



USAID | **GHANA**
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YEAR 1 ANNUAL PROGRESS REPORT (JULY 2013-SEPTEMBER 2014)

FINANCING GHANAIAN AGRICULTURE PROJECT
(USAID-FinGAP)

October 2014

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ACRONYMS AND ABBREVIATIONS

AOD	Agribusiness Opportunities Development (Unit)
ATT	Agricultural Technology Transfer (Project)
BAS	Business Advisory Services
CCC	Collaborative Circles of Chief of Parties
CDCS	Country Development Cooperation Strategy
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
LPG	Loan Portable Guarantee
M and E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NGO	Non-Governmental Organizations
NPL	Non-Performing Loan
OCAT	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

Commercialization of Ghana's staple food value chains has the potential to significantly improve food security and drive economic growth. But for many agribusinesses in Ghana, raising finance for their business remains costly and challenging. A paradox exists where borrowers say there is no funding and lenders say there are no "bankable projects." In reality, many enterprises lack the skills and information to present bankable proposals to financiers, and many Financial Institutions lack capacity and incentives to meet agricultural finance needs. The USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) is working to address this disconnect by establishing commercially-driven agricultural development services which will enable increased financing and investment in Ghanaian firms.

USAID-FinGAP obtained notable results during the project's first year of implementation, demonstrating proof of concept: \$4,351,745 in financing (12% working capital, and 88% capital investment) was released to eight Small and Medium including Large enterprises (SMiLEs) at critical points in the rice, maize and soy value chains. These investments, including financing for maize and soy processing, irrigation expansion, and warehouse construction, were targeted by the project for their potential to transform the competitiveness of the staple food value chains. In total, 87% of this financing came in the form of debt, 2% in equity, and 11% in grants. Financing was provided by 5 Partner Financial Institutions (PFIs), GCAP, several supplier credit lines, and by large scale producers and processors acting as off-takers.

These initial financing results are just the start, as the systems established in Year 1 will soon be bearing lots of fruit. This includes the Project's performance-based incentive scheme, designed to encourage Business Advisory Service (BAS) providers to do business in the target value chains. In Year 1, the Project issued performance-based contracts to 30 BAS Providers to identify and develop financing proposals for SMiLEs. These BAS firms, which now constitute the Project's BAS Provider network, currently have an active pipeline of 22 deals in progress, worth approximately \$23.9 million in agricultural financing for SMiLEs.

USAID-FinGAP provided training and capacity building to 27 firms in its BAS Provider network based on priority needs identified in a comprehensive Mapping Assessment of the BAS Market, including strategic investment identification, risk management and value chain financing. The Project's capacity building plan has also been informed by demand expressed in quarterly BAS workshops, and the results of an Organizational Capacity Assessment Tool (OCAT), which Project partners used to self-evaluate performance.

On the Financial Intermediary side, USAID-FinGAP developed partnerships with 21 PFIs providing diverse types of funding to agribusinesses identified by the project and its BAS network. In Year 1, capacity building for these FIs was focused on improving their understanding of value chain finance and risk mitigation mechanisms. The Project is working with these and other institutions to develop new financial products targeted to agriculture. To incentivize PFIs to boost their incremental financing of agribusinesses, the project designed a uniquely-open incentive scheme for challenge and innovation grants, which will be awarded early Y2.

As another strategy to catalyze investment in the target value chains, USAID-FinGAP developed and launched an interactive geo-spatial tool to facilitate private-sector investment called the Investment Mapping System (IMS). The goal of the IMS is to drive down due-diligence costs of investors and developers by providing relevant information needed to make investment decisions and a platform upon

which investors can model different scenarios. Beta tests of this innovative platform in Year 1 affirmed its potential to stimulate new investment.

Across Project activities, USAID-FinGAP has maintained a collaborative focus, and is leveraging ties and resources with other USAID projects, including ADVANCE, GCAP, and DCA, for greater impact. This included sharing pipeline with Implementing Partners in Ghana, and working with DCA Washington to raise its guarantee limit for a PFI that wanted to be able to provide loans to farmers to procure equipment.

Though the financing facilitated falls short of the Year 1 target, USAID-FinGAP is confident that results in Year 2 will make up for this shortfall, as the BAS network matures and PFI incentives are implemented. A key lesson from this year was that implementing the Project's 'light touch approach' took time, and meant a shift in thinking from the Project directly facilitating deals to relying primarily on BAS providers to take deals to conclusion.

Another challenge the Project faced was limited understanding (on behalf of PFIs, BAS, and even our own team) of how to meaningfully integrate a gender lens into agricultural finance and investment. USAID-FinGAP will be addressing this issue in Y2, by conducting a comprehensive gender integration assessment to ensure that gender is better mainstreamed into project activities.

Nonetheless, the Project is encouraged by Year 1 financing results, which are already translating into broader impacts, including job creation: as a result of a US\$167,142 loan made possible through USAID-FinGAP, 3K&A Industries Limited, a soy processor, was able to restart its operations and consequently rekindle its relationship with soy suppliers in the northern region-most of which are women and youth. The company was able to rehire nearly 30 workers it had previously laid off, and the SMiLE is now supplying its major clients in in the poultry sector and the domestic market for refined soybean oil. Additional noteworthy results are detailed in this report.

BACKGROUND AND STRATEGY

The Financing Ghanaian Agriculture Project (USAID-FinGAP) is a five year 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 business advisory service (BAS) providers and participating financial intermediaries (PFIs) servicing the agriculture sector. USAID-FinGAP is building the capacity of a network of Ghanaian BAS providers to provide consulting services to agribusiness firms to help them to access affordable options for financing new agricultural investments. The Project is also developing a network of PFIs who 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), which is designed to address the major constraints to Ghana's economic growth at the policy level. USAID-FinGAP is deploying demand-driven technical assistance to support the implementation of this plan, primarily targeted at: a) strengthening financial sector infrastructure; and b) encouraging development finance and supporting SME access to finance. Technical assistance provided under the PFG umbrella will support USAID-FinGAP's broader, technical objective, which is to provide capacity building support to the financial sector to expand financing to agribusiness via the development of new financial products that best serve the needs of the agribusiness community.

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 agribusiness opportunities by working with financial intermediaries, other donors, and GOG programs to provide 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. Additionally, USAID-FinGAP is designed to play a central role in supporting effective utilization of Development Credit Authority (DCA) guarantees that target mitigation of risks associated with lending to agribusiness.

USAID-FinGAP YEAR I ACTIVITIES SUMMARY (JULY 2013-SEPTEMBER 2014)

Activity	Timeline	Status
Component I: AOD Unit		
Task 1 Activities: Private Sector Engagement/Market Chain Linkages		
Develop screening criteria for investments and partnerships	Sept – Oct 2013	COP/AOD Unit Manager
Conduct mapping exercise of investment and partnership opportunities	Oct 2013	COP/All, AOD Unit
Hold launch event to present investment opportunities	March 2014	COP/AOD, Unit Manager
Develop SOW to hire services for the interactive production map	Jan 2014	Home Office Management/ COP/AOD Unit Unit
Evaluate bids to support production map design	Jan 2014	AOD Unit
Conduct data collection	Jan/Feb 2014	AOD Unit
Hire provider to design production map	Feb 2014	AOD Unit
Beta test use of map among investors and PFIs	Mar 2014	AOD/FSS Units
Modify production map accordingly	Apr 2014	AOD Unit
Conduct marketing and communications activities around production map	Apr/May 2014	Communications Manager/AOD Unit
Task 2 Activities – Project Development via BAS Providers		
Develop screening criteria for BAS partners	Sept-Oct 2013	AOD Unit Manager/COP
Conduct mapping exercise of BAS and partnerships opportunities	Oct-Nov 2013	AOD Unit Manager/COP
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/Department /Unit Managers /COP/Home Office
RFP re-released each quarter and new BAS selected	March/June/Sep 2014	
Hold launch event to introduce investment opportunities and BAS providers to investment & finance community	Mar 2014	AOD Unit/FSS Unit/COP
Task 3 Activities –Business Performance Improvement		
Establish a network of BAS providers	Dec2013/ Jan 2014	AOD Unit
Host quarterly workshops to hear from BAS providers and evaluate BAS training needs	March/June 2014	AOD Unit
Develop curriculum/ host training based on identified BAS provider needs	Mar-Apr 2014	AOD Unit
Host training on strategic investment identification	June 2014	AOD Unit
Connect BAS providers to value chain alliances via 1-2 networking opportunities	Jan –Sept 2014	Communications/COP/AO D Unit
Component 2: FSS Unit		
Task 4 Activities –Financial Sector Capacity Building		
Mapping of banks and investors/PFIs	Oct 2013	FSS Unit /COP
Sign MOUs with 5-10 PFIs	Nov2013 – Feb 2014	FSS Unit /COP

Conduct deeper engagement with PFIs to design appropriate incentives to expand agribusiness lending	Feb 2014– March 2014	FSS Unit/COP AZMJ
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	Home Office
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
Task 5 Activities: Small Grants Facility		
Develop grants committee, metrics and processes into project Grants Manual	Sep-Oct 2013	Home Office Grants Manager Grants Assistant COP
Prioritize grants and sub-contracts based on assessments and conversations with PFIs	Nov2013 – Feb 2014	Grants Manager Grants Assistant FSS Unit AOD Unit
Issue RFAs & grants	Nov2013 - Jan 2014	Grants Manager Grants Assistant COP Home Office
Make awards	Ongoing	Grants Manager Grants Assistant COP Home Office
Annual portfolio review	Aug 2013	Grants Committee Chief of Party AOD Manager FSSU Manager M&E Manager
Transition grants facility to local partner	N/A	N/A

USAID-FinGAP M&E RESULTS SUMMARY

The USAID-FinGAP project contributes to the USAID Ghana Mission Country Development Cooperation Strategy (CDCS) Development Objective 2: **Sustainably and Broadly Shared Economic Growth**. USAID-FinGAP's contribution toward the CDCS Development Objective 2 is also directly aligned with the Feed the Future goal of **sustainably reducing global poverty and hunger**. Results contributing to achieving CDCS DO 2 are tracked through the following Intermediate Results (IRs):

- IR1: Improved access to Business Advisory Services
- IR2: Increased private sector investment / enhanced agriculture commerce
- IR3: Increased capacity of FIs to develop Agriculture Finance Products

IR1: Improved access to Business Advisory Services

Progress towards achieving this strategic objective is presented in 8 indicators below.

Score, in percent, of combined areas of organizational capacity among U.S. government direct and indirect local implementing partners (Indicator 16)

A total of 30 BAS providers joined the USAID-FinGAP BAS network during Year 1. Per the project's PMP, USAID-FinGAP was charged with assessing these BAS providers to establish an organizational capacity baseline for project monitoring. Using 3 key technical areas (facilitating access to finance, new business development, quality of service), a technical capacity baseline of 73% was set. Activities will be designed to increase their capacity 10% above the established baseline over the life of the project.

Number of BAS providers trained in deal making and BAS in agriculture (Indicator 2)

In year 1, 27 BAS providers were trained in deal making and BAS in agriculture representing 180% of year 1 target of 15. This was a result of considerable interest on behalf of BAS providers in joining the project's BAS network and exploring market opportunities available in the agriculture sector.

Number of SMiLEs, including farmers, receiving business development services from USG-assisted sources (S) (Indicator 1)

By engaging 30 BAS Providers, the project was able provide business development services for 22 SMiLEs, which is 147% of the Y1 target of 15.

Number of clients paying fees for BAS (Indicator 3)

Of the 22 SMiLEs currently engaging BAS Providers, 4 SMiLEs have paid US\$22,209 in fees to these to access financing valued at US\$ 6,978,111 for their businesses. This results in an 80% attainment of the target of 5 set for the first year. Total financing in the pipeline is valued at US\$23,926,006 among the 22

SMiLEs currently engaged, and we assume that all 22 clients will pay fees towards receiving this financing in Year 2.

Number of SMiLEs, including farmers, receiving USG assistance to access loans (S) (Indicator 4)

Though 27 SMiLEs received assistance through the project to access loans, the FtF definition for this indicator requires that only those SMiLEs that have actually received loans be counted. In total, 8 SMiLEs accessed loans this year, against a target of 15.

Number of successful investment opportunities funded (Indicator 7)

A total of 14 investment opportunities have received financing by the end of year 1, against a target of 10.

Number of food security private enterprises (for profit), producers' organizations, water users associations, women's groups, trade and business associations, and community-based organizations receiving USG assistance (RiA) (WOG) (Indicator 5)

27 SMiLEs representing 90% of the planned target received USG assistance during the reporting year. These include the 8 SMiLEs that received financing during the reporting period and other SMiLEs engaged by BAS Providers.

Number of grants /subsidy disbursed (Indicator 12)

25 subsidy payments amounting to \$51,500 were made to 22 subcontracted BAS Providers facilitating financing for SMiLEs in the targeted value chains, exceeding our Year 1 target of 10 by 220%. The targets for this indicator will be reviewed and adjusted appropriately to align with the greater number of BAS providers contracted by the project.

IR 2: Increased Private Sector Investment / Enhanced Agriculture Commerce

Progress towards achieving this strategic objective is summarized in the 6 indicators below.

Value of Agricultural and Rural Loans (RiA) (WOG) (Indicator 8)

During the reporting year, an amount of \$3,699,509 was disbursed by 6 FIs, comprising of 2 commercial banks, 2 social impact and private equity firms and one saving and loans company, to project beneficiaries. This represents 74% of the financing target for the year (US\$5 million). We are confident we will meet remaining Year 1 and Year 2 loan financing targets (\$8M) based on the value of our current pipeline, and the projected increase in financing pipeline for Year 2.

Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation (Indicator 9)

A total of \$3,849,196 private sector investment was made into the maize, rice and soy value chains during the reporting year. The project exceeded its year target of US\$2.5 million by 54%. This figure represents all capital investment by for-profit formal companies supported by the project. However, the FtF definition for this indicator has shifted over the past year, so USAID-FinGAP will revise its targets for the subsequent years accordingly. Of the US\$3.8 million reported private sector investment made during the reporting year, \$96,271 was equity investment.

Total value of private capital deployed to targeted value chains by FIs with USG assistance (Indicator 6)

This indicator had a target of US\$7.5 million; a total of US\$4,351,745 private capital representing 58% of the target was deployed to the targeted value chains during the reporting year. This number is comprised of agricultural loans, private investment and suppliers' credit facilitated by USAID-FinGAP during the period. Of the value of agricultural loan facilitated (Indicator 8), US\$3,288,079 was for capital investment. USAID-FinGAP also facilitated an amount of US\$91,118 as supplier's credit during the reporting period.

Value of incremental sales in rice, maize and soy as a result of USG assistance along the value chain (Indicator 10)

The baseline figure for value of incremental sales among SMiLEs that received financing as a result of USG assistance has been calculated at \$9,188,175.56.¹ USAID-FinGAP will be working with METSS to set future sales targets based on sector growth projections. The collected data will be analyzed with the AOD Unit to establish set target for the subsequent years. This indicator is a proxy for measuring expanding market for maize, rice and soy producers in the northern part of the country.

Number of public-private partnerships formed as a result of FTF assistance (S) (RiA) (Indicator 13)

Although the project is following a number of leads, no formal, public-private partnerships have been formed to date. The project will seek avenues of forming PPPs that will result in catalyzing innovations, financing and investment into the maize, rice and soy value chains.

IR3: Increased capacity of FIs to develop Agriculture Finance Products

Value of agricultural loans by U.S. government supported banks (on a percentage portfolio basis) (Indicator 15)

This indicator measures the increase in PFIs agriculture portfolio as a result USAID-FinGAP's activities. The baseline will be established from beneficiaries of USAID-FinGAP PFI grants. PFI grants had not yet been awarded by the end of the year 1. PFI grants are expected to be rolled out in Year 2, Q1.

Financial recovery rates for agriculture sector (Indicator 14)

This indicator measures improvements in PFIs loan recovery as a result of USAID-FinGAP's activities. During the reporting year, Bank of Ghana (BOG) was consulted as to how this data can best be measured as a result of varying approach by PFIs in measuring recovery rate. BOG advised the use of Non-Performing Loans (NPL) as a proxy for measuring this indicator. This approach was also found to be convenient among the PFIs engaged by the project during the year, as they report to BOG on NPLs

¹ The project has not yet been able to obtain sales information for one SMiLE. Another SMiLE supported by the project is a greenfield project, and as such, did not yet have sales figures to report.

in a standardized format. The project will therefore collect data on NPLs from PFIs and use that to estimate recovery rate of agriculture loans. NPL data reported to BOG as at September 2014 will be used to set the baseline for this indicator.

Number of new products offered by FIs (including DCAs) (Indicator 17)

No new products were offered by the PFIs this year, therefore the project did not meet its Year 1 (2). However USAID-FinGAP is working closely with PFIs, Eximguaranty, EDAIF, GAIP and DCA, to both combine existing projects, and roll out new products. These include an agricultural equipment purchase package with AFGRI, a local distributor of John Deere, utilizing DCA, and a loan portable guarantee (LPG) for GAIP. New products will also result from the disbursement of grants to PFIs, projected in Year 2, Q 1.

Number of PFIs receiving capacity / competency strengthening as a result of USG assistance (Indicator 11)

40 PFIs received capacity and competency strengthening in the form of training during the reporting year. This included 16 Universal Bank, 11 RCBs and 7 other financial intermediaries. The target of 4 PFIs for this indicator was exceeded as a result of the high demand for training among PFIs. The targets for this indicator will be reviewed for subsequent years to reflect this reality.

Partnership for Growth Indicators

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 USG assistance (S) (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. The target for Year 1 for this indicator was 2. USAID FinGAP supported the development of an SME Support Services Strategy during this reporting period. The final report will be submitted in Year 2, Q 1, and will constitute a draft of administrative procedures to facilitate private sector participation and competitive markets as a result of USG assistance.

Number of days of technical assistance in financial sector capacity provided to counterparts or stakeholders (Indicator 18)

14 days of technical assistance in financial sector capacity was provided to counterparts and stakeholders during year 1. This brings total number of days of technical assistance to 38, representing 5% of the set target for year 1. The project has not met this target due to the fact that the GOG has not made more requests for assistance during Year 1. USAID-FinGAP has received guidance from USAID Ghana to provide STTA only upon receipt of a request from the GOG under the PFG framework and goals.

Number of financial institutions receiving USG assistance in extending services to micro and small businesses (Indicator 20)

No assistance was provided to financial institutions in extending services to micro and small businesses during Year 1. This is the result of the absence of such requests from the GOG to date.

ACTIVITIES ACCOMPLISHED

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 a transformative impact on the target value chains, define the most effective uses of funds, and support and incentivize the development of a network of BAS Providers to facilitate transactions. The AOD Unit is driving efforts to increase financing for SMiLEs in priority areas through three interrelated tasks:

- **Task 1: Private Sector Engagement/ Market Chain Linkages** aims to leverage the resources and credibility of strategic anchor partners to integrate smallholders and small aggregators into their supply chains. This is accomplished by developing partnerships with strategic investors in order to create platforms for deploying financing along the value chains. Task 1 will culminate in 25 strategic partnerships needed to support 250 transactions over the life of project.
- **Task 2: Project Development via BAS Providers** involves stimulating and developing the BAS market in order to encourage the provision and utilization of BAS in agribusiness.
- **Task 3: Business Performance Improvement** focuses on building the capacity of BAS firms to identify and package deals for agribusinesses, and provide wrap-around services to client firms to ensure these are able to obtain financing. Also important, the AOD unit deepens links between BAS providers and value chain networks and alliances.

In Year 1, USAID-FinGAP was meant to develop mapping exercises of financeable investment deals in the target value chains, develop a set of BAS providers to support the private sector access needed finance and investment and put these on performance-based contracts, and begin to train BAS providers to package investable deals.

TASK 1 ACTIVITIES – PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

USAID-FinGAP implemented the following foundational activities in support of this task:

- a) Conducted a mapping exercise of immediately viable, strategic investment opportunities
- b) Presented these investment opportunities via a project launch event (Discussed under Task 2)
- c) Developed and piloted an online Investment Mapping System (IMS) that can be used to identify and project increases in rice, maize and soy.

AGRIBUSINESS INVESTMENT OPPORTUNITIES MAPPING ASSESSMENT

USAID-FinGAP began Year I with a comprehensive Mapping Assessment of Agribusiness Investment Opportunities in the rice, maize and soy value chains. The assessment updated previous analytical work (including Grow Africa process, the GCAP Appraisal, and the USAID Enabling Agricultural Trade analysis), mapped out the strategic investors interested in investing in the north, developed screening criteria for investments and partnerships, and identified the most promising opportunities for investment in the north of Ghana. This activity was crucial to understand the sources and uses of financing within the target value chains, the types of agribusiness actors interested in expanding their presence in Ghana's north, and provided the basis to kick-start discussions among key partners on opportunities for collaboration on facilitating finance within the targeted supply chains.

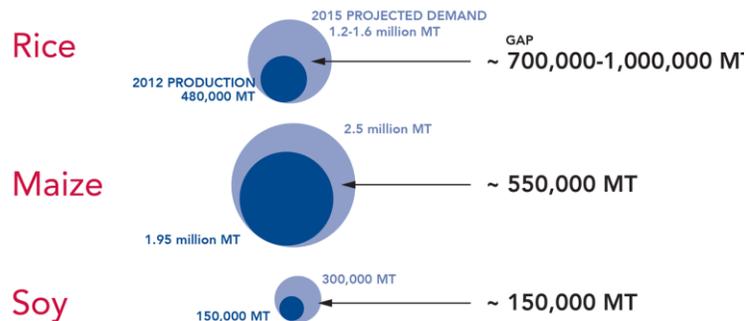
RESULTS

The Mapping Assessment on Agribusiness Investment Opportunities was conducted in September 2013, and identified over two dozen illustrative agribusiness investment opportunities needed at critical points in the target value chains to improve competitiveness. Focusing on finance-ready opportunities with 'transformative' potential, the assessment team developed profiles of 30 specific opportunities that were shared with partner BAS providers in order to kick-start the development of their respective project pipelines. These exemplary opportunities included investments across the target value chains spanning producers large, medium and small, input and agricultural service providers, aggregators and traders providing warehousing facilities, transporters, and commercial processors.

ASSESSMENT FINDINGS

Rapid urbanization and rising per-capita income in Ghana are driving significant domestic demand for and consumption of staple crops and poultry products. Continued increases in consumption, as well as shifts in consumer preferences toward rice and higher-value processed foods, are creating a widening gap between demand and current supply (See Figure I). There are ample opportunities to meet this growing demand by scaling up domestic production of rice maize and soy to compete with imports.

Figure I: Supply and Projected Demand for Rice, Maize and Soy

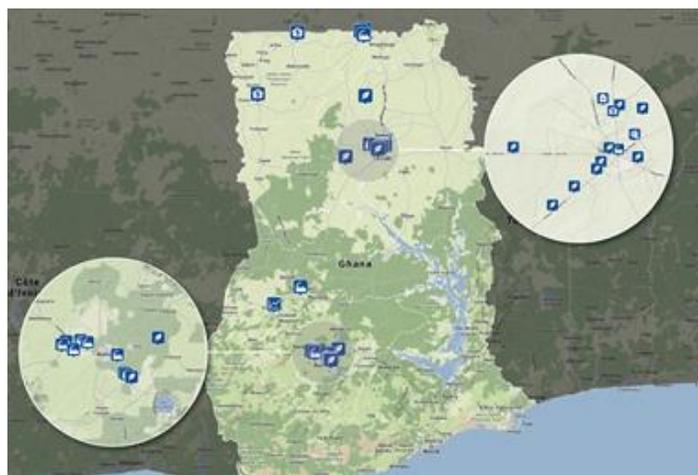


The assessment identified a number of hurdles that were limiting potential growth of agribusiness in the north of Ghana, including, but not limited to, the following:

- High cost of finance, particularly for provision of inputs

- Overall very poor yields, exacerbated by the limitations on inputs
- Short supply of input service providers and extension services
- Limited supply of mechanization
- Substantial post-harvest losses caused by poor practices and lack of storage
- Vastly undeveloped water management, retention and irrigation schemes

IMAGE 1: Geographic spread of agribusiness investment opportunities profiled by USAID-FinGAP



In terms of financing needs, the assessment identified three major categories: working capital (short-term up to one year) required for pre-planting (inputs, seeds) and offtake purchases, medium-term financing (up to 3 years) for equipment purchase and warehousing, and long term financing for greenfield processing projects or upgrades and irrigation infrastructure.

The assessment identified a number of success factors for improving the competitiveness of the target value chains, which prioritized USAID-FinGAP's investment targeting. Success factors and initial opportunities profiled by the project are outlined in the table below.

TABLE 1: SUCCESS FACTORS AND OPPORTUNITIES FOR INVESTMENT IN RICE, MAIZE, AND SOY

Value Chain	Success Factors	Key Investment Opportunities
Rice	<ul style="list-style-type: none"> • Increasing production by expanding cultivated areas through irrigation • Increasing cultivation of aromatic varieties of rice preferred by urban consumers • Improving processing capabilities to reduce breakage 	<ul style="list-style-type: none"> • Equity, venture capital or debt for capital expenditure financing to expand aromatic rice production • Debt to purchase farm machinery • Debt to pre-finance inputs to rice farmers • Equity for co-investment in new rice plantations
Maize	<ul style="list-style-type: none"> • Increasing production of yellow maize preferred for animal feed • Supporting improved logistics by expanding infrastructure for bulking and quality management (i.e. warehousing, improved postharvest technology) • Improving market linkages to feed mills and other buyers 	<ul style="list-style-type: none"> • Working capital and cap-ex financing to expand poultry production, thereby expanding demand for yellow maize poultry feed • Working capital for input purchases to access maize to run existing poultry processing facilities at max capacity • Debt and grants to expand outgrower schemes • Cap-ex financing for creation of new feed mills • Debt to purchase farm machinery
Soy	<ul style="list-style-type: none"> • Increased production to allow crushing facilities to increase throughput 	<ul style="list-style-type: none"> • Debt refinancing for soy processors • Working capital to purchase inputs to run existing processing facilities at max capacity

	<ul style="list-style-type: none"> • Supporting improved logistics via post-harvest quality management • Improving market linkages between producers, mills, and the poultry industry 	<ul style="list-style-type: none"> • Loans or equity for cap-ex to upgrade an existing processing facility • Debt or equity financing to conduct a marketing campaign to increase demand for specific soy products • Debt financing to purchase farm machinery
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Through the assessment, USAID-FinGAP developed an ‘Investment Scoring Matrix,’ which was used by the assessment team to qualify investments and partnerships that increase the competitiveness of the target value chains and also generate the positive social impacts that USAID is seeking. The project will continue to utilize this tool as it supports BAS providers to build pipeline of investable deals in agribusiness.

INVESTMENT MAPPING SYSTEM

As another strategy in catalyzing investment in the target value chains, USAID-FinGAP developed and launched an interactive geo-spatial tool to facilitate private-sector investment called the Investment Mapping System (IMS). The goal of the IMS is to drive down due-diligence costs of investors and developers by providing relevant information needed to make investment decisions and a platform upon which investors can model different scenarios. The IMS is designed to provide potential investors with information on where agricultural investments are currently located (e.g. inputs, transportation, irrigation, storage, processing and aggregation centers) and when and where they will likely be needed in the future given presumptive production increases. In Year 1 the project collected data to populate the map, contracted a software developer to create the platform, beta tested the IMS among potential users, and conducted marketing and communications activities around the production map. The IMS is viewable at: <http://fingap.nautilytics.com/>

RESULTS

To obtain the thousands of data points needed to populate the system on the physical location and scale of maize, rice and soy production, geo-referenced data on existing infrastructure (such as road networks, power, and water), and projected production yields and growth rates, USAID-FinGAP conducted an intensive data collection effort among donor projects and government agencies. These included USAID’s ADVANCE and ATT projects, IFDC, Ghana Commercial Agriculture Project, and the Ministry of Food and Agriculture’s Statistics, Research and Information Directorate (SRID), among others.

USAID-FinGAP contracted a U.S. software firm to develop the web-based platform, which visualizes the intersection between geo-spatial data and production forecasts. The IMS allows users to:

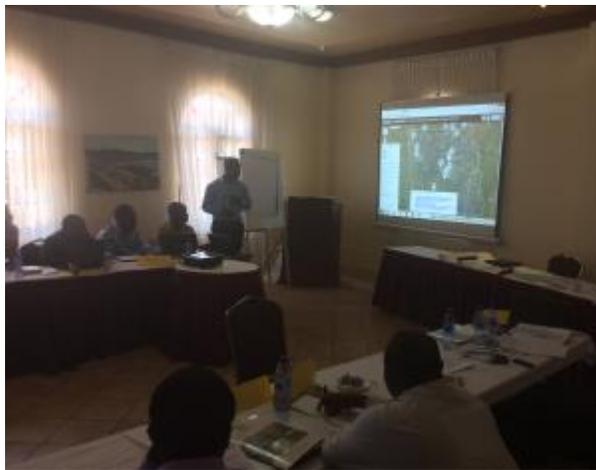
- View existing infrastructure and projects seeking funding within a specific locality
- Build scenarios that demonstrate where new warehouses, processing, logistics and other infrastructure and services will be required as a result of increased production of rice, maize and soy in the North
- Manipulate production projections (for example, 10%, 20%, 50%) to identify specific supply chain investment opportunities that are likely to generate high returns on investment and their probable locations within the target region, or district

- Draw user-defined regions for conducting due-diligence
- Use crowdsourcing to both upload and corroborate the veracity of local-level data.

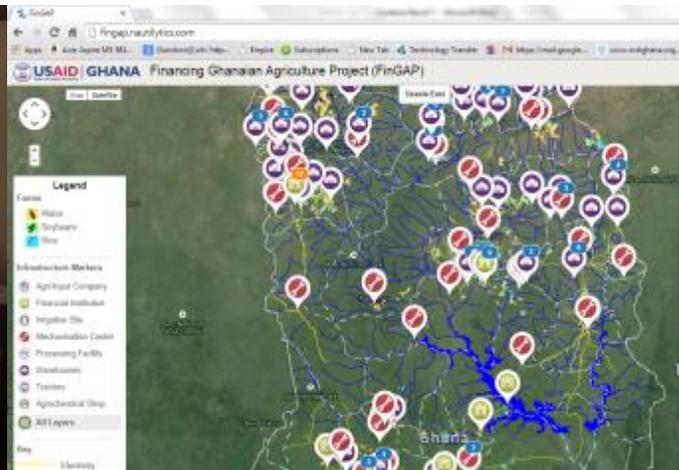
The beta version of the IMS was presented to USAID-FinGAP, USAID/Ghana and USAID/Washington DC at CARANA headquarters in early April 2014 and later to over 300 key stakeholders in Ghana's agricultural sector at the Ghana Agribusiness Investment Summit. The system was well received and participants provided useful comments on how it can be improved, with the most prominent issue being data quality. The IMS requires ongoing data quality maintenance in order to be a useful tool for investors. As a result, USAID-FinGAP integrated a crowd sourcing functionality to the software, which will be accessible by the end of Q1 in Year 2.

Through the crowd-sourcing application, users will be able to submit data via the web application or mobile phone, for real-time data validity. This will improve upon the quality and veracity of existing, static IMS data, by expanding the number of data sources, vastly reduce the cost and effort related to semi-annual or annual data collection; and accelerate information cycle times by providing users of the software with a continuous stream of real-time data.

Presentation of IMS to BAS and PFI participants in Accra



Screen shot of Investment Mapping System



Since the IMS was launched in April 2014, the IMS has been presented at different fora including a brown bag session in Washington DC to staff of USAID/DC in September 2014; Training for 62 BAS providers and staff of financial institutions; and also at the 2 day Skills Development Fund Fair which was held in September 2014 in Accra. Marketing and communications efforts will be expanded in Year 2, as additional modifications are made to the system to improve functionality and the

How Can The IMS Be Used?

	<p>Provider of small storage solutions seeks to establish warehouses at farm aggregation points</p> <p>Needs info on key production sites, existing warehouses, projected demand for storage, road access</p>
	<p>Ministry of Agriculture has been approached by rice investor looking to establish nucleus farm</p> <p>Needs to be able to guide investor to appropriate sites with adequate irrigation, infrastructure, and production potential</p>
	<p>SME seeks equity funds to establish maize processing facility</p> <p>Needs to develop investment proposal with information on the supporting environment (access to inputs, transportation, storage)</p>

crowd-sourcing application becomes available.

USAID-FinGAP has set usage targets and is closely monitoring usage rates in order to evaluate the project's marketing and communications efforts. The IMS had 226 users between May and September 2014, 52 % of which were returning visitors and 48 % being new.

TASK 2 ACTIVITIES – PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL PREPARATION

USAID-FinGAP completed the following activities in support of this task:

1. Conducted an assessment and mapping of the BAS market
2. Established performance-based incentive mechanisms to attract investment
3. Contracted BAS providers via competitive process
4. Held launch event to present hired BAS firms with FIs and agribusiness investors

BUSINESS ADVISORY SERVICE (BAS) PROVIDER MAPPING ASSESSMENT

In Q1 USAID-FinGAP conducted an assessment of the Business Advisory Services (BAS) market in Ghana in order to assess the readiness of the BAS market to provide advisory services to SMEs, build a road map for developing a more capable and competitive BAS ecosystem, and identify key partner firms the project could work with. The assessment team surveyed consulting firms, FIs, donor and government programs, universities, and expert observers in Southern and Northern Ghana. The findings were used to inform the project's strategy for increasing use of and payment for BAS, including performance-based contract structures and priorities for capacity building assistance.

RESULTS

The assessment revealed that the BAS market in Ghana is developing with significant donor support; however, this support is inflating the cost of BAS. After analysing lessons learned from various donor – funded programs, the team concluded that the SME market is ready for a BAS incentive system that is transaction oriented, pays for performance, and requires beneficiaries to pay both at the beginning of the consultancy and upon success when obtaining financing. The team recommended that the USAID subsidy to SMEs be graduated according to the size of the financing deal, with a view of gradually phasing out subsidies over time.

On the demand-side, the most commonly requested type of BAS assistance among SMEs is financial facilitation. This can encompass a range of services, from linking SMEs with banks and walking them through the process of applying for financing, to providing matchmaking with potential investors, to assisting in structuring joint venture arrangements for equity investment. There is also a culture and understanding of paying for performance of BAS providers financial facilitation. The top service requested by agribusiness SMEs to help them access financing is support for the creation of a business plan.

The supply of BAS was found to be significant, with an estimated 1,500 consulting firms and independent consultants offering a range of services. The report identified a core group of BAS providers that could be targeted by the project to develop agribusiness project, including a number of qualified consulting

firms in southern Ghana with experience in providing BAS to facilitate financing, and a number of less-experienced firms in Northern Ghana that could be paired with southern firms to build their capacity.

The assessment recommended deliberate steps the project could take to organize a network of competent BAS providers which are able to identify projects and bring them to USAID-FinGAP for subsidy consideration.

ESTABLISHED PERFORMANCE-BASED INCENTIVE MECHANISMS AND CONTRACTED BAS PROVIDERS VIA COMPETITIVE PROCESS

Using the results of the BAS assessment, USAID-FinGAP developed a transaction-oriented BAS incentive system whereby USAID-FinGAP hires BAS providers on performance-based contracts for the delivery of specialized advisory support to SME client firms to help them obtain financing. BAS providers are responsible for negotiating contracts with agribusiness firms and collecting fees from these firms for delivery of their services. USAID-FinGAP supports this process by paying a small subsidy upon completion of several performance-based deliverables resulting in the final disbursement of financing to the SMiLE. With a view to phase out performance subsidies over time, the project reduces its payments to BAS for each subsequent loan or investment of a similar nature to the same SMiLE.

In April 2014, USAID-FinGAP released a tender to recruit and hire BAS providers. The tender was re-advertised every quarter to prospective BAS providers who are interested in joining the BAS network, to expand the network to reach a critical scale.

RESULTS

In Year 1, USAID-FinGAP recruited and signed performance-based contracts with a total of 30 BAS providers, which have joined the project's BAS network and are providing financial facilitation support to agribusiness SMEs. Twenty seven of the 30 BAS providers recruited are based in Accra and three are based in the North. The group consists of numerous small and mid-sized BAS firms and a few international firms which focus on larger investment deals (USD 10M and above).

BAS providers are being hired by client SMiLEs to provide a range of services. These include:

- Identification of financial institution (s) potentially interested in issuing financing
- Business plan development and activation of loan or equity application processes on behalf of the client firm
- Preparation and submission of proposals to PFIs
- Arranging meetings with the CEOs and Credit Officers/Credit Committees, and negotiating loan terms with PFIs
- Linking client firms to private/equity investors and facilitating investment negotiation
- Debt restructuring, which may include conducting a situational analysis on the delinquent loan, obtaining a third party authorization to re-negotiate the loan terms on behalf of the client recipient, and negotiating new loan servicing terms

- Facilitate access to other financial products such as inventory credit and warehouse receipts financing
- Assessment of the internal management systems of FinGAP client firms to identify gaps for capacity building.

The pipeline of deals in motion between BAS providers and SMiLEs is significant: there are currently 22 deals in process, valued at \$23,926,004 in total. Additional information on the BAS pipeline is provided in the table 2 below. (Note: SMiLE firm names have been removed for confidentiality reasons, but are available to USAID upon request).

Table 2: Business Advisory Service (BAS) Provider Pipeline

BAS Provider	Type of Agribusiness Supported	Amount Being Facilitated US\$	Purpose
AB Intel Ltd	Soy processor	3,000,000	To upgrade processing facility and working capital
AB Intel Ltd	Maize and soy processor	356,792	To acquire equipment for feed formulation, warehouse and transport facility
AB Intel Ltd	Maize and soy processor	319,488	Working capital to purchase inputs for processing
AMSIG Resources	Haulage service provider	2,307,692	Purchase of haulage trucks
Ecubematrix	Nucleus farmer	334,464	To upgrade its processing facility and working capital financing
Ecubematrix	Soy processors	220,289	To invest in processing machines, inputs and logistics
Ecubematrix	Rice processor	92,257	To purchase a mill, inputs and a color separator
Growth Mosaic	Nucleus farmer	500,000	To invest in warehouse, seed and tractor maintenance
Growth Mosaic	Maize and soy processor	500,000	To secure a warehouse and haulage trucks
Growth Mosaic	Soy processor	500,000	to secure an oil expeller and refinery to automate the production process
ING Consult	Nucleus farmer	120,000	To acquire 2 additional tractors, 2 planters and working capital
Integrated Management Consult	Rice Producers Association	111,111	To purchase tractors, seeders and combine-harvester.
International Financial Services Ltd	Soy processor	500,000	to purchase multipurpose soya processing machine and working capital
Pinnacle Development Alternatives	Poultry farmer	2,600,000	To assess capital to purchase more maize and soy and to fund poultry outgrower scheme

BAS Provider	Type of Agribusiness Supported	Amount Being Facilitated US\$	Purpose
Pinnacle Development Alternatives	Commercial rice, maize and soy producer	4,975,000	To acquire farm machinery and equipment (including tractors, accessories and irrigation development) and working capital for commercial farming rice, maize and soy
Worldwide Investment Company Ltd	Agro-input dealer, maize producer, aggregator, and processor	1,500,000	Corn flakes production facility
Pinnacle Development Alternatives	Soy processor	1,930,000	To expand factory with modern 1000MT/day extraction plant and 20MT/day oil refinery plant
Pinnacle Development Alternatives	Soy processor	1,212,000	Upgrade and retooling of soy processing factory and working capital for purchase of raw soy.
Pinnacle Development Alternatives	Soy producer and processor	1,800,000	To acquire irrigation facility and processing plant for soy.
Management and Economic Development Consultants (MEDCO)	Rice milling	16,911	To acquire rice milling equipment with de-stoner, rice grader, elevators, moisture meter, weighing scale and bag closing machine.
ING Consult	Maize processor	280,000	To purchase equipment tractor, truck, dryer and expand existing warehouses and working capital.
Venture Hall Management Consultant	Soy and maize farmer	750,000	To provide processing facility and new office block

Though some of the Accra based BAS providers were willing to incur the costs to travel frequently to the north to find deals, it became apparent that deals must be sufficiently large to warrant BAS provider travel expenses. Therefore the project organized a special BAS provider clinic in the north in July 2014 to attract new BAS providers which are based in the three northern regions and could be hired on PBCs. It was also used to develop the ground work for collaboration between Accra and northern-based BAS providers. The project will continue to develop the capacity of BAS providers in the north to be able to collaborate with those in Accra.

HOSTED PROJECT LAUNCH EVENT

In January 2014 USAID-FinGAP hosted a formal launch ceremony to present the project mission and scope to stakeholders within Ghana's agricultural, financial, business and development communities. It also provided a platform for the Project to communicate its services to both public and private sectors.

RESULTS

The USAID-FinGAP launch event attracted over 120 dignitaries and guests from the USAID/Ghana mission, agriculture development partner projects, SMiLEs, PFIs and BAS providers, as well as members of government agencies and regulatory institutions to the event. Key speakers were the (now former) Minister of Food and Agriculture, Hon. Clement K. Humado, and the USAID Mission Director Jim Bever. USAID-FinGAP received significant endorsements from Minister Humado, who highlighted the timeliness of the Project's launch in Ghana alongside GOG initiatives, and the opportunities it brings to Ghanaian agriculture and overall economic growth.

The event was highly publicized on leading radio station Joy FM as well as the widely circulated Daily Graphic and the Business and Financial Times newspapers. Ghana News Agency, Ghanaweb.com, myjoyonline.com and mordernghana.com also posted coverage of the event.

HOSTED AGRIBUSINESS INVESTMENT SUMMIT TO INTRODUCE INVESTMENT OPPORTUNITIES AND BAS PROVIDERS TO INVESTMENT AND FINANCE COMMUNITY

USAID-FinGAP, in partnership with GCAP, USAID ADVANCE, MOFA, and GIPC, hosted the Ghana Agribusiness Investment Summit in April 2014, under the theme "Turning Potential into Opportunity and Opportunity into Investment." The investment summit was used to showcase agribusiness investment opportunities in Ghana and connect firms in the rice, maize and soy value chains with investors, FIs and BAS providers, with the goal of sealing new investment and financing commitments.

RESULTS

The summit was attended by over 300 participants from the private sector, public sector, and donor communities, including financial institutions, investment firms, BAS providers, SMiLEs agribusinesses, representatives from GoG agencies, and embassies and foreign missions in Ghana. In terms of key project partners, 50 of the participants attended on behalf of 25 BAS Providers, 52 on behalf of 25 FIs, and 65 on behalf of 36 SMiLEs. The summit was opened by US Ambassador Gene Cretz, former Minister of Food and Agriculture Clement Humado, with remarks also provided by the Deputy Ministers of Trade and Industry and Finance.

USAID-FinGAP presented 30 immediately-viable investment opportunities that were profiled during the Agribusiness Opportunities Mapping Assessment, and shared information on these deals in an event booklet (See example profile on the following page). As of the end of Y1, over 25% of these project promoters had hired USAID-FinGAP BAS providers to help them access funding.

The event provided a forum for dialogue among the various stakeholders and allowed the project to introduce BAS providers SMiLEs and PFIs. One of the highlights of the Investment Summit was a business-to-business (B-2-B) session, where over 39 BAS-SMiLEs linkages were facilitated. At the close of the B-2-B session, 6 transactions were concluded with the signing of engagement letters. USAID-FinGAP has been following these deals closely since the Summit, and providing technical assistance to BAS providers to move them to a close.

Financing resulting from the Summit includes:

- Approximately \$86,000 in debt from Frontline Capital for 3 K&A, a soy processor, for the purchase of crude soy oil from 5 soy processors to process into refined vegetable oil for

the domestic (Kumasi and Accra) markets. This transaction enabled 3 K&A to procure raw material for its refinery as well as a standby generator.

- Solar Harvest has secured US\$ 103,000 from Ecobank Ghana Limited for rice and soy production for Avnash and Vester Oil Mills, respectively.

Several other transactions between FIs and SMiLEs were initiated at the Summit, and are now at various stages of financing. These include:

- A Europe-based impact investor is close to finalizing a US\$2.5M equity and debt investment in a livestock feed producing company. The deal is expected to close by the end of 2014.
- An overdraft facility of GHS 4 million for a SMiLE is expected from Barclays Bank to increase stock of poultry feed for the GoG-initiated poultry revitalization project.
- A large scale commercial farming company is securing US\$120,000 to procure mechanization equipment to pilot 500 ha of its 7,000 ha for rice, maize and soy production. This is to pave the way for investment by a major UK funded impact investor, which showed interest in the SMiLE when they met at the Summit.
- An equity investor from South Africa is preparing to invest between US\$5 and 10 million in equity and debt in a soy processor subject to completion of the latter's business plan. USAID-FinGAP is providing technical assistance to the firm on business activities, operations, and financial management to move the transaction along.

Another highlight of the Investment Summit was the introduction of the Investment Mapping System to the over 300 participants at the plenary session, as well as an additional hands-on session for 30 participants interested in gaining in-depth understanding of how to use the map. This is discussed further under Task I.

B-2-B sessions at Ghana Agribusiness Investment Summit



TASK 3 ACTIVITIES – BUSINESS PERFORMANCE IMPROVEMENT

USAID-FinGAP completed the following key activities in support of this task:

1. Established a network of BAS providers
2. Hosted quarterly workshops to learn from BAS providers and evaluate training needs
3. Designed and hosted BAS trainings based on demand
4. Introduced BAS providers to value chain stakeholders via staple food events such as conferences and workshops

ESTABLISH A NETWORK OF BAS PROVIDERS

USAID-FinGAP created a core network of BAS firms that began meeting to exchange information, receive capacity building support, and provide feedback to the project as to how it can refine its capacity building and incentive strategies.

RESULTS

The project utilized the BAS tender process as a means of qualifying firms for participation in the USAID-FinGAP BAS network. The 30 BAS providers hired on PBCs in Year I now comprise the network.

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

To support firms in the BAS network to better serve agribusinesses in the target value chains, USAID-FinGAP facilitated two workshops and a number of engagement meetings with the BAS network, which were aimed at hearing and identifying their challenges and refining training priorities, and ensuring that BAS firms understood the operations of the USAID-FinGAP BAS incentive program (for example, how to develop client engagement letters, reporting requirements). The project also used the Organizational Capacity Assessment Tool (OCAT) to examine BAS providers' technical capabilities. The OCAT results were used to develop a baseline for evaluating individual providers' capacity over time, as well as provide an indication of the capacity of the network as a whole.

RESULTS

The project held two workshops in April and May 2014 following the first and second rounds of BAS provider recruitment. The April workshop was attended by 11 participants from 10 BAS firms, and the second was attended by 16 participants from 9 BAS firms. Given that several BAS providers in USAID-FinGAP's network had 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. Issues raised by BAS providers included:

- Client SMiLE's lack of collateral is limiting their ability to qualify for bank loans. To mitigate this challenge, USAID-FinGAP encouraged BAS providers to reach out to FIs with lending products that have reduced collateral requirements or alternative types of financing available. BAS providers were also encouraged to use credit guarantees. This issue motivated USAID-FinGAP

to consider a grant to Exim guaranty Ltd., whereby EXIM will provide 75% credit guarantees to agribusiness SMiLEs in the project value chains at a reduced premium. The credit guarantee to the FIs will serve as 'collateral substitution' as well as guaranteeing up to 75% of the principal loan amount up to (approx.) US\$ 1.5 million per loan.

- High interest rates are preventing most SMiLEs from borrowing. USAID-FinGAP therefore linked BAS providers to cheaper sources of funding, like EDAIF and Sinapi Aba S&L, whose equipment loans have lower interest rates.
- Smaller enterprises frequently lack adequate historical financial statements (balance sheets, cash flow, income statements), and getting this documentation in order requires a significant amount of work (and cost) for BAS providers. USAID-FinGAP explained that the project's incentive scheme is intended to subsidize, not substitute client fees, and that BAS providers should build these costs into their fee agreements with SMiLEs.
- While BAS providers generally prefer to obtain an initial commitment fee from SMiLEs, SMiLEs generally prefer to pay upon successful financial facilitation due to cash flow constraints and hesitance to use BAS until they see the value of those services. It was suggested to BAS providers to structure their service payments such that it is feasible for SMiLEs to pay and also pay on success of facilitation. The completion of successful deals will be the best way for BAS firms to demonstrate their competence and build trust. USAID-FinGAP will also help the BAS network to better market their services through client testimonials and increased communication.
- BAS providers expressed training needs in the areas of value chain financing, risk management, cash-flow projections and financial statement analysis. USAID-FinGAP delivered these trainings in YI.

In both workshops BAS providers were oriented to the OCAT to assess their capabilities. USAID-FinGAP tailored the standard OCAT to include technical capacity areas necessary for successful financial facilitation in agribusiness, with domains related to working with financial institutions, new business development, and ensuring quality of service (See Annex A for the BAS technical capacity evaluation criteria). After piloting the tool with 3 BAS providers, USAID FinGAP found that in person meetings with BAS providers yielded richer information about capacity building needs and interests. Therefore, the OCA was administered individually to 20 additional firms in the BAS network. The results of the OCA are presented in table 3 below.

TABLE 3: Organizational Capacity Building Assessment Results

Capacity Element	Accumulated BAS Capacity Element Rating Levels	Maximum BAS Capacity Element Rating Levels	Aggregate Percentage Score	Capacity Dimension Averages	Min Score	Max Score	Modal Score
Facilitating Access to Finance			71%	2.85			
Working with financial institutions	74.00	92.00	80%	3.22	1	4	3
Working with equity investors	52.00	92.00	57%	2.26	1	4	2
Working with alternative sources of financing	68.00	92.00	74%	2.96	2	4	3
Ability to obtain financing for clients/close deals.	68.00	92.00	74%	2.96	2	4	3
New Business Development			69%	2.75			
Deal identification	64.00	92.00	70%	2.78	1	4	3
Marketing	58.50	92.00	64%	2.54	2	4	3
Networking	67.00	92.00	73%	2.91	2	4	3
Quality of Service			79%	3.14			
Quality Assurance Program	66.00	92.00	72%	2.87	1	4	3
Quality of Business Services	80.00	92.00	87%	3.48	2	4	4
Quality of Agribusiness Services	71.00	92.00	77%	3.09	1	4	3
			73%				

USAID-FinGAP will build BAS Providers capacities from an aggregate percentage score of 73% (the baseline established in Y1) to 83% over the life of the project. To achieve this, USAID-FinGAP is prioritizing efforts to address those elements that have an aggregate percentage score of 73% and below. These include:

- **Equity investment facilitation**, including strength of relationships with equity funds and investors, effectiveness in obtaining equity financing on behalf of clients, and experience in undertaking due diligence and opportunity identification.
- **Deal Identification**, meaning the ability to continuously identify financeable deals that can be closed within a relatively short period of time (1 year).
- **Marketing**, the ability to advertise, network or utilize social media to obtain new clients, obtain client referrals and client testimonials.
- **Networking**, the ability to utilize contacts to find financeable deals.
- **Quality assurance program**, including interest in self-evaluating to ensure efficient service delivery and a goal towards 100% client satisfaction.

Y2 trainings on these topics will be targeted to BAS firms with capacity gaps in these areas.

DEVELOP CURRICULUM/HOST TRAINING BASED ON IDENTIFIED BAS PROVIDER NEEDS

Based on the results of the BAS Mapping Assessment conducted in Q1 and feedback received in quarterly BAS network workshops, a number of training areas were prioritized by the project. Four training topics were covered in Year I on Value Chain Financing, Risk Management, Cash Flow Projections, and Financial Statement Analysis. Through these fundamental trainings the BAS providers

became better equipped to package agribusiness investment opportunities. BAS providers additionally received training on how to conduct environmental due diligence for investments.

RESULTS

The training modules on Risk Management and Value Chain Financing were delivered together at a training held in June 2014. The goal of this training was to build the capacity of BAS providers to understand how value chain approaches can be used to reduce risk when facilitating financing. This training was attended by 34 (30 men and 4 women) BAS provider representatives, and was delivered by USAID-FinGAP. The training module included topics on agricultural value chain financing; physical asset-based financing, and risk mitigation methodologies such as guarantees and insurance. The training was important to BAS providers to enhance their understanding of the projects value chains and FI requirements for assessing financing applications.

Based on this training and USAID-FinGAP's entering into a grant agreement with Eximguaranty for a 75% loan guarantee, 2 BAS providers have applied to use this facility to acquire financing for SMiLEs. Other BAS providers have indicated interest to seek the FIs' use of this risk mitigation/collateral substitution tool.

The Financial Analysis and Cash Flow Finance Training held in September 2014 was attended by 30 (28 men, 2 women) participants from 17 BAS providers. Both BAS providers and PFIs were invited to this training in order to create a collaborative learning experience and forum for cross-fertilization of ideas, and help BAS providers and PFIs build working relationships.

Cross-section of BAS and PFI participants at Financial Analysis and Cash Flow Training in Accra, Sept 2014



The purpose of this training was to build participants' capacities in the following ways:

- Identify the drivers of success and risks specific to SMiLEs in the agriculture value chains.
- Develop simple business cash flows based on upgrading opportunities and investments.
- Use the steps in the due diligence process when evaluating the business of agriculture SMiLEs.
- Learn how to apply value chain financial products to meet the business and cash flow needs of various actors in the value chains (with an emphasis on soy, rice and maize).

For BAS providers, a key outcome of the training was increased knowledge of financing requirements for PFIs, and how the latter conducts credit analysis.

In Year 1 USAID-FinGAP delivered an environmental due diligence training to project technical staff, BAS providers, and SMiLEs in Accra. The training advised these core USAID-FinGAP actors on the project's potential environmental impact areas and familiarized them with tools to mitigate the impact of agribusiness investments. The 12 BAS providers who attended the training have since been undertaking environmental reviews on SMiLEs that have been identified for credit facilitation. The rest of USAID-FinGAP's BAS network will receive the training in Y2.

Throughout Y1 the USAID-FinGAP AOD team additionally provided ongoing, demand-driven technical assistance to BAS providers to support these to identify opportunities and build pipeline of new deals. The project team met regularly with BAS providers to link them to SMiLE investment opportunities identified by the project and share how they were identified, suggest financing needs and sources of funds for those SMiLEs (eg requirements for lower financing costs could be satisfied by PFIs going through EDAIF for 12.5% financing) to help BAS firms package investments for specific PFIs. To incentivize the development of a more robust pipeline of financing deals in Ghana's North, additional formalized trainings on strategic investment identification for BAS will be held in Year 2.

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 largely not functional during most 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 target VCs during the project year.

RESULTS

USAID-FinGAP used the Ghana Agribusiness Investment Summit organized jointly with GCAP to present BAS providers as key facilitators of agribusiness financing to the Ghana's larger public and private agribusiness-sector stakeholders. Out of over 300 participants of the summit, 50 participants representing 25 BAS providers attended the summit. The summit was climaxed with a B-2-B session among representatives of BAS providers, FIs, investors and agribusiness owners. At the end of the B-2-B session, 39 SMiLEs, PFI and BAS providers agreed to work together (more information is provided under Task 2).

In Year 2, USAID FinGAP will be ramping up efforts to connect BAS providers to value chain associations and alliances through targeted networking opportunities.

COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

CONTEXT AND OVERALL APPROACH

Despite the increasing number and variety of financial institutions in Ghana, including commercial banks, rural and community banks, and non-bank financial institutions, agricultural lending among these actors accounts for only 5% of all formal lending. There are numerous reasons for this market failure, including the risk profile of agriculture as compared to alternatives, and a weak enabling business environment. On the agribusiness side, many firms lack the education, skills, and access to information to create "bankable" projects that financial institutions can consider. On the financial institution side, there is a wide disconnect between the financing provided by banks and what agribusinesses require.

Agribusinesses looking for funds are faced with banks that have little or no understanding of the sector, high collateral requirements, relatively higher interest rates and short repayment tenor. While USAID-FinGAP's AOD unit seeks to improve the ability of agribusinesses to apply for and obtain financing, the FSSU focuses on improving the financial sector's ability to service the sector.

It is the premise of the USAID-FinGAP project that financial intermediaries can be motivated to service the agriculture sector through smart incentives, risk mitigation measures and targeted capacity building. The FSSU is designed to provide direct incentive grants to FIs for loans disbursed in the USAID-FinGAP target sectors, facilitate linkages between investment opportunities, appropriate financial products and PFIs, and provide demand-driven trainings to PFIs. The FSSU also supports USAID and GOG Partnership for Growth (PFG) financial sector initiatives.

In Year I, the FSS Unit gathered detailed information on the major risks and barriers that discourage financial institutions from extending more financing to the Project's value chains, delivered demand-driven trainings on priority capacity needs, and developed innovative incentive structures to address these issues through performance-based grants. It also built a core network of 21 PFIs that are financing value chain investments presented by the project and its BAS network, and are eager to participate in the Project's grant program.

TASK 4 ACTIVITIES – FINANCIAL SECTOR CAPACITY BUILDING

In Year I USAID-FinGAP implemented the following activities in support of this task:

- Conducted a mapping assessment of financial institution partners
- Developed MOUs with banks and PFIs
- Established incentives to induce PFIs to increase agribusiness lending
- Collaborated with USAID DCA banks
- Provided demand driven training for PFIs linked to specific agribusiness deals
- Offered technical assistance to support the PFG

MAPPING OF PARTICIPATING FINANCING INSTITUTIONS

During the first quarter of the project, the USAID-FinGAP team conducted a Participating Financial Intermediaries Mapping Assessment (PFI Assessment) as the first step in setting the stage for Component 2 activities. Through interviews with over 40 actors involved in financing agribusiness in Ghana (including commercial banks, social impact funds, microfinance institutions, savings and loans, credit unions, and private equity funds, among others), the assessment team mapped the supply of financial services in Ghana; identified the major risks and barriers that discourage financial institutions from extending more financing to the target value chains; and proposed potential incentive structures to address these issues and stimulate investments.

RESULTS

The key results and findings of the assessment include:

- There is little agribusiness lending occurring in Ghana, in spite of agriculture's strategic importance to the country's GDP.
- A number of key FIs were identified for the Project to engage in its PFI network. These included FIs already well-established in Northern Ghana and seeking to expand their agricultural lending, such as RCBs, and FIs which are interested in expanding to the north of Ghana and

strengthening their agribusiness lending portfolios, such as major commercial banks Barclays, EcoBank, and UT Bank. A number of Social Impact Funds were also identified as key partners, due to their interest in promoting opportunities in the north of Ghana rather than the “over banked” markets of southern Ghana.

- Various donor and government subsidies are widely available to support expanded agribusiness lending by banks and other FIs, however these resources are not currently utilized at full capacity. These subsidies include EDAIF funding, the International Fund for Agricultural Development (IFAD) financing, guarantee funds, insurance products, and others. USAID-FinGAP can play an “orchestrating and coordinating” role among these actors to support expanded use of such subsidies.
- In terms of training and product development needs, FIs surveyed requested training on topics such as Risk Assessment and Management, Loan Appraisal Techniques, Value Chain Development and Finance, and Cash Flow Analysis. Development needs for financial institutions included new tools to mitigate risk and leasing options for meeting the financing needs of borrowers.

The assessment formed the basis for an initial ranking by priority of 15-20 PFIs that USAID-FinGAP began partnerships with to provide financing for agribusinesses in the target value chains.

DEVELOPED MOUs WITH PFIs

USAID-FinGAP formalized relationships with a number of PFIs in Ghana through MOUs, in order to establish a framework for cooperative financial facilitation in the target value chains. These agreements gave the project a foothold for ongoing discussions with select PFIs on opportunities to reform and build capacity within their operational systems and financial products.

RESULTS

USAID-FinGAP signed MOUs with 19 PFIs who have been working to stimulate financing. These 19 PFI consist of 5 impact investors, 5 RCBs, 2 non-bank financial institutions, 2 savings and loans companies; 2 universal banks; 1 credit guarantee company; 1 credit union; and 1 insurance company. The project also collaborates with financial institutions which have not signed formal MOUs with the project, yet are aligned with project goals and have the resources to make a significant dent in the demand for agribusiness financing, such as: Ecobank, Barclays, Frontline Capital, Forms Capital and Fidelity Bank, all of whom are investing in USAID-FinGAP supported SMiLEs.

ESTABLISHING INCENTIVES TO INDUCE PFIs TO INCREASE AGRIBUSINESS LENDING

A central premise of the USAID-FinGAP project is that FIs in Ghana can be induced to expand lending to agribusinesses if provided the right incentives and technical assistance. This premise was confirmed during the PFI Mapping Assessment, and an extensive follow-on PFI incentive evaluation, in which PFIs shared information on the types of activities they would be able to undertake to expand agricultural financing with USAID-FinGAP grant funding. These included the creation of value-chain specific agriculture “desks,” the creation of interest rate rebates, and the provision of loan guarantees. Following this extensive canvassing of various institutions, USAID FinGAP developed a set of incentives that could be competed through RFAs.

At USAID's recommendation, in the last month of Year 1, the project revised its approach to release subject-specific RFAs in favor of a more open solicitation process, which will allow PFI the flexibility to propose how they can best use grant funds to increase agricultural financing. USAID-FinGAP set aside \$1M for grants to be awarded in Year 2, in the form of challenge and innovation grants:

1. Challenge grants are intended to encourage financing to value chain actors for capital expenditure by providing grants which will be paid on a periodic basis based upon accomplishment of financing targets.
2. Innovation grants are intended to identify and support transformative solutions which have the potential to significantly reduce transaction costs and/or risks in delivery of rural and agricultural financial services. Payment will be made according to agreed-upon milestones.

In addition to the above grants, USAID-FinGAP also designed a sole source grant for Eximguarantee Company (Ghana) Ltd to provide credit guarantees at reduced premiums for FIs. This grant was awarded early in Year 2.

RESULTS

In order to obtain PFI input on the design of the USAID-FinGAP Challenge and Innovation grant scheme, the project released a Request for Information (RFI) at the end of Year 1. Based on the responses to the RFI, the project developed and released an RFA to request applications from interested FIs.

The RFA was a two-part process, with an initial request for concept notes and later a full RFA for shortlisted FIs. In total, 27 FIs submitted concept notes, and 20 of these were shortlisted by the project and invited to submit full applications. The project held two separate bidders' conference for interested FIs in Tamale and Accra to ensure that bidders fully understood the application process and requirements.

The project will be awarding grants to several FIs early in Year 2. Grantees will be supported with technical assistance to ensure maximum financing results and compliance with environmental screening processes.

Bidders' Conference on PFI Incentive Grant in Tamale



Bidders' Conference on PFI Incentive Grant in Accra



The need for the Eximguarantee grant was identified through interactions with PFIs. Current economic conditions in Ghana have led to most FIs tightening their risk management schemes and therefore demanding a high level of collateralization before making investments, which most agribusinesses do not have. This created a new impetus for encouraging the use of guarantee programs. USAID-FinGAP therefore awarded a FOG to Eximguarantee, which subsidizes the premium Eximguarantee charges to FIs to utilize guarantees. Eximguaranty's products will reduce FI risk by up to 75% on principal repayment and thereby it is expected to incentivize FIs to offer loans to SMiLEs at below-market interest rates (i.e. lower than 28%-35%).

PUBLICIZE HIGH PROFILE SUCCESS STORIES

The project's first year saw notable success in supporting financial facilitation, with US\$ 4,351,745 in finance disbursed to agribusinesses in the target value chains. Though the project's main vehicle for financial facilitation is its BAS network, the process of recruiting, training, and unleashing BAS firms onto investment deals took a significant amount of time and individualized support. Thus the project's AOD and FSS Units led the process of investment facilitation in the initial months of the project, as it trained BAS providers using these real-life examples. By the end of Year 1, BAS providers showed significant progress in identifying investment opportunities and moving deals forward, with many of them currently awaiting a decision on release of financing. Year 1 financing results will be developed into formal success stories for publication in Y2, as well as case studies that will be shared with the BAS network to train them on how to facilitate similar deals.

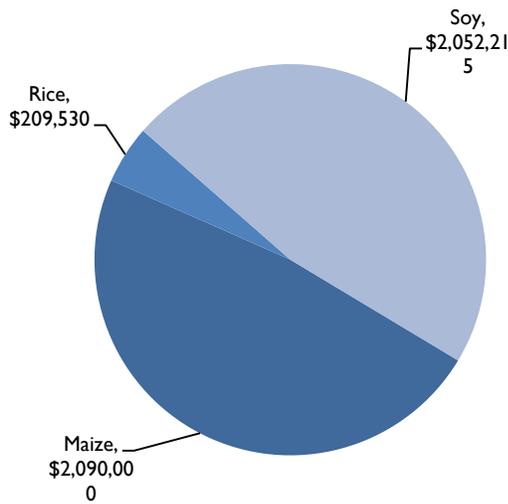
RESULTS

At the end of Year 1, USAID-FinGAP has facilitated US\$ 4,351,745 in financing to 8 agribusinesses in the target value chains.

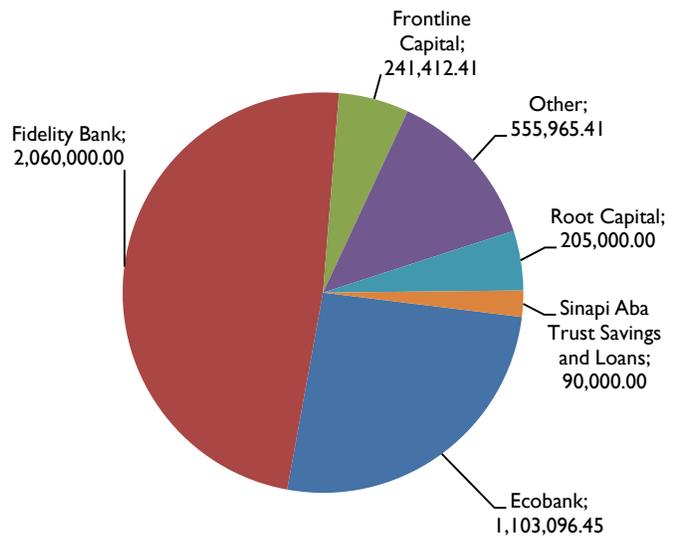
- The financing is comprised of 87% debt, 2% equity, and 11% grants
- In terms of value chain composition, 47% of the financing went to soy, 48% went to maize and the remaining 5% went to rice.

- Overall, working capital constituted 12% of the total financing facilitated, while capital investment constituted 88%.
- Financing came from 5 financial institutions: Fidelity Bank, Ecobank, Root Capital, Frontline Capital and Forms Capital. Financing also came from input dealer Garnoma Agro-input and GCAP's grant pool. In addition, financing was facilitated through market linkages between input dealers and large scale farm producers through supplier credit lines and also between large producers and processors acting as off-takers.

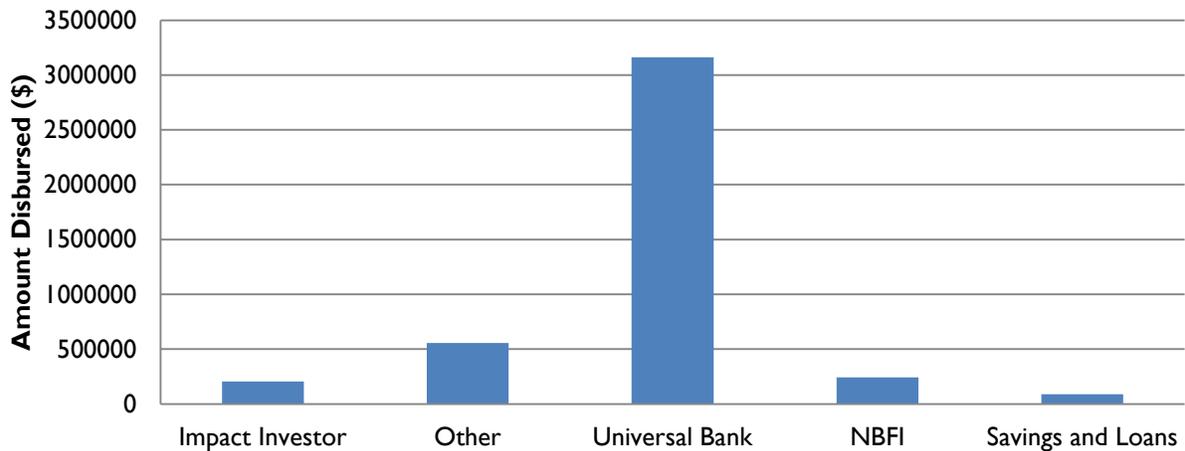
USAID-FinGAP Financing by Value Chains (US\$)



USAID-FinGAP Financing by PFI (US\$)



USAID-FinGAP Financing by PFI Type (US\$)



Year I Financing results are presented in the table below.

Name of SME	Size	Purpose of Funding	Type	Name of PFI	Type of PFI	Amount Disbursed
Vestor Oil	Small	Working Capital	Debt	Root Capital	Impact Investor	\$100,000
3K&A	Medium	Working Capital	Debt	Frontline Capital	NBFI	\$186,000
Opportunity for Rural Devt.	Small	Capital Investment	Debt	Sinapi Aba Trust Savings and Loans	Savings and Loans	\$ 30,000
Emmanuel Ahaa	Small	Capital Investment	Debt	Sinapi Aba Trust Savings and Loans	Savings and Loans	\$30,000
Felix Bazing	Small	Capital Investment	Debt	Sinapi Aba Trust Savings and Loans	Savings and Loans	\$30,000
3K&A	Medium	Working Capital	Debt	Frontline Capital	NBFI	\$22,333
Vestor Oil	Small	Capital Investment	Debt	Root Capital	Impact Investor	\$105,000
3K&A	Medium	Capital Investment	Debt	Frontline Capital	NBFI	\$33,079
Solar Harvest	Medium	Working Capital	Supplier's Credit	Other	Other	\$85,862
3K&A	Medium	Working Capital	Supplier's Credit	Other	Other	\$5,256
Premium Foods	Large	Capital Investment	Debt	Fidelity Bank	Universal Bank	\$1,030,000
Solar Harvest	Medium	Working Capital	Debt	Ecobank	Universal Bank	\$103,096
Premium Foods	Large	Capital Investment	Debt	Fidelity Bank	Universal Bank	\$1,030,000
Nuts for Growth	Medium	Capital Investment	Debt	Ecobank	Universal Bank	\$1,000,000
Solar Harvest	Medium	Capital Investment	GCAP Grant	Other	Other	\$122,057
Premium Foods	Large	Capital Investment	GCAP Grant	Other	Other	\$80,000
Solar Harvest	Medium	Capital Investment	GCAP Grant	Other	Other	\$131,394
Solar Harvest	Medium	Capital Investment	GCAP Grant	Other	Other	\$131,394
Solar Harvest	Medium	Capital Investment	Owner Equity	Other	Other	\$48,135.50
Solar Harvest	Medium	Capital Investment	Owner Equity	Other	Other	\$48,135.50
TOTAL:						\$4,351,745

Leveraging donor resources to catalyze investment

As part of its financial facilitation strategy, USAID-FinGAP took the view that funding from donor sources, complemented by owners' equity and debt could offer sustainable financing for agribusinesses who face high cost of capital. USAID-FinGAP therefore supported 3 agribusinesses in the soy, rice and maize value chains to obtain grant funding for their investment projects. Solar Harvest Farms, a commercial farmer in Botanga in the Northern Region, Premium Foods Limited, a maize processor; and Shekinah Agribusiness Centre (production and processing wing of AMSIG Resources), were awarded a matching grant facility of US\$ 1,250,000 by the Ghana Commercial Agriculture Project (GCAP) matched by 20% of the amount from these agribusinesses.

To secure this funding, USAID-FinGAP provided technical advice to these agribusinesses to help them prepare their applications to GCAP. Solar Harvest Farms was awarded a total grant of US\$500,000 to expand its irrigated farmland by 200 ha, a 100% increase in its current irrigated area producing soybean and rice. The additional product is guaranteed for sale to Vestor Oil Mills Limited and AVNASH Industries Limited through a local purchasing order (LPO).

In Year 1, Solar Harvest Farms received US\$414,673 out of the \$500,000 award while contributing US\$102,593 as equity towards the grant. The initial land preparation has been completed and the centre pivot irrigation equipment has been shipped and, its installation will be completed by December 2014 to enable the company undergo dry season farming. The centre pivot irrigation facility will facilitate about 3 production cycles of both soybean and rice at the farm to increase productivity. Approximately 40% of the irrigated field will be assigned to smallholder farmers who will be able to cultivate rice and soybean during the dry season and increase their income.

Premium Foods was awarded a total of US\$400,000 from GCAP to develop 200 ha for maize production. At the end of Year 1, PFL has received US\$ 80,000 of this grant. The rest of the funds will be released during Year 2. The initial tranche was utilized to prepare a new area to expand the farm for maize production. This is to complement the company's raw material sources to facilitate its expansion program to increase maize value addition as well as develop new products for the domestic market.

