institutions to meet agriculture financing needs. Additionally, the risk profile of agriculture as compared to alternatives, and enabling business environment factors such as public deficits, contribute to bank disinterest in financing agriculture and retaining high interest rates.

On the demand side, agribusinesses often lack the education, skills and access to information to create “bankable” projects that financial institutions can feasibly consider. Many agribusinesses also carry old debt, have inadequate access to collateral due to the challenging land tenure environment (particularly female agribusiness owners), and require longer-term capital, which banks are less able to provide.

USAID-FinGAP addresses these challenges under Component 2 by providing direct incentive grants to FIs for loans disbursed in the USAID-FinGAP target sectors; facilitating linkages between investment opportunities and appropriate financial products and PFIs; providing opportunity specific and demand-driven PFI trainings in agriculture and value chain finance; and supporting USAID and GOG PFG financial sector initiatives. This quarter USAID-FinGAP undertook key activities for each of the below tasks.

## TASK 4 ACTIVITIES – FINANCIAL SECTOR CAPACITY BUILDING

### CONDUCT DEEPER ENGAGEMENT WITH PFIS TO DESIGN APPROPRIATE INCENTIVES TO EXPAND AGRIBUSINESS LENDING

USAID-FinGAP conducted a follow-on assessment to evaluate priority grant incentive schemes for FIs aimed at expanding their agricultural financing portfolios.

#### RESULTS

The project initially designed a series of four priority incentive schemes based on needs and opportunities identified in discussion with PFIs. However, after discussion with USAID on the design and structure of the incentive scheme, the project reevaluated its approach. The project will now be rolling out a flexible RFA mechanism in early Q4, which will allow FIs the ability to propose how funds should best be used to increase access to agricultural capital.

### PUBLICIZE HIGH PROFILE FINANCING SUCCESS STORIES

USAID-FinGAP has been tracking financing results and providing weekly updates to USAID/Ghana. This information will be developed into formal success stories for publication in Y2. The third quarter of implementation saw some notable financing successes, as described below. USAID-FinGAP will be sharing these case studies with its BAS network to train them on how to facilitate similar deals.

Two key financing deals were clinched this quarter from the project’s pipeline. A total of USD 1.2 M comprising 2 loans and a suppliers credit was disbursed by 2 FIs and 5 soy processors to the project’s SMiLEs.

Through USAID-FinGAP support, EDAIF released \$1,030,000 in funds through Fidelity Bank to a SMiLE for the acquisition of a poultry feed production plant. The

#### **Investment in Irrigation Systems Leads to Forward Sale of Produce**

Soy producer Solar Harvest Farms is seeking to develop its 3,542.7 ha of farmland through investment in a center pivot irrigation system, however, it lacks the leverage to secure this funding. With USAID-FinGAP support, the SMiLE was linked to soy processor Vestor Oil Mills, with which it secured market access at the pre-production stage by signing a local purchasing order (LPO) for its anticipated 500 MT of produce. With this LPO, Solar Harvest Farms now has the leverage to access a credit of GH¢300,000 from Ecobank Ghana Limited as well as a supplier’s credit of GH¢14,000 for certified soybean seed from Ganorma Agro Chemicals, and is being considered for supplier’s credit of up to GH¢150,000 from Yara Ghana Limited to reduce capital costs and consequently increase its profits.

Furthering this growth opportunity, USAID-FinGAP connected AVNASH Industries Ghana Limited with Solar Harvest Farms to purchase paddy for production in October 2014. This opportunity is a direct result of the investment in center pivot irrigation systems, which guarantees produce for the former’s processing activities.

Finally, Solar Harvest Farms was linked to USAID’s Agricultural Technology Transfer project for further collaboration on certified seed production and utilization in support of its grain production activities.

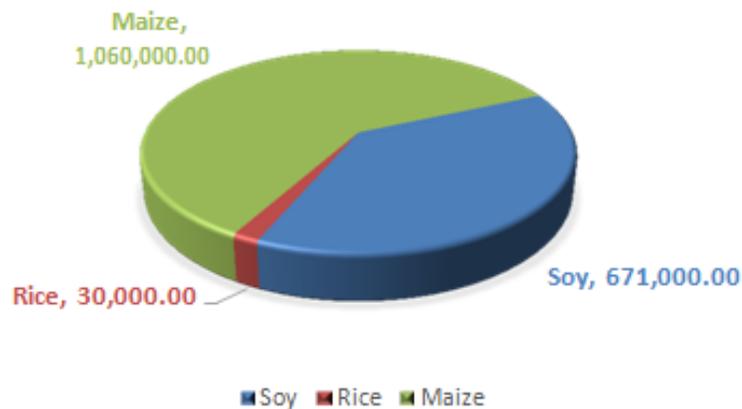
funds were previously approved, but were being withheld by EDAIF due to reconciliation issues with the bank. This was adversely affecting the SMiLE's expansion project and consequently its cashflow situation. The SMiLE approached USAID-FinGAP to intervene and facilitate the release of the funds. The Project helped all parties reach an amicable solution, resulting in the release of the first tranche of funds. The remaining USD2M is expected to be released in Q4.

USAID-FinGAP supported Tamale-based Solar Harvest to obtain USD103,000 in working capital for soy production. In addition, the project also helped Solar Harvest link up with Vester Oil, a soy processor that will off-take the soy produced by Solar Harvest.

3 K&A, a soy processor, received approximately USD86,000 in financing as supplier credit in the form of crude soy oil from 5 soy processors. This transaction enabled 3 K&A to procure crude oil as a raw material for its refinery. This supplier's credit is the second one facilitated by USAID-FinGAP, and provides an avenue for utilizing BAS to facilitate this type of financing for SMiLEs moving forward.

As of the end of the third quarter, the financing facilitated by USAID-FinGAP totaled USD1,761,000. In terms of the value chains, maize received 60% of the financing, soy 38% and rice 2%. The financing benefited 7 SMiLEs in USAID-FinGAP's network.

### USAID-FinGAP Facilitated Financing by Value Chain, USD



### HOLD PERIODIC DISCUSSIONS WITH USAID DCA ON ALIGNMENT BETWEEN DCA GUARANTEES AND IDENTIFIED DEALS

As USAID-FinGAP continued discussions on leveraging DCA, it also continued efforts to identify other guarantee schemes and lower-cost financing options for agribusiness SMiLEs. This quarter, USAID-FinGAP began collaborating with EDAIF to provide low-cost funding for SMiLEs utilizing EDAIF funds, while at the same time, bringing down the risk for financial institutions using the DCA. Similarly, USAID-FinGAP had discussions with Ghana Agricultural Insurance Programme (GAIP) on the linking of weather and crop insurance with DCA to guarantee financing to the project's agribusiness SMiLEs.

## RESULTS

USAID-FinGAP, USAID Ghana, and EDAIF met in April 2014 to identify common ground for facilitating financing into the strategic poultry and rice areas for development, two key areas for both EDAIF and USAID-FinGAP. SMiLEs accessing EDAIF funds would be charged a maximum of 12.5% rather than the generally applied commercial bank loan interest rates of approximately 30%; FIs that partner with USAID-DCA could have up to 50% of their loans guaranteed on principal only.

USAID-FinGAP agreed with EDAIF to: i) present a pipeline of SMiLE investment opportunities to EDAIFs Designated Financial Institutions (DFIs) and to EDAIF directly (for grants); ii) perform basic due diligence on the investment opportunities, to fast track review and approval of loan applications, and disbursement of funds; iii) monitor the loan utilizations and helping the banks/EDAIF with M& E; and iv) assist in bringing financing to the deserving SMiLEs, including partially subsidizing crop and weather insurance premiums, capacity building of SMiLEs and/or banks or EDAIF through the BAS provider network. EDAIF also agreed to fast-track EDAIF funds approval and disbursement on loans/grants endorsed by or assisted through USAID-FinGAP.

USAID/Ghana, USAID-FinGAP, and GIZ met with the directors of GAIP in May 2014 to discuss funding opportunities for GAIP after GIZ's (its main sponsor) funding ran out on June 30, 2014. GAIP was formed in 2011 in response to the lack of agriculture insurance in Ghana, through a collaboration between the National Insurance Commission, German Development Corporation (GIZ) and Ghana Insurers Association (GIA). GAIP offers crop and weather index products in the Upper West, Upper East, Northern, Brong Ahafo and Volta Regions, mostly for small holder farmers and multi-peril insurance for farmer-based organizations. GAIP's insurance products are crucial to USAID-FinGAP's ability to leverage on financing from FIs who are interested mitigating their risk to the agribusiness sector. ADVANCE II had committed up to USD25,000 for marketing efforts for GAIP. USAID-FinGAP is evaluating the role it can play to support GAIP to access funding.

## DESIGN AND DELIVER DEMAND-DRIVEN CAPACITY BUILDING BASED ON NEEDS OF PFIS TO CLOSE INVESTMENT DEALS

One of the major challenges to increasing financing identified by PFIs is a lack of sector specific knowledge. In the project's regular engagements with PFIs, they have expressed the need for training to increase their understanding of the specific value chains targeted by the project, as well as training in agricultural lending and product development. In the third quarter, USAID-FinGAP trained FI key personnel on Risk Management; Agricultural Value Chain Finance; Loan Appraisal Techniques; and Loan Structuring.

## RESULTS

USAID-FinGAP's FSSU and implementing partner AZMJ developed and facilitated 3 training events for FIs interested in financing agriculture in Ghana. The first training was for Sinapi Aba Savings and Loans (SASL), which made the training request through USAID. Based on this request and needs assessment, USAID-FinGAP conducted a two-day training program on Loan Appraisal and Risk Management for 31 staff comprising Area Managers, Branch Managers, Relationship Managers, Financial Service Officers, Risk Managers, the Agriculture Manager and the Training

*"I have more appreciation of Agricultural Value Chain Financing and hope to develop good networks to benefit my organization."*

M. Saani Suhuyini, Zabzugu Rural Bank,  
19<sup>th</sup> June 2014 during training on *Investing in Agriculture Profitably* in Tamale.

Coordinator. SASL's Head of Credit, Chief Program Officer and Chief Internal Auditor gave their support by sitting in sessions of the training.

SASL has since requested further training in Loan Portfolio Management, Product Development and Market Research, Agriculture Value Chain Management, Banking Regulations and Operations, Best Agronomic Practices and Loan Restructuring. Staff of SASL have since then participated in other training programs organized by USAID-FinGAP on the some of the topics indicated.

*"I did not realize that there were so many innovations in agricultural finance. Now I feel much more confident in my ability to create agricultural finance products that meet the various needs of the value chain actors."*

Maame Frimpomaa Antwi, Credit Manager, Forms Capital Limited

The second training was attended by 39 representatives from 20 USAID-FinGAP network PFIs and 6 other institutions collaborating with the project (EDAIF, EximGuaranty, GAIP, ADVANCE II, Centre for Agricultural Research and Development, and Community Aid for Rural Development). The 2-day training program was on Risk Management and Agricultural Value Chain Finance. The training program was designed using feedback from PFIs with support from AZMJ's Senior Finance Specialist, and featured local and international case studies. The training was aimed

at building the participants' capacity to understand, identify strategic opportunities to strengthen rice, maize and soy value chains and be able to assess, reduce risks and develop cohesive value chain financing products to meet the needs of agribusinesses. Participants' responses to the training were very positive; on a scale of 1-5, where 5 signifies "excellent", the training received an average score of 4.24 from the 34 participants who submitted completed evaluation forms.

The third training, "Investing in Agriculture Profitably" took place in Tamale for FIs in the Northern, Upper East and West Regions. In addition to USAID-FinGAP's FSS and Grants Units, resource persons from EDAIF, EximGuaranty and Ghana Agricultural Insurance Program assisted in the training program. This training was aimed at building the capacity of the FIs in the North on value chain financing and risk mitigation measures to increase their lending to the project value chains profitably.

41 participants from 26 institutions represented by 7 Universal Banks, 6 RCBs, 4 NBFIs, and 2 Impact Investors attended the training. The remaining institutions were made up of Insurance and Credit Guarantee companies, Savings and Loans and a financial NGO. 13 out of the 26 participating institutions are already in the USAID-FinGAP network. The 41 participants were made up of Area Managers, Branch Managers, Relationship Managers, Financial Service Officers, Risk Managers, Agriculture Officers and Finance Officers. In all, 10 female participants representing 24% of the total participants attended the training program.

## PARTNERSHIP FOR GROWTH: DEVELOPING JCAP

As a Partnership for Growth (PFG) country, the GOG has engaged in extensive analysis and consultations with the USG to develop a Joint County Action Plan (JCAP) to assist Ghana to sustain and broaden its economic growth. USAID-FinGAP is contributing to the implementation of JCAP by providing assistance to PFG-supported initiatives that increase access to finance and strengthening the financial system.

This quarter, USAID-FinGAP worked with the Securities and Exchange Commission Ghana to support the Ghana Stock Exchange (GSE) in its development of the Alternative Stock Market (GAX) for SMEs to list and be traded, with the view of accessing financing through issuance of shares or bonds. While two SMEs have purportedly applied for listing on the GAX, to date no company had actually been listed or traded, due to a lack of preparedness of the listed companies.

USAID-FinGAP, working the GSE, intends to seek agribusiness companies ‘ripe for listing’ on the GAX, as well as bring in STTA to guide two agribusiness SMEs for ‘pilot listing’ on GAX, one for equity and another for debt issuance. In previous discussions with the USAID-FinGAP, the GSE promised to provide at least 2 firms as ‘warm leads’ for listing on GAX (i.e., willing to list securities on GAX, having books and records in decent shape for submission, and having profits in 2 of the last 3 years). To date, GSE has not responded and has not given USAID-FinGAP any names of companies who would be considered ‘warm leads.’

## TASK 5 ACTIVITIES - SMALL GRANTS FACILITY

This quarter, the USAID-FinGAP Small Grants Facility focused mainly on incentivizing BAS providers to generate investment leads and facilitate financing for SMiLEs as well as requesting applications from FIs, SMiLEs and BAS providers with initiatives that could benefit from a USAID-FinGAP grant. At the writing of this report, approximately USD35,000 in subcontract payments have been disbursed to 9 BAS providers under performance based subcontracts. While initial payments are lower than anticipated due to the FIs’ pace of approving loans, in the fourth quarter, the project expects to pay an additional USD50,000 to BAS providers; in Y2, an estimated USD2M in grants & subcontracts will be disbursed per the following:

- \$1M to PFIs;
- \$500,000 to EximGuaranty; and
- \$500,000 for BAS subsidy payments, as the large “balloon success” payments roll in for financing facilitated for SMiLEs.

### ISSUE REQUEST FOR APPLICATIONS (RFAs) AND GRANTS

This quarter USAID-FinGAP began developing a flexible grant mechanism for PFIs which will be released through an RFA in Q4.

### AWARD GRANTS AND ISSUE PERFORMANCE-BASED CONTRACTS

The USAID-FinGAP Small Grants Facility continued to roll out performance-based contracts to BAS providers to generate investment deals and facilitate financing for SMiLEs. As of the end of the third quarter, 19 BAS providers have been hired by the project through performance-based contracts for financial facilitation.

### RESULTS

The table below illustrates the pipeline of deals currently in motion with BAS providers in the project’s network. While there are many other deals in the early stage of development, those closest to being finalized are listed below. These deals cut across 6 BAS providers, and 8 SMiLEs in the target value chains. The estimated financing target for these deals is USD8.6M.

BAS Provider	SMiLEs	Financing target (USD)	PURPOSE
EcubedMetrix	Hikma	334,464	To upgrade its processing facility and working capital financing
Growth Mosaic	Yedent	500,000	To secure a warehouse and haulage trucks
Growth Mosaic	Kharna	500,000	To invest in warehouse, seed and tractor maintenance

Growth Mosaic	Royal Danemac	500,000	to secure an oil expeller and refinery to automate the production process
AMSIG Resource	OB Transport	2,181,818	Purchase of trucks for the transportation of grains from the north
Worldwide Investment Ltd.	SKY-3 Farms	1,500,000	Corn flakes production facility
International Financial Services Ltd	United Edibles	500,000	to purchase multipurpose soya processing machine and working capital
Pinnacle Development Alternatives	K Asante Farms	2,600,000	To assess capital to purchase more maize and soy and to fund poultry out-grower scheme

Figure 3. USAID-FinGAP BAS provider receiving financial facilitation support and COP



Figure 4. USAID-FinGAP Staff and BAS Provider conduct environmental screening for potential SMiLE needing financing facilitation



## FSSU PERFORMANCE INDICATOR PROGRESS

To increase capacity of financial institutions to deliver and manage agricultural finance products, progress was towards these indicators:

- Indicator 11: 36 PFIs received capacity/competency strengthening as a result of USG assistance. The Y1 target (4) has been exceeded by 900%. The difference is a result of USAID-FinGAP responding to training requests of PFIs. Though 20 FIs have signed MOUs with the project, the project will work with any FI. By promoting sensitivity to agricultural lending and financing within the FI community, the project aims to create a more sustainable business environment. We will revise our targets as we intend to reach many more PFIs in years 2 through 5. The Project envisions more PFIs recognizing good agricultural investment opportunities through EDAIF funds and Exim guarantees.
- Indicator 12: 8 performance-based contracts were issued during the quarter.

- Indicator 13: No public-private partnerships have been formed to date. A recent APS solicitation may provide an opportunity for USAID-FinGAP to support the formation of PPPs, as many project-supported firms intend to apply.
- Indicator 14: The baseline for the financial recovery rates for the agriculture sector will be established with the participation of PFI grantees.
- Indicator 15: This indicator measures the increase in PFIs agriculture portfolio as a result of USAID-FinGAP's grants. The baseline for this indicator will be established at the end of Y1, with the participation of PFI grantees.
- Indicator 16: Figure on the score, in percent, of combined areas of organizational capacity among USG direct and indirect local implementing partners will be measured by the end of the fiscal year.
- Indicator 17: No new products were offered by the PFIs during the quarter under review. USAID-FinGAP is working closely with PFI (EximGuaranty, EDAIF, GAIP and DCA,) to roll out new products.

Activities to support the PFG initiative achieved the following results:

- Indicator 18: 14 days of technical assistance in financial sector capacity was provided to counterparts and stakeholders during the quarter. This brings total number of days of technical assistance to 38, representing 5% of the set target for Y1. USAID-FinGAP provides technical assistance only when requested by USAID and the GoG.
- Indicator 19: No policy reforms/laws/regulations/administrative procedures were drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets. This is as a result of no request being made by GOG for such assistance since project implementation.
- Indicator 20: No assistance was provided to financial institutions in extending services to micro and small businesses. This again is as a result of the absence of request being made by GOG for such assistance to date.

## CROSS-CUTTING ISSUES

### GENDER

USAID-FinGAP continues to integrate a gender component into its financial facilitation activities. This quarter, the project's only female-led BAS provider, AMSIG Resources, was the first of 6 BAS providers to reach the second milestone of financial facilitation under the project's grants facility. AMSIG is facilitating USD 2,181,818 for OB Agyeman, a grains transportation company. AMSIG has presented an application and supporting documents on behalf OB Agyeman to Stanbic Bank for consideration and financing.

Additionally, another BAS provider is providing financial facilitation services to one female-led SMiLE, Royal Danemac, a soy processor based in Kumasi working to secure a USD500,000 loan for an oil expeller in order to automate the production process.

Besides these efforts, USAID-FinGAP plans to undertake the following to ensure more gender integration in the project's interventions:

- **BAS Providers:** Actively seek female-led BAS providers and improving marketing efforts to engage more female-led BAS providers in Y2. The Project has already identified and introduced BAS providers to certain functions along the target value chains where the actors are dominated by females. Some of the BAS providers have started assessing these female-led SMiLEs for financing by FIs. The Project has also reached out to female-led organizations in Ghana, such as the African Women Development Fund, to identify female-led SMiLEs. We will also continue to be active in searching for female-led SMiLEs through leads from Association of Ghana Industries and Chamber of Commerce.
- **FSS Unit:** Include gender as significant criteria for selection within the RFA for FI incentives. The project will continue to seek opportunities to work with PFIs who want to design programs and products specifically targeting women; towards this end, we have lined up the IFC to co-invest, but have not yet identified a PFI that is seen as a willing partner in this endeavor. The upcoming RFA for PFIs may shed new light in this area.
- **Project Administration:** Continue to search proactively for female candidates for all open LTTA and STTA positions. Also in M&E efforts, the project will continue to disaggregate all data by gender to assess our progress against our targets for female involvement in trainings and capacity building.
- **Grants:** Last, USAID-FinGAP is considering the creation of a series of complementary grants that incentivize service provision for women-led SMiLEs, as a strategy for reaching more women-led SMiLEs. USAID-FinGAP will work with BAS providers and PFIs to curate a group of organizations devoted to gender-focused service provision and will providing training to bolster their capacities and understanding of gender-related barriers to finance and BAS.

## ENVIRONMENT

USAID-FinGAP has put in place systems to ensure no negative impacts will occur as a result of project activities. This quarter, USAID-FinGAP trained BAS providers on how to conduct environmental reviews to screen potential SMiLEs who are seeking the project subsidy for financial facilitation. The BAS providers were assisted by the project to conduct in the field Environmental Reviews of 11 firms.

The Environmental Reviews are conducted using the screening tool-a checklist that is within the project's EMMP. During the process of filling out the checklist, which actively involves the respective SMiLEs, some of the existing and potential areas of environmental impact and corresponding mitigating measures for a specific financing deal are discussed. The screening tool allows the Project to avoid facilitating finance and investment in activities that would have a negative environmental impact. The project's ultimate goal is for BAS providers and PFIs to carry out these environmental reviews going forward.

## RESULTS

Four of the environmental reviews were completed in the Ashanti Region for an agribusinesses seeking financing for haulage trucks, and a maize and soy processor. Two were conducted for a maize and soy processor in the Brong Ahafo region; three environmental reviews for a warehouse, irrigation facility for soy and soy production in the Northern Region. In the Upper West Region, one environmental

review was conducted for an agribusiness needing finance for a tractor and combined harvester. One maize and soy process in Accra also had an environmental review conducted.

## FEED THE FUTURE IMPLEMENTING PARTNERS COLLABORATION

To deepen project's impact, USAID-FinGAP is leveraging the resources of World Bank and USAID-financed Ghana Commercial Agriculture Project (GCAP) as well as other USAID-Funded Agricultural Technology Transfer (ATT) project, Agricultural Policy Support Project (APSP) and ADVANCE II for greater results. The Collaborative Circle of COPs (CCC) is active in providing a formal structure for information exchange, coordination and collaboration in activities in common indicators, and mutual learning amongst the FtF projects. Sub-group meetings of Communications Officers and M&E managers have also met to exchange information concerning the projects' collaborative and common activities.

USAID-FinGAP is the originator of the CCC. We have meetings on a regular basis, and sub-committees for Grants, M&E and Communications meet separately to review department-specific areas for collaboration. The results and notes from these meetings are contained in relevant weekly reports. The Annual Reports shall encapsulate key decisions and activities of these CCC sub-committee meetings. Currently, the CCC's major focus is to exchange information to avoid duplicate payment to counterparts for similar activities, and for IPs to avoid duplication of work with particular SMiLEs.

# PROJECT OPERATIONS

## TAMALE OFFICE

After months of negotiating a lease with CRS, CRS withdrew their offer. The project leased another office in Tamale in the Kanvili area. The lease was signed on 17 March 2014, however the office building was not fully occupied until 2<sup>nd</sup> June 2014, after construction and finishing works were fully completed and a security company was contracted. The project is finalizing the installation of phone lines, some remaining partitions, and security guard ware installations. The office will be fully operational by July 2014.

## STAFFING

The project's FSSU Manager resigned from the project effective 30<sup>th</sup> June 2014. The process for hiring a successor is nearing completion, pending USAID approval.

A driver for the Tamale office was hired in July 2014.

USAID-FinGAP's intern completed her internship in May, having provided extensive support to the project by liaising with FIs and SMiLEs to improve communication and ensure that the project's message and mission were received. Late in the third quarter, a new graduate intern joined USAID-FinGAP to provide support on BAS subsidy activities and gender planning. The intern will also be assisting with the development of success stories, the work plan, and of financing value chain methodologies.

## PLANNED ACTIVITIES (JUL-SEP 2014)

Activity	Timeline	Status
<b>Component 1: AOD Unit</b>		
<b>Task 2 Activities- Project Development via BAS Providers</b>		
Release tender for BAS providers	Nov/Dec 2013 (and ongoing on a quarterly basis)	Grants Manager/AOD Unit Manager/FSS Unit Manager/CAD Department/COP
Selection of 5-20 BAS providers to engage	January 2014 (and ongoing)	Grants Manager/Unit Managers /COP/Home Office
RFP re-released each quarter and new BAS selected	March/June/Sep 2014	AOD, Grants Unit
<b>Task 3 Activities – Business Performance Improvement</b>		
Connect BAS providers to value chain alliances via 1-2 networking opportunities	Jan -Sept 2014	Communications/COP/AOD Unit
<b>Components 2: FSSU</b>		
<b>Task 4 Activities - Financial Sector Capacity Building</b>		
Publicize high profile financing success stories	Jan-Sep 2014	FSS Unit Manager/AZMJ/ Communications Manager
Document best practices and lessons learned for capacity building	Aug-Sep 2014	AZMJ/FSS Unit Lead/M&E Manager
Hold periodic discussions with USAID DCA on alignment between DCA guarantees and identified deals	March – July 2014	FSSU Manager
Design and deliver demand- driven capacity building based on needs of PFIs to close investment deals	Jan-Sep 2014	FSS Unit AZMJ
Hold workshops/provide TA/carry out assessments per Joint Committee Action plan priorities for year I	Ongoing	FSS Unit/COP
<b>Task 5 Activities -Small Grants Facility</b>		
Issue PFI RFA	July-Sept 2014	FSS Unit/Grants Manager
Make awards	Ongoing	Grants Manager/ Grants Assistant/ COP/

# PERFORMANCE INDICATORS

#	Indicator	Unit of Measure	Baseline	Q1	Q2	Q3	Year I (Oct 2013-Sept 2014)		
				Achieved	Achieved	Achieved	Target	Achieved	%Achieved
<b>Component I: AOD UNIT</b>									
Ia. Improved access to BAS by agri-enterprises, as well as development of Ghanaian capacity to provide these services									
1	Number of SMiLEs including farmers, receiving business development services from USG-assisted sources	Number of enterprises	0	0	0	8	15	8	53%
	<b>Size</b>								
	Small			0	0	6			
	Medium			0	0	2			
	Large			0	0	0			
	<b>Gender</b>								
	Female			0	0	1			
Male			0	0	7				
2	Number of BAS providers trained in deal making and BAS in agriculture	Number of providers	0	0	0	19	15	19	127%
	<b>Gender:</b>								
	Female			0	0	1			
	Male			0	0	18			
3	Number of SMiLEs paying fees for BAS	Number of enterprises	0	0	2	0	5	2	40%
	<b>Size</b>								
	Small			0	0	0			
	Medium			0	2	0			
	Large			0	0	0			
	<b>Gender</b>								
	Female			0	0	0			
Male			0	2	0				
Ib. Improved ability of agri-enterprises to create fundable investment proposals									
4	<b>4.5.2-30:</b> Number of SMiLEs, including farmers, receiving USG assistance to access loans (\$)	Number of enterprises	0	0	5	2	15	7	47%
	<b>Size</b>								
	Small			0	4	0			
	Medium			0	1	1			
	Large			0	0	1			
	<b>Gender (Small and Medium Enterprises)</b>								
	Male			0	5	1			
	Female			0	0	0			
	<b>Gender (Large Enterprises)</b>								
	Male			0	0	1			
Female			0	0	0				
5	Number of food security private enterprises (for profit), producers organizations, water	Entity	0	0	6	8	30	14	47%

FINANCING GHANAIAAN AGRICULTURE PROJECT (FinGAP)  
QUARTERLY PROGRESS REPORT #3, JULY 2014

	users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance (RiA) (WOG)								
	<b>Type of entity</b>								
	Food security private enterprises (for profit)			0	6	8			
	Producers organizations			0	0	0			
	Water users associations			0	0	0			
	Women's groups			0	0	0			
	Trade and business associations			0	0	0			
	Community-based organizations (CBOs)			0	0	0			
<b>I.c.&amp;I.d Increased private sector investment in socially inclusive agriculture related activities and enhanced agricultural commerce</b>									
	Total value of private capital deployed to targeted value chains by financial institutions with USG assistance	USD	0	0	627,531.02	1,133,096.45	5,000,000	1,760,627.47	35%
	<b>Value Chains</b>								
	Maize			0	30,000.00	1,030,000.00			
	Rice			0	30,000.00	103,096.45			
	Soy			0	567,531.02	0.00			
<b>6</b>	<b>Type of PFI</b>								
	Commercial / Universal Banks			0	0.00	1,133,096.45			
	Rural & Community Banks			0	0.00	0.00			
	Micro Finance (NGOs), S&Ls & Credit Unions			0	90,000.00	0.00			
	Social Impact & Private Equity Funds			0	205,000.00	0.00			
	NBFI			0	241,412.41	0.00			
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0	0.00	0.00			
	Other			0	91,118.61	0.00			
<b>7</b>	Number of successful investment opportunities (proposals) funded	Number of opportunities	0	0	8	2	5	10	200%
	<b>Value Chains</b>								
	Maize			0	1	1			
	Rice			0	1	1			
	Soy			0	6	0			
	Value of agricultural and rural loans	USD	0	0.00	627,531.02	1,133,096.45	5,000,000	1,760,627.47	35%
	<b>Size</b>								
	Small			0	90,000.00	0.00			
	Medium			0	537,531.02	103,096.45			
	Large			0	0.00	1,030,000.00			
	<b>Type (Small and Medium Enterprises) :</b>								
<b>8</b>	Agricultural producer			0	90,000.00	0.00			
	Input supplier			0	0.00	0.00			
	Trader			0	0.00	0.00			
	Output processors			0	537,531.02	103,096.45			
	Non-agriculture			0	0.00	0.00			
	Other			0	0.00	0.00			
	<b>Type (Large Enterprises) :</b>								

FINANCING GHANAIAAN AGRICULTURE PROJECT (FinGAP)  
 QUARTERLY PROGRESS REPORT #3, JULY 2014

	Agricultural producer			0	0.00	0.00			
	Input supplier			0	0.00	0.00			
	Trader			0	0.00	0.00			
	Output processors			0	0.00	1,030,000.00			
	Non-agriculture			0	0.00	0.00			
	Other			0	0.00	0.00			
	<b>Gender (Small and Medium Enterprises)</b>								
	Male			0	627,531.02	103,096.45			
	Female			0	0.00	0.00			
	<b>Gender (Large Enterprises)</b>								
	Male			0	0.00	1,030,000.00			
	Female			0	0.00	0.00			
9	Value of new private sector investments in the agriculture sector or food value chains leveraged by FtF implementation	USD	0	0	0.00	0.00	2,500,000	0.00	0%
10	Value of incremental sales in rice, maize and soya as a result of U.S. government assistance along the value chain	USD	TBD	0			TBD		
<b>Component 2: FSS UNIT</b>									
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance		0	0	0	36	4	36	900%
	<b>Type of PFI</b>								
	Commercial / Universal Banks			0	0	12			
	Rural & Community Banks			0	0	6			
	Micro Finance, S&Ls & Credit Unions			0	0	4			
	Social Impact & Private Equity Funds			0	0	3			
	NBFI			0	0	7			
	Insurance / Credit Guarantee			0	0	2			
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0	0	2				
12	Number of grants disbursed / performance-based contracts issued		0	0	0	8	10	8	80%
	<b>Type of recipient</b>								
	BAS Provider			0	0	8			
	PFI			0	0	0			
	SMiLE			0	0	0			
13	Number of public-private partnerships formed as a result of U.S. government assistance		0	0	0	0	5	0	0%
14	Financial recovery rates for agriculture sector		TBD				N/A		
15	Value of agricultural loans by US government supported banks (on a percentage portfolio basis)		TBD				2%		
16	Score, in percent, of combined areas of organizational capacity among U.S. government direct and indirect local implementing partners		TBD				N/A		
17	Number of new products offered by FIs (including DCAs)		0	0	0	0	2	0	0%
18	Number of days of technical assistance in financial sector capacity provided to counterparts or stakeholders		0	8	16	14	768	38	5%

FINANCING GHANAIAAN AGRICULTURE PROJECT (FinGAP)  
 QUARTERLY PROGRESS REPORT #3, JULY 2014

19	4.5.1–24. Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of U.S. government assistance		0	0	0	0	2	0	0%
20	Number of financial institutions receiving U.S. government assistance in extending services to micro and small businesses		0	0	0	0	5	0	0%