



USAID | **GHANA**
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QUARTERLY PROGRESS REPORT #5 (OCTOBER-DECEMBER 2014)

FINANCING GHANAIAN AGRICULTURE PROJECT
(USAID-FinGAP)

January 2015

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ACRONYMS & 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
IMS	Investment Mapping System
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

USAID-FinGAP kicked off its second year of operation with the release of several significant loans to agribusinesses in the maize, rice and soy value chains, the development of credit guarantee options, and the roll-out of incentive grants to financial institutions (FIs).

Further stimulating the Project's Business Advisory Service (BAS) Provider Network's momentum on deal facilitation, the Project delivered targeted capacity building trainings and technical assistance to its approved providers, as well as increased its Network's presence in the North. The Project subsequently saw an increase in the number of loans submitted to FIs, as well as financing released. A total of US\$5,072,099 in financing was facilitated by USAID-FinGAP during this quarter. This comprised agricultural loans, equity investment, debt restructuring, private investment and supplier's credit. These disbursements bring total financing facilitated over the Project's life to US\$9,423,844, or 48% of the target for the first two years.

USAID-FinGAP also developed partnerships with critical Ghanaian institutions that provide risk mitigation services and products to help reduce the cost of agribusiness financing. The Project awarded a grant of US\$150,000 to the Ghana Agricultural Insurance Pool (GAIP) to help the organization market and distribute its agribusiness insurance products to nucleus and commercial farmers, FIs and agro-processors in the three northern regions. With this grant, GAIP was able to set up regional offices in the northern regions, recruit and train marketing staff, and purchase a vehicle for marketing and monitoring operations.

In a similar vein, the Project negotiated with Exim guaranty for a US\$500,000 award to pay 50% of the 4.5% credit guarantee premium required by the FIs when a loan is provided to an agribusiness in USAID-FinGAP's value chain. The agreement is expected to be signed early in the second quarter.

These activities were complemented by the award of incentive grants to 14 FIs, motivating the release of incremental financing to actors in the target value chains. Selected through a competitive process, the 14 selected FIs have committed a total of US\$31,460,000 in financing to SMiLEs under grants of a total value of US\$1,320,920. The financing will be disbursed over the 2015 calendar year.

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 QUARTER I ACTIVITIES (OCTOBER-DECEMBER 2014)

Activity	Time- line	Responsible Parties
Component 1: AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
Conduct data collection on BAS Providers to update the IMS	Oct -Nov 2014	AOD Unit
Beta test crowdsourcing add- on to IMS	Nov - Dec 2014	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 SMiLE 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 - Sep 2014	AOD Unit, M&E Manager, Communications Specialist
Identify and facilitate the development of public private partnerships	Oct 2014 - Sep 2015	AOD Unit
Task 2 Activities – Project Development via BAS Providers		
Evaluate existing performance- incentive structures	Jul - Sep 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 - June 2015	Grants Manager, AOD Unit, COP
Using results of performance- incentive structures evaluation, refine and release tender for BAS providers	Oct 2014– Sep 2015 (quarter ly basis)	Grants Manager/AOD Unit, COP
Task 3 Activities – Business Performance Improvement		
Host quarterly workshops to hear from BAS Providers on network priorities and evaluate training needs	Dec 2014, Mar/Jun/ Sep 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-Sep 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 - Sep 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		
Task 4 Activities –Financial Sector Capacity Building		
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
Document success stories and lessons learned on financing deals	July-Sep 2015	FSSU Manager AZMJ Communications
Assess the impact of the training facilitated for the PFIs	Oct 2014 – Sep 2015 (quarterly)	FSSU Manager TTS COP M&E Manager

Activity	Time- line	Responsible Parties
Collaborate with DCA Banks and other stakeholders (including EximGuaranty) 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
Task 5 Activities – Small Grants Facility		
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

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: maize, rice and soy. The AOD Unit’s 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 2: Project Development via BAS Providers** involves stimulating and developing the BAS market in order to encourage the provision and utilization of BAS firms 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.

TASK I ACTIVITIES – PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

CONDUCT DATA COLLECTION ON BAS PROVIDERS TO UPDATE THE INVESTMENT MAPPING SYSTEM (IMS)

USAID-FinGAP’s Investment Mapping System (IMS) aims to provide investors and agribusinesses with up-to-date information on the investing opportunities in Ghana’s North. In Year Two, the Project aims

to enhance the IMS with GIS data for its BAS Provider network. Demonstrating the proximity of BAS Providers to investible agribusiness opportunities makes these opportunities more actionable. USAID-FinGAP began collecting this data in Year One, however the network in its early growth phases at the time. This quarter, after collecting data from 9 firms the Project began training BAS Providers on the IMS' crowdsourcing function (discussed below), and determined that it was more efficient to request newly trained BAS Providers to submit their GIS data through this function. Once this feature is fully operational in the second quarter, the remaining 32 BAS Providers will submit their GIS data through the IMS' crowdsourcing function.