Shekinah Agribusiness Centre was awarded a grant of US\$350,000 to build capacity of approximately 1,200 smallholder farmers and processors including 50% women; develop 100 ha of farmland and construct a 500 MT capacity warehouse. Though the SMiLE is yet to receive first tranche of the grant amount, environmental assessment and drawings of the warehouse has been completed. The smallholder farmers have also been trained in good agronomic practices, postharvest management, marketing and branding. These are to enhance the smallholders' activities in maize and rice production and processing activities. Moreover, the SMiLE, which supplies domestic household and relief-related donor markets, serves as market for these smallholder farmers. These markets are sensitive to quality issues, therefore building capacity of these farmers would be beneficial to the development and growth of their production and processing activities.

Linking SMiLEs to underutilized GoG funds

USAID-FinGAP supported Premium Foods Ltd to receive a total of US\$2,060,00 from Fidelity Bank Ghana Limited to expand its business. Premium—a maize processor—received US\$2,060,000 as the first two tranches of its US\$3 million loan facility from EDAIF through Fidelity Bank Ghana Limited. The enterprise is using this financing to establish a feed production plant in anticipation of receiving greater quantities of raw materials from its source nucleus farmers in Northern Ghana. Moreover the establishment of the feed mill will contribute to boosting the Government of Ghana broiler revitalization project and consequently enhance the market opportunities for maize and soybean producers in northern Ghana, where the SMiLE sources most of its raw materials.

Facilitating access to traditional loans from financial institutions

USAID-FinGAP facilitated financing of 3 tractors worth US\$90,000 from Sinapi Aba Savings and Loans Limited for 3 nucleus farmers in northern Ghana to provide mechanization services to smallholder farmers. The tractors will benefit 1,574 smallholder farmers including 448 women who altogether cultivate about 1,496 acres of maize, rice and soybeans.

USAID-FinGAP, through Joemelu Company Ltd, a business advisory service (BAS) provider in the project's network, supported Nuts for Growth (N4G) to secure a US\$1 million credit facility from Ecobank Ghana Ltd. This financing has enabled N4G to access working capital to purchase soybean for processing. The company believes that the funding from Ecobank through USAID-FinGAP's interventions will enable it to leverage more financing for its capital investments while supporting the many women who depend on the company for their livelihoods. The early exposure as well as business-to-business sessions with financial institutions and BAS providers that USAID-FinGAP continues to coordinate has helped N4G secure initial financing and now the company is in talks with other investors to obtain additional financing to realize its growth plans.

Supporting SMiLEs to access suppliers' credit

In order to reduce the cost of production for SMiLEs, USAID-FinGAP facilitated access to suppliers' credit of US\$91,119 raw materials for 2 agribusinesses. A soy processor in Kumasi secured US\$85,863 worth crude soybean oil from 5 soy processors to refine for the domestic household market saving the company about US\$2,000 in cost of financing working capital. Similarly, commercial soy farmer also got US\$5,256 worth of agro input for its soybean production activities. This was when US\$103,096 loan facility which was being sought for from a bank was getting late, whilst the planting season was getting over. The access to the supplier's credit facilitated the SMiLE's ability to cultivate its farmland of which the expected rice and soybean produce had been committed, respectively to 2 large rice and soybean processors with local purchasing orders (LPOs). The rice and soybeans will be harvested in October 2014.

Soy processor back on its feet again

3K and A is an established soy processor in Kumasi, selling predominantly soy cake to the local poultry feed market. USAID-FinGAP facilitated financing of about US\$167,142 from a financial institution which has resulted in 3K and A being able to restart its operations after a short break due to lack of working capital and equipment breakdown. This financing was used to purchase a generator, repair its broken down refinery (boiler) and also purchase soy and soy crude oil for production.

Again a supplier credit of approximately US\$66,000 was also facilitated by USAID-FinGAP for the purchase of soy crude oil and soy. This has benefited 3K and A's suppliers of soy which include mostly women and youth from the three northern regions. The close to 30 workers who hitherto were laid off briefly are back at work and 3K and A is now able to supply its major clients who are mostly poultry farmers.

USAID-FinGAP is arranging a facility of about US\$3million to upgrade 3K and A's existing processing facility and procure new extrusion and refining equipment. Keeping with the Feed the Future objective, this USAID-FinGAP's partnership with 3K and A will address food security with the promotion of the poultry industry in Ghana.

Leveraging Impact Investor, Root Capital

With USAID-FinGAP assistance, Root Capital approved \$550,000 in working capital and fixed capital expansion for a Kumasi-based soybean processor, Vestor Oil. The project's intervention came at a point that the initial co-financiers of the SMiLE's processing and expansion activities could not honour its initial commitments. Moreover, the SMiLE was at nearly missing the peak purchasing season when prices of soybean was at its lowest at harvest. Consequently this timely intervention of USAID-FinGAP enabled the company use the working capital component of the loan to purchase soybeans from smallholder farmers in northern Ghana. An amount of US\$350,000 of the funds was used to procure 20 MT capacity vegetable oil refinery. The installation of the refinery which will be completed during Year 2 will increase Vestor's profit margins through value addition and serve as import substitute for over US\$600m worth of vegetable oil imported into Ghana. Moreover, it will reduce the company's investments in large storage tanks for crude soybean oil produced which is usually sold to a paint manufacturing company.

Though the financing facilitated falls short of the Year 1 target, USAID-FinGAP is confident that results in Year 2 will make up for this shortfall given the robust pipeline of financeable deals in process. Implementing the project's "light touch" approach means a shift in thinking, from facilitating deals directly by FinGAP staff, to relying primarily on BAS providers to identify and take financial deals to conclusion. With a current pipeline of US\$ 23 million in deals in progress, the project expects to see a significant amount of financing released early in Year 2.

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

One of the major constraints to ramping up financing to agribusinesses is that FIs lack sector-specific knowledge. During the Q1 PFI Mapping Assessment, USAID-FinGAP carried out a training needs assessment to lay the groundwork for the FSSU's capacity building work. The training assessment found that PFIs believe that training which increases their understanding of specific value chains targeted by the project would be the most useful to them to support their increased lending to the agribusiness sector. To ensure that PFIs have the tools they need to successfully finance agricultural deals, USAID-FinGAP and implementing partner Connexus delivered 4 trainings in Year I on Loan Appraisal and Risk Management; Risk Mitigation and Value Chain Financing; Investing in Agriculture Profitably; and Conducting Financial Analysis and Using Cash Flows to Facilitate Agribusiness Financing.

RESULTS

USAID-FinGAP held an institution-specific training on Loan Appraisal and Risk Management for the staff of Sinapi Aba Savings and Loans Limited. The training was attended by 31 staff (30 men and 1 woman), comprising Area Managers, Branch Managers, Relationship Managers, Financial Service Officers, Risk Managers, the Agriculture Manager and the Training Coordinator. SASL's Head of Credit, Chief Program Officer and Chief Internal Auditor gave their support by sitting in sessions of the training.

"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

Based on the feedback from that training and demand from other financial institutions, USAID-FinGAP held a training on Risk Management and Value Chain Financing in May for FIs in the southern part of Ghana. The training was attended by 39 representatives (32 men and 7 women) from 20 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 designed using feedback from PFIs with support from Connexus/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, and included in the text boxes in this section of the report.

In June USAID-FinGAP held a training on 'Investing in Agriculture Profitably' in Tamale, which targeted Rural and Community Banks in the north. In total, 41 PFI representatives (32 men, 9 women) from 7 Universal Banks, 6 RCBs, 4 NBFIs, and 2 Impact Investors participated in the USAID-FinGAP's 2-day participatory training program. In addition to USAID-FinGAP's FSS and Grants Units, resource persons from EDAIF, EximGuaranty and Ghana Agricultural Insurance

"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, 19th June 2014 during training on *Investing in Agriculture Profitably* in Tamale.

Program assisted in delivering the training. This training was used to build the capacity of the FIs in the North to understand real and perceived risk in lending to agribusinesses, introduce FIs to current and future investment opportunities, and build their capacity to use risk mitigation techniques to increase

lending to the target value chains profitably. Participants responded positively to the training, and expressed strong interest in USAID-FinGAP's BAS provider network as a means for increasing productive agribusiness lending

A training on 'Financial Analysis and Using Cash Flows to Facilitate Agribusiness Financing' was held in September 2014. The training was attended by 62 participants (53 men and 9 women), including 30 BAS providers, and 21 representatives from PFIs, and 7 individuals from USAID IPs. The inclusion of participants with varying backgrounds, some with a stronger focus on finance (including lending, insurance and credit guarantees), and some having more relevant agriculture and business knowledge, contributed to rich discussions.

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

The USAID-FinGAP project is designed to contribute to multiple parallel USAID-funded initiatives in Ghana, including USAID's Development Credit Authority (DCA). The project is supporting effective utilization of DCA guarantees that target mitigation of risks associated with lending to agribusinesses.

The project included all DCA partner banks in Ghana in the PFI mapping assessment, and built formal working arrangements with a number of these through MOUs. In March 2014, USAID-FinGAP and USAID-Ghana facilitated meetings for two DCA Investment Officers, who travelled to Accra to assess the DCA program and identify opportunities for partial and portable guarantees. Leveraging the resources of its PFI network, USAID-FinGAP organized meetings between the DCA officer and five impact investors, two commercial banks, a leasing and insurance company, an NBFi, and an equipment provider.

As USAID-FinGAP worked to leverage DCA, it also undertook efforts to identify other guarantee schemes and lower-cost financing options for agribusiness SMiLEs, including EDAIF, Eximguarantee, and the Ghana Agricultural Insurance Programme (GAIP) on linking weather and crop insurance with DCA to guarantee financing to the agribusiness SMiLEs.

RESULTS

Participation in these DCA meetings above resulted in the following the following collaborations with DCA (some of which are still in progress):

- USAID-FinGAP signed MOUs with 2 DCA financial institutions in Ghana: Sinapi Aba Savings and Loans and UT Bank, to motivate these FIs to increase DCA utilization and lending to agribusinesses.
- The project is developing an agricultural equipment purchase package with AFGRI- a local distributor of John Deere-utilizing DCA.

USAID-FinGAP works with DCA to increase credit guarantee for Sinapi Aba Savings and Loans

Sinapi Aba Savings and Loans (SASL) has been a DCA partner bank since 2013. SASL's credit guarantee limit of \$25,000 was insufficient for undertaking transactions that would enable farmers to acquire equipment like tractors, which were in high demand by most of SASL's agribusiness customers, and which required collateral they didn't have. As a result, these farmers and their outgrowers had to queue to utilize the few tractors in their districts, frequently waiting their turn until the end of the season.

USAID-FinGAP presented the situation to DCA/Washington DC, which consequently led to an assessment on SASL. As a result, DCA increased SASL's guarantee limit from US\$25,000 to US\$50,000, and SASL was able to provide loans worth US\$90,000 to 3 nucleus farmers working with USAID-FinGAP in order to procure 3 tractors.

Under this arrangement, equipment purchasers will be brought to DCA Banks in Ghana and AFGRI will absorb 2-4% of the interest cost.

USAID-FinGAP proposed the development of a financing model that combines DCA partial guaranteed loans with the on-lending of EDAIF funds to SMiLEs at no more than 12.5%, a desirable alternative to the current standard loan rate of 25-35%. The model also benefits financial institutions, which currently incur significant risk with EDAIF loans under an obligation to pay interest and repay the principal while on-lending these EDAIF funds to businesses at a no more than 10% spread. Per USAID-FinGAP's proposed model, the DCA partial guarantee can substantially bring down these risks to the financial institution. The DCA team is considering this proposal. USAID-FinGAP is also developing a similar model which would combine the Eximguaranty 75% guarantee with EDAIF funds.

- The project is working on a proposed US\$2 million, 50% loan portable guarantee (LPG) for the Ghana Agricultural Insurance Pool (GAIP), to pilot with 3 rural banks and a commercial bank to encourage the uptake of insurance-backed lending in Ghana. This LPG will allow rural banks across northern Ghana to share the risk of loans bundled with weather indexed insurance provided by GAIP. As the only existing agricultural insurance provider in Ghana, GAIP's products are crucial to USAID-FinGAP's ability to leverage financing from FIs who require risk mitigation to increase lending to the agriculture sector.

DOCUMENT BEST PRACTICES AND LESSONS LEARNED FOR CAPACITY BUILDING

All the project's training programs were evaluated to obtain participant feedback which is used to improve training materials, topics, and delivery. A number of lessons were drawn from the 4 PFI trainings held this year.

RESULTS

All training programs were demand-driven and based on needs of the PFIs. The trainings also created a platform for the project team to develop close working relationships with PFIs and help build communication between PFIs and BAS providers. The lessons learned are grouped into 5 broad categories: targeting, delivery, location, customization and follow-up:

- **Targeting:** training programs should target both the operational staff of FIs who are responsible for day-to-day implementation of policies and trainings, as well as the FIs senior management team, who responsible for the formulation and oversight of policies and procedures. Senior-level buy in is important to create sustainable change within these institutions.
- **Delivery:** participants expressed high interest in participatory, interactive, trainings that utilize group work and allow for sharing of experiences. The use of case studies was found to be particularly effective. USAID-FinGAP has begun developing additional case studies which will be used in Y2 trainings. In addition, in Year 2 Connexus/USAID-FinGAP will be delivering trainings in partnership with a local BAS provider, to build their capacity to deliver trainings in the future.
- **Location:** Training programmes should be clustered (north/south) to benefit the northern banks especially RCBs-considering the distance and costs implications for attending training.

- **Customization:** USAID-FinGAP should ramp up its provision of individual trainings to PFI, and ensure trainings are tailored to the specific needs and capacity gaps of these institutions.
- **Follow-up:** In Y2, there is a need for technical support to design, develop and roll-out competitive and customized agricultural products and services to meet the needs of the target market.

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 Country Action Plan (JCAP) to assist Ghana to significantly expand the pace of its economic growth. USAID-FinGAP is contributing to the implementation of JCAP by providing technical assistance to PFG-supported initiatives that increase access to finance and strengthen the financial system.

Specifically, USAID-FinGAP is supporting the PFG initiative to: a) develop the financial sector infrastructure, b) encourage development finance and support SME access to finance, c) reduce government engagement in the banking sector, d) strengthen financial sector regulation and supervision, and e) increase the breadth and depth of the financial sector.

Year I activities under PFG begun with consultations with key stakeholders in Ghana's financial sector including the Ministry of Finance, Bank of Ghana, Securities and Exchange Commission and the Ghana Stock Exchange as well as other quasi-state organizations/regulator in the sector. These consultations were aimed understanding, identifying and developing technical assistance to address their needs. Several technical assignments followed, including the development of an SME support system strategy and implementation plan and support to the Ghana Stock Exchange (GSE) to develop an alternative stock market for SME listing. Per guidance provided by USAID Ghana, USAID FinGAP is asked to provide technical assistance to PFG initiatives only when specifically requested by the Government of Ghana.

RESULTS

Key achievements under the PFG component include the following:

- USAID-FinGAP engaged a consultant to join the GoG's PFG Task Force in meetings with the US Small Business Administration (SBA) in Washington, DC in December 2013, with the view to develop a similar model for Ghana. The Task Force report recommended adding two components to that JCAP Goals: (i) Develop alternative financing programs for SMEs that do not rely on bank lenders to help bridge the gap in financing that exists for SMEs; and (ii) Encourage the GOG to include task force delegates on the team that will develop the PFG JCAP Year Two work plan, and work on the JCAP Access to Finance Goal 5.
- As an extension to work begun in December, the project contracted an SME Advisor to assist the GOG to develop a strategy and work plan for a comprehensive support system for Ghanaian SMEs. This assignment resulted in recommendations for upgrading and expanding SME support services, a proposed structure for management and oversight of the SME support services, an implementation plan and results targets. In Year 2 the proposed strategy will be used by the task force to conduct workshops and meetings with major SME stakeholders to build a common understanding and commitment to the plan. A final strategy will be developed using the input provided at the consultation stage.

- USAID-FinGAP began supporting the Ghana Stock Exchange (GSE) in its development of the Ghana Alternative Exchange (GAX) for SMEs to list and be traded, with the view of accessing financing through issuances of shares or bonds. While the GAX is a potentially important tool for SMEs to access alternative sources of financing, to date no companies have been listed. USAID-FinGAP intends to support the GSE to identify and support agribusiness companies 'ripe for listing.' In the immediate term, the project has agreed to provide technical assistance to guide two agribusiness SMEs for 'pilot listing' on the GAX, one for equity and another for debt issuance. As of the end of Y1, USAID-FinGAP was still waiting to receive information from the GSE on those companies so the project can get to work.
- Related to the work above, at the end of Year I the GOG, through the Securities and Exchange Commission (SEC) Ghana, requested the Project's support with developing surveillance, regulatory, and enforcement activities. This is planned for implementation in the first half of Q1/Y2.
- The project provided M&E technical assistance to PFG/JCAP Credit Team to help them develop an M&E Addendum and SME Scorecard for inclusion in their work plan. These were presented with updated data on Ghana's SME credit sector by the Deputy Governor of the Bank of Ghana (BOG) to JCAP's Joint Steering Committee on March 26, 2014. The presentation was attended by GOG ministers, the Governor of the Bank of Ghana, and USG dignitaries.

TASK 5 ACTIVITIES – SMALL GRANTS FACILITY

To spur agribusiness lending in the rice, maize and soy value chains, USAID-FinGAP is taking an innovative approach to the small grants facility, testing out different forms of financial incentive to determine which are the most successful in pushing marginal transactions for BAS providers and PFIs into the realm of possibility.

Throughout Year I, USAID-FinGAP sought to use its small grants facility to achieve 2 key objectives: first, to motivate BAS providers to do more business with SMiLEs and develop a healthy pipeline of projects receiving financing, and second, to buy-down the risk of PFIs with the capacity and interest to increase lending to and investment in agribusinesses in the target value chains.

Activities USAID-FinGAP implemented in support of this task include:

- Developed grants committee, metrics and processes
- Prioritized grants and subcontracts based on incentives identified in MOUs
- Designed and release tenders/RFAs, sole source awards
- Conducted annual portfolio review

DEVELOPED GRANTS COMMITTEE, METRICS AND PROCESSES

At the start of the project USAID-FinGAP developed a framework under which the BAS and PFI incentives would be rolled out, and outlined this framework in the project's grants manual. The grants manual was tailored to the sorts of "smart incentives" identified in early BAS and PFI assessments, and includes the required processes in order to award and evaluate grants, monitor grant progress, and close grants, as well as the roles and responsibilities of grant evaluation committee members.

PRIORITIZE GRANTS AND SUBCONTRACTS AND ISSUE REQUEST FOR APPLICATIONS (RFAS) AND GRANTS

Early assessments, interactions with project partners, and MOUs with PFIs, were used by the project to prioritize the types of incentives that PFIs need to build out their agricultural portfolios and to incentivize BAS providers to engage in the target value chains.

For BAS providers, these incentives took the shape of performance-based contracts (PBCs) for financial facilitation services. USAID-FinGAP issued its first RFP in Q2, and a rolling RFP shortly thereafter to enable ongoing contracting of interested BAS providers (the structure and content of PBCs are discussed further under Task 2).

In Q2 and Q3, through an additional follow-on assignment to evaluate grant incentive schemes for FIs, USAID-FinGAP designed several PFI incentives, including:

- Insurance (weather, crop)
- Partial credit guarantees
- Interest rate rebates
- Grants to establish agriculture desks (i.e. dedicated units)

After discussion with USAID on the design and structure of the incentive scheme, the project re-evaluated its approach, in favor of a more open solicitation process, which will allow PFIs the flexibility to propose how they can best use grant funds to increase agricultural financing (discussed further under Task 4). The project also designed a sole source award with Eximguarantee in Q4.

AWARD GRANTS AND ISSUE PERFORMANCE-BASED CONTRACTS

USAID-FinGAP awarded subcontracts to 30 BAS providers for financial facilitation. All the BAS providers have countersigned the subcontracts to form the basis for USAID-FinGAP to pay milestone-based subsidies to cover part of their investment facilitation fees payable by their clients. (Discussed further under Task 2). Grants to PFIs will be awarded early in Y2.

ANNUAL PORTFOLIO REVIEW

The Annual Portfolio review was conducted to assess the performance of USAID-FinGAP grants processes and also allocate the total grant funds to areas where incentives could be utilized to enhance financial facilitation and FI lending to target agribusinesses.

At this stage, the team determined that processes were working efficiently. The PFI incentives had not yet been awarded by the end of Y1, therefore more time will be needed to evaluate these.

Though a large number of BAS providers have signed client engagement letters with SMiLEs, some BAS providers are moving more quickly than others in moving deals forward. Early in Y2 the project will be conducting a more thorough review of the contracted BAS firms and the project's performance incentives scheme in order to diagnose the issues that are hindering the finalization of transactions.

The project also found that its SMiLE base needs to be expanded among critically unbanked agribusinesses with smaller financing needs, particularly in the \$25,000-\$200,000 range. The project's strategy for Year 2 will be to i) evaluate this market segment to identify BAS need and the entities facilitating these types of transactions (for example, aggregators); ii) design and release a tender aimed at

encouraging a higher number of smaller transactions; and iii) integrate northern BAS firms into the Project's network.

Another gap that was identified is the low number of women-led BAS providers hired by the project, and corresponding low number of women-led SMiLEs being engaged by the BAS network. To address this, procurements will be designed to be more flexible to encourage women-led start up enterprises to apply for participation in the project. USAID-FinGAP is also considering adding "bonus" subsidies for female-led BAS firms supporting women-led agribusinesses.

CROSS-CUTTING ISSUES

GENDER

The PFI assessment observed that women make up approximately 60% of the farming labor force and dominate the sale of agriculture products at the local markets. Yet, they receive only 5% of agricultural extension and literacy services.

USAID-FinGAP has incorporated a gender lens across each of its components as a strategy to improve program quality. Female participation in financing projects is positively correlated with high repayment rates, so an appropriately applied gender lens can contribute positively to achievement of repayment results on agricultural loans.

In an effort to maximize equal male-female participation in project activities, in Year 1, USAID FinGAP:

- Integrated gender constraints and considerations into each of the three foundational assessments. The AOD and PFI assessments developed scoring matrices that incorporate investment benefits to women and their access to credit criteria as core requisites for investment opportunities and partnerships with financial institutions.
- Ensured that all M&E data is disaggregated by gender where applicable. Disaggregating data to track outcomes by gender is important for enabling the project to identify where gender-related constraints to agribusiness are occurring and address them strategically.
- Actively supported expanded financing to women by seeking out female-led BAS providers. The project BAS provider network comprises one female-led BAS Provider, AMSIG Resources who is facilitating US\$ 2,181,818 for OB Agyeman, a grains transportation company. AMSIG has presented an application and supporting documents on behalf OB Agyeman to National Investment Bank for consideration and financing. Unlike, other BAS providers in the project network who are gender-blind, Growth Mosaic, a male-led BAS-firm, has expressed commitment to facilitating financing for female-led firms.
- Worked to build the capacity of the other BAS providers to be able to address the needs of female-led or majority agribusinesses. Also, another BAS provider is providing financial facilitation services to one female-led SMiLE, Royal Danemac, a soy processor based in Kumasi to secure a \$500,000 loan to secure an oil expeller and automate the production process.
- In terms of project staffing, it has been a challenge achieving gender balance in spite of the project's commitment to hire women for staff positions in its Accra and Tamale offices. Currently, the project team is comprised of 2 women, one in each office.
- The PFI grants incentive scheme was designed to reward those firms which actively seek and facilitate financing to women-led firms.

For Year 2, USAID-FinGAP has planned a number of activities and strategies to strengthen the project's gender component and increase the level of financing going to women-led firms, including:

- Gender mainstreaming assessment: The project will be mobilizing a gender advisor to develop a structured gender integration plan for project activities;
- Outreach: USAID-FinGAP will assess its RFP process to better understand gender-related barriers to application by SMiLEs and BAS Providers;
- Outreach: Actively engage women’s groups and organizations which have worked with women-led SMiLEs in order to directly encourage their participation
- Women’s network creation: Work with BAS Providers and PFIs to curate a group of organizations devoted to gender-focused service provision and providing networking and training opportunities to bolster their capacities and understanding of gender-relate barriers to finance
- Women-Targeted Grants: Create a series of complementary grants that incentivize service provision for women-led SMiLEs from BAS Providers and PFIs

ENVIRONMENT

USAID-FinGAP is designed to ensure that its activities result in little or no environmental impacts. In Year 1, the project put systems in place to ensure that its technical staff and BAS providers are able to identify and mitigate environmental issues among client SMiLEs.

The first step towards this goal was the development of the Environmental Monitoring and Mitigation Plan as part of the Year 1 work plan. Related to that, the project incorporated environmental considerations into the three Project mapping assessments; released MOU, grant and sub-contract templates in line with EMMP requirements and recommendations in order ensure that partners also consider the environment and commit to mitigating impact throughout Project implementation.

The project trained its technical staff and BAS providers on the EMMP and environmental management, and use of environmental screening tool to assess and evaluate the environmental impact of the agribusinesses the project will support.

The project went further to provide hand-on training in the field to BAS providers who were new to the use of the environmental screening tool. As a result BAS providers have conducted Environmental Reviews of 11 firms, through hands-on support provided by the USAID-FinGAP staff.

PFI grantees will also be receiving training to develop their own environmental screening processes in Year 2.

COLLABORATION

COLLABORATION WITH FEED THE FUTURE IMPLEMENTING PARTNERS

USAID-FinGAP plays an active role in the Collaborative Circle of Chief of Parties (CCC) of USAID FtF IPs. The CCC provides a formal structure for information exchange, coordination and collaboration in activities in common indicators, and mutual learning amongst the FtF projects. The project Grants,

Communication and M&E Officers belong to the CCC respective Sub-group. USAID-FinGAP has hosted and led CCC meetings on IPs Work Plans and Collaboration on Common FtF indicators.

Targeting results under USAID's Feed the Future Initiative (FtF), USAID-FinGAP joined several FtF implementing projects (IPs) and created the Collaborative Circle of COPs (CCC), an initiative to improve data sharing, communication, and collaboration among FtF projects. Member projects include USAID-FinGAP, ADVANCE II, ATT, the Agriculture Policy Support Project (APSP), and GCAP; as other FtF Ghana projects are initiated, they will be welcomed into the CCC, with other regional FtF projects invited to the meetings and to contribute to the CCC's internal communications from time to time. The CCC and its activities were formally presented at the USAID FtF forum in March 2014. Key collaboration points among FtF IPs are:

- Sharing leads from or about other donor agencies and projects, as well as new technology and innovative concepts, e.g., ATT shared a new technology of seed processing center where other IPs could benefit;
- Sharing reports and websites of IPs and other organizations related to the target value chains;
- Exchanging Work Plans to enable CCC members to target collaborative efforts;
- Inviting new projects or existing projects to join the data-share network;
- Channelling leads to the appropriate IPs, e.g., GCAP shared SMiLE working capital needs with USAID-FinGAP also collaborated with GCAP and ADVANCE II in the organization because it does not provide support in this area, while USAID-FinGAP does facilitate this financing;
- Share or combine resources, e.g., where GCAP and USAID-FinGAP were co-organizers of the Ghana Agribusiness Investment Summit in April 2014, and ADVANCE II was a co-sponsor. USAID-FinGAP also collaborated with ATT project on providing certified rice seeds to an agribusiness USAID-FinGAP is supporting.

In Year I, the CCC formed subcommittees targeting the Grants, Communications, and Monitoring and Evaluation units of each project. Offshoots of the latter included the Knowledge Management and Learning (KM&L) group, as well as a Tamale 'chapter' of the CCC designed to broaden IP impact and efficiency in the North. The KM&L group has agreed to share SOWs, and jointly implement activities that would otherwise result in duplication of efforts.

In August 2014, the CCC IPs met to discuss policy issues and strategic activity areas for collaboration. USAID-FinGAP recognized that its work with the Ghana Poultry Revitalization Project, chaired by the Deputy Minister of Food and Agriculture, is a key activity towards achieving results in the area of GOG policy development, and can benefit from collaboration with ADVANCE II.

COLLABORATION WITH GOG MINISTRIES, DEPARTMENTS AND AGENCIES

Throughout Year I, USAID-FinGAP had fruitful working relations with a number of GoG institutions towards its project's goals. A working relationship was established with the Export Trade and Agricultural Development Investment Fund (EDAIF) who agreed to work with USAID-FinGAP as a preferred partner in identifying credit and equity investment opportunities and fast-tracking approval and release of low-market interest rate loans, grants and equity to agribusiness SMiLEs. This relationship is

significant as EDAIF provides attractive low-cost interest rate loans to banks (0-2.5%) which in turn on-lend to SMiLEs at a no more than 10-point spread. Its interest in the USAID-FinGAP financial facilitation approach and development of incentives would be a significant opportunity for SMiLEs to gain financing at reasonable rates.

USAID-FinGAP collaborated with the Ministry of Food and Agriculture in two public events. The former Minister of Food and Agriculture, was available to formally launch the project in January 2014 and also in April, the minister gave opening remarks at the Ghana Agribusiness Investment Summit. Similarly, collaborating with the Ministry of Trade and Industry and the Ministry of Finance, deputy ministers from these respective agencies were part of the opening speakers at the Summit. Another key collaboration is with the Ghana Investment Promotion Centre (GIPC) on the Ghana Agribusiness Investment Summit, the CEO of the GIPC also made presentations at the summit.

PERFORMANCE INDICATORS

#	Indicator	Unit of Measure	Baseline	Q1	Q2	Q3	Q4	Year I (Oct 2013-Sept 2014)		
				Achieved	Achieved	Achieved	Achieved	Target	Achieved	%Achieved
Component I: AOD UNIT										
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 (S)	Number of enterprises	0	0	0	8	14	15	22	147%
	Gender (Small and Medium Enterprises)									
	Male			0	0	7	13			
	Female			0	0	1	0			
	Gender (Large Enterprises)									
	Female				0	0	0	0		
2	Number of BAS providers trained in deal making and BAS in agriculture	Number of providers	0	0	0	19	15	15	27	180%
	Gender:									
	Female			0	0	1	0			
3	Number of SMiLEs paying fees for BAS	Number of enterprises	0	0	2	0	2	5	4	80%
	Male			0	2	0	2			
	Female			0	0	0	0			
	Gender (Large Enterprises)									
	Female			0	0	0	0			
Ib. Improved ability of agri-enterprises to create fundable investment proposals										
4	4.5.2-30: Number of SMiLEs, including farmers, receiving USG assistance to access loans (S)	Number of enterprises	0	0	5	2	3	15	8	53%
5	Number of food security private enterprises	Entity	0	0	6	8	13	30	27	90%

#	Indicator	Unit of Measure	Baseline	Q1	Q2	Q3	Q4	Year I (Oct 2013-Sept 2014)		
				Achieved	Achieved	Achieved	Achieved	Target	Achieved	%Achieved
	(for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance (RiA) (WOG)									
Ic.&Id Increased private sector investment in socially inclusive agriculture related activities and enhanced agricultural commerce										
	Total value of private capital deployed to targeted value chains by financial institutions with USG assistance	USD	0	0	627,531	1,133,096	2,591,117	7,500,000	4,351,745	58%
	Value Chains									
	Maize			0	30,000	1,030,000	1,030,000			
	Rice			0	30,000	103,096	179,530			
	Soy			0	567,531	0.00	1,381,587			
6	Type of PFI									
	Commercial / Universal Banks			0	0.00	1,133,096	2,030,000			
	Rural & Community Banks			0	0.00	0.00	0.00			
	Micro Finance (NGOs), S&Ls & Credit Unions			0	90,000	0.00	0.00			
	Social Impact & Private Equity Funds			0	205,000	0.00	0.00			
	NBFI			0	241,412	0.00	0.00			
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0	0.00	0.00	0.00			
	Other			0	91,118.61	0.00	561,117.80			
7	Number of successful investment opportunities (proposals) funded	Number of opportunities	0	0	8	2	4	5	14	280%
	Value Chains									
	Maize			0	1	1	1			
	Rice			0	1	1	1			
	Soy			0	6	0	2			
8	Value of agricultural and rural loans	USD	0	0.00	536,412	1,133,096	2,030,000	5,000,000	3,699,50	74%

#	Indicator	Unit of Measure	Baseline	Q1	Q2	Q3	Q4	Year I (Oct 2013-Sept 2014)		
				Achieved	Achieved	Achieved	Achieved	Target	Achieved	%Achieved
	Size									
	Small			0	295,000	0.00	0.00			
	Medium			0	241,412	103,096	1,000,000			
	Large			0	0.00	1,030,000	1,030,000			
	Gender (Small and Medium Enterprises)									
	Male			0	536,412	103,096	1,384,846			
	Female			0	0.00	0.00	0.00			
	Gender (Large Enterprises)									
	Male			0	0.00	1,030,000	1,110,000			
	Female			0	0.00	0.00	0.00			
	Value of new private sector investments in the agriculture sector or food value chains leveraged by FTF implementation	USD	0	0	228,079	1,030,000	2,591,117	2,500,000	3,849,196	154%
	Gender (Small and Medium Enterprises)									
9	Male			0	288,079	0.00				
	Female			0	0.00	0.00	0.00			
	Gender (Large Enterprises)									
	Male			0	0.00	1,030,000	1,110,000			
	Female			0	0.00	0.00	0.00			
10	Value of incremental sales in rice, maize and soya as a result of U.S. government assistance along the value chain	USD	TBD	N/A	N/A	N/A	N/A	TBD		
Component 2: FSS UNIT										
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance		0	0	0	36	11	4	40	1000%
12	Number of grants disbursed / subsidy disbursed		0	0	0	8	14	10	22	220%
13	Number of public-private partnerships formed as a result of U.S. government assistance		0	0	0	0	0	5	0	0%
14	Financial recovery rates for agriculture sector		TBD					N/A		

#	Indicator	Unit of Measure	Baseline	Q1	Q2	Q3	Q4	Year I (Oct 2013-Sept 2014)		
				Achieved	Achieved	Achieved	Achieved	Target	Achieved	%Achieved
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		73%					N/A		
17	Number of new products offered by Fis (including DCAs)		0	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%
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	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	0	5	0	0%

YEAR 2 QUARTER I PLANNED ACTIVITIES (OCTOBER-DECEMBER 2014)

Activity	Time- line	Responsible Parties
Component 1: AOD Unit		
<i>Task 1 Activities – Private Sector Engagement/Market Chain Linkages</i>		
Conduct data collection on BAS Providers to update the IMS	Oct 2014 – Nov 2014	AOD Unit
Beta test crowdsourcing add- on to IMS	Nov-14	AOD, M&E and Communications
Re-brand the IMS	Nov 2014 - Jan 2015	AOD, M&E and Communications
Develop IMS Launch Action Plan	Nov – Dec 2014	AOD Unit, Communications, M&E, COP
Training of BAS providers, PFIs and SMiLEs to use fully functional IMS	Nov. 2014 - Sep 2015	AOD Unit
Implement IMS launch activities, including presentation at forums and events	Nov-14	Communications Manager/AO D Unit
Monitor IMS usage	Nov 2014 - Sept 2014	AOD Unit, M&E Manager, Communications Specialist
<i>Task 2 Activities – Project Development via BAS Providers</i>		
Evaluate existing performance- incentive structures	Oct 2014- Feb 2015	AOD, COP, Home Office
Assess BAS market for smaller financing needs (\$25,000-\$200,000)	Oct 2014- Feb 2015	AOD, COP, Home Office
Conduct outreach to encourage more female BAS providers	Oct 2014 - Sep 2015	AOD, COP
Selection of 6-8 BAS Providers from northern Ghana into the network	Oct 2014 - Jun 2015	Grants Manager, AOD Unit, COP
Using results of performance- incentive structures evaluation, refine and release tender for BAS providers	Oct 2014– Sept 2015 (quarterly basis)	Grants Manager/AOD Unit, COP
<i>Task 3 Activities – Business Performance Improvement</i>		
Host quarterly workshops to hear from BAS Providers on network priorities and evaluate training needs	Dec 2014, Mar/Jun/ Sept 2015	AOD Unit
Develop capacity building plans using OCAT results	Dec 2014-Apr 2015	AOD Unit
Develop case studies on BAS to be used in trainings	Dec 2014-Sept 2015	AOD Unit
Develop curriculum and train BAS Providers on financial statement analysis, Business Plan Development	Oct 2014- Mar 2015	AOD Unit
Develop curriculum/host trainings based on other priority BAS Provider needs	Oct 2014 - Sept 2015	AOD Unit
Connect BAS Providers to Maize Traders Associations, Soybean Processors Association, Rice Traders Associations, Poultry Farmers Associations/actors via 1-2 networking opportunities	Oct 2014- Sep 2015	Communications/ COP/ AOD Unit
Component 2: FSS Unit		
<i>Task 4 Activities –Financial Sector Capacity Building</i>		

Activity	Time- line	Responsible Parties
Component I: AOD Unit		
Evaluate proposals received in response to RFA	Oct 2014	Grants Team FSSU Manager COP
Award grants to PFIs	Oct 2014	Grants Team FSSU Manager COP
Support grant implementation with training and capacity building assistance	Oct 2014-Sep 2015	Grants Team FSSU Manager COP
Integrate new FIs into the PFI network in order to address financing gaps	Oct 2014- Sep 2015	FSSU Manager COP
Develop case studies to be used in PFI trainings	Oct 2014-Sep 2015	FSSU Manager AZMJ
Design and deliver training on Loan Portfolio Management and Loan Appraisal Techniques to PFIs	Oct 2014-Sep 2015	FSSU Manager ,TTS AZMJ COP
Deliver demand- driven institution specific trainings	Oct 2014-Sep 2015	FSSU Manager TTS AZMJ
Assess the impact of the training facilitated for the PFIs	Oct 2014 – Sept 2015 (quarterly)	FSSU Manager TTS COP M&E Manager
Collaborate with DCA Banks and other stakeholders (including Exim Guaranty) to offer credit guarantee	Ongoing	FSSU Manager COP
Support PFG Joint Committee Action Plan Year 2 work planning efforts and implementation	Ongoing	FSSU Manager COP
<i>Task 5 Activities – Small Grants Facility</i>		
Issue RFAs & grants for FIs	Oct 2014-Sep 2015	Grants Manager, Grants Assistant, FSSU Manager, COP
Issue/Advertise RFPs & subsidies to BAS Providers	Oct 2014-Sep 2015	Grants Manager Grants Assistant, CARANA Contracts Office

ANNEX A: BAS TECHNICAL CAPACITY EVALUATION FORM

	Low Capacity (1)	Basic Capacity (2)	Moderate Capacity (3)	Strong Capacity (4)
Facilitating Access to Finance				
Working with financial institutions	Limited awareness of relevant financial institutions, no personal connections/contact points within financial institutions. Limited experience dealing directly with FIs on behalf of clients.	Organization is aware of relevant financial institutions, but has few connections/contact points within them. Some successful experience negotiating interest rates, but little or no knowledge of guarantee funds and other risk-reduction strategies.	Organization has some relationships with financial institutions providing debt financing to SMEs. Organization understands the requirements of financial institutions. Some experience negotiating interest rates. Some knowledge of guarantee funds and other risk-reduction strategies.	Organization has strong relationships with commercial banks and other financial institutions providing debt financing to SMEs. Organization understands the requirements of financial institutions and has the demonstrated ability to negotiate interest rates. Strong knowledge of guarantee funds and other risk-reduction strategies, demonstrated effectiveness.
Working with equity investors	Little experience with equity financing, no connection to equity investors.	Some experience with equity financing, awareness of relevant funds and investors, at least one equity investment facilitated.	Some experience with equity financing, awareness of relevant funds and investors, connections with at least one. At least three equity investments facilitated. Some experience undertaking due diligence and opportunity identification on behalf of investors/funds.	Organization has strong relationships with equity funds and investors. Demonstrated effectiveness in obtaining equity financing on behalf of clients. Some experience undertaking due diligence and opportunity identification on behalf of investors/funds. At least five equity investments facilitated.
Working with alternative sources of financing	Organization does is not aware of alternative sources of financing and has little awareness of donor and Government of Ghana funds.	Organization has limited experience with alternative sources of financing including donor funds and Government of Ghana.	Organization has some experience with alternative sources of financing including donor funds and Government of Ghana. Has successfully found alternative sources of financing.	Organization has experience and demonstrated expertise working with donor partners, Government of Ghana funds, Export Development Agricultural Investment Fund (EDAIF), DANIDA, etc. Demonstrated ability to find options in addition to traditional financing for clients, and has active relationships and connections with representatives of various funds.
Ability to obtain financing for clients/close deals.	Limited interaction with financial institutions; either does not offer services in financial facilitation or has 0-25% success rate.	Organization offers financial facilitation services, but has closed few deals. (25%-50% success rate)	Organization offers financial facilitation services and regularly closes deals. Success rate is greater than 50%.	Organization offers financial facilitation services and regularly closes deals. Success rate is greater than 75%.
New Business Development				
Deal identification	Organization does not have a deal identification strategy, performs services as requested by clients or donor.	Organization generally responds to donor or client needs, but occasionally identifies additional need with existing clients.	Organization actively seeks out new deals, as demonstrated by dedicated staff time. Organization staff has some capacity to identify and develop potential projects and deals.	Organization has nation-wide coverage, actively seeks out new deals, as demonstrated by dedicated staff time. Provides unsolicited proposals to potential clients, investors and/or donors. Organization staff have demonstrated ability to identify deals, which generate new business.
Marketing	Organization does not have an active online presence, relies solely on word of mouth marketing. May have printed materials, but not effective marketing tools.	Organization has a minimal presence online. Organization has some printed materials, but they may be outdated and are not distributed in a strategic manner. The organization does not have an advertising or direct marketing strategy.	Organization has active presence online (through own website, or shared website and/or use of social media). Organization has up-to -date printed materials. Organization advertises through print or broadcast media, direct mailings, and/or conducts marketing trips/visits to potential clients.	Organization has active presence online (including a website and/or use of social media). Organization has up-to-date printed materials that highlight capabilities and provide success stories or case studies, and distributes them by mail or in places where potential clients may see them. Organization advertises through print or broadcast media, and/or conducts marketing trips/visits to potential clients.
Networking	Rarely attends networking or B2B events.	Occasionally attends networking and B2B events.	Regularly attends networking and B2B events.	Organization regularly attends networking and B2B events, and coordinates with technically or geographically complementary BAS providers.

	Low Capacity (1)	Basic Capacity (2)	Moderate Capacity (3)	Strong Capacity (4)
Quality of Services				
Quality Assurance Program	Organization does not collect client feedback on services performed.	Organization does not have a formal quality assurance system, but sporadically collects client feedback on services performed.	Organization has a quality assurance system and collects client feedback on services performed.	Organization has an active quality assurance system. It collects and documents client feedback on services performed. Organization systematically uses feedback to adapt and improve service offering.
Quality of Business Services	Organization has some staff or consultants with expertise in business plan development, and some other relevant business areas. Client feedback is mixed, and services generally need to be subsidized to attract clients.	Organization has some staff or consultants with expertise in business plan development, and some other relevant business areas. Client feedback is mixed, some positive recommendations generate business, but services may need to be subsidized to attract new clients.	Organization has staff or consultants with expertise in business plan development, market linkages, financial analysis, business operations, and other relevant business areas. Client feedback is generally positive and there are some return clients and clients generated from recommendation.	Organization has staff or consultants with high-level expertise in business plan development, market linkages, financial analysis, business operations, and other relevant business areas. Demonstrated success in these areas as indicated by client feedback, payment for services (non-subsidized) and percentage of returning customers. Many new clients generated from positive recommendations.
Quality of Agribusiness Services	Organization has little or no expertise in agribusiness, and generally does not work in this sector.	Organization has access to some consultants with expertise in agribusiness. Client feedback mixed, some positive recommendations generate business, but services may need to be subsidized to attract new clients.	Organization has staff or consultants with expertise in agribusiness. Client feedback is generally positive and there are some return clients and new clients generated from recommendations.	Organization has staff or consultants with high-level expertise in agribusiness, from input supply, to production, processing and sales. Demonstrated success in these areas as indicated by client feedback, payment for services (non-subsidized) and percentage of returning customers. Many new clients generated from positive recommendations. The firm has linkages to agribusiness value chain actors.