BETA TEST CROWDSOURCING ADD-ON FUNCTION

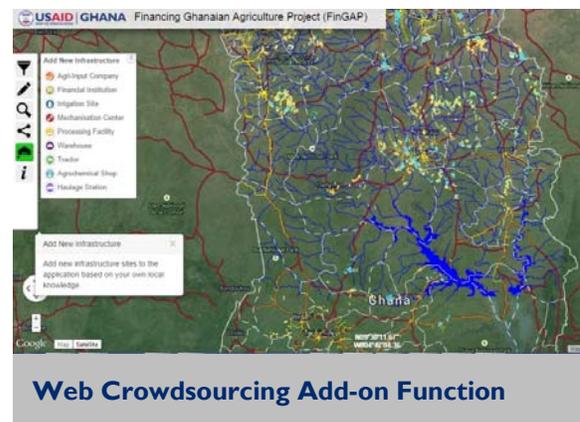
In response to some stakeholders' concerns regarding the validity of the data in the beta IMS, USAID-FinGAP added a crowdsourcing feature this quarter. This tool allows the public to submit information, including revisions to posted data, directly through the Web-based platform. Recognizing that many of its target value chain actors do not have ready access to the internet, the Project also developed a SMS feature allowing users to text GIS information about an infrastructure to be added to the IMS. All submissions are validated by the Project's IMS Administrator. The crowdsourcing process allows farmers, processors, warehouse managers and other actors involved in the target value chains to contribute valuable information in real time, making the IMS a publically-relevant commodity. As described above, the crowdsourcing function also allows the agribusiness, FIs and BAS Providers to submit their GIS data for representation on the map.

Both add-on functions have been tested and proven to work.

RE-BRAND IMS

The IMS was initially named the Agribusiness Investment Opportunity Mapping System. To improve its appeal and relevance to potential investors, it is being rebranded as the Investment Mapping System (IMS) and will be formally launched at the end of the second quarter.

The enthusiasm that the Project received following its beta launch in April 2014, and at various marketing presentations since, indicate that the tool has the distinct potential to become the premier source of information for both local and international investors, FIs, and agribusinesses working in the rice, maize and soy value chains in Ghana's North. The Project has therefore undertaken an aggressive re-branding operation to bring the IMS to the professional standard of the international finance and investment community. This includes a series of modifications to appearance and function, based on stakeholder feedback. Over the first two quarters of Year Two, the user interface of the IMS is being improved to include search functionality, soil fertility and utility maps as well as online user feedback forms. In the second quarter a dedicated website, as well as an animated IMS walk-through video, are being developed as key signifiers of the IMS' new brand.



DEVELOP IMS LAUNCH ACTION PLAN

The IMS was first debuted in beta form in April 2014 at the Ghana Agribusiness Investment Summit organized by USAID-FinGAP and GCAP. As the one-year mark of this debut approaches, the Project is activating a formal Launch Action Plan to present the final, re-branded tool to the public. This includes building the Project's Investment Promotion website; publishing and distributing IMS promotional materials, including a smartphone barcode and public advertisements; and an official unveiling at the Project's second Agribusiness Investment Summit in April 2015.



Presentation of the IMS to newly recruited BAS Providers

To maintain stakeholder interest in, and usage of, the map while modifications are underway, an interim marketing plan was put in place for the period October 2014 to March 2015. This has involved presenting the IMS at strategic forums and events, as well as to key government agencies such as MoFA and GIPC. These presentations are described in the following sections.

TRAINING BAS AND PFIS ON THE USE OF IMS

During this quarter, a total of 101 participants were trained by USAID-FinGAP on the use of the IMS. These trainings were incorporated into the Project's ongoing BAS and FI trainings and workshops. Of the 101 participants, 43 represented 23 financial institutions (11 universal banks, 5 RCBs, 5 NBFIs, 1 insurance company and 1 government agency) and 58 were BAS Providers. Of the 101 participants 14 were female (12 from FIs and 2 BAS Providers).

Feedback from training participants has been varied but generally positive. Many BAS Providers and FIs viewed the IMS as a tool to extend their business marketing and outreach, and were pleased that the crowdsourcing feature will allow them to easily maintain their data on the website. At the same time, several nucleus farmers and smallholders in the more remote reaches of Ghana's North expressed logistical concerns. The lack of internet in these areas is a significant barrier to their use of the IMS, and farmers pointed out that the quality of the data for those areas may be compromised as a result. Some trainees also asked that the map cover infrastructure across the whole of Ghana, rather than the Northern regions only. Many expressed an interest in a tutorial to guide them through the IMS' features.

This quarter, the Project piloted hands-on trainings with participants who were able to bring their own devices to trainings. The approach was successful. The Project was able to work through issues with users directly, trouble shoot areas for improvement, and build user confidence. Over the next two quarters, all training participants will be requested to bring their laptops, smartphones and tablets in order to engage in hands-on trainings on their own devices. When users are unable to meet this request, the trainer will organize participants into small groups to share devices. Where possible, trainings will be held at venues that offer computer and internet facilities.

IMPLEMENT LAUNCH ACTIVITIES INCLUDING PRESENTATIONS AT FORUMS AND EVENTS



Presentation of the IMS to CEOs and MDs of 28 universal banks in Ghana

As part of the interim IMS promotion strategy, USAID-FinGAP presented the IMS to 883 individuals at 7 events for key stakeholders this quarter. These presentations are summarized below:

- Ghana Investment Promotion Centre (GIPC) Expo: An event organized by Deloitte Monitor, and attended by 35 people from FtF IPs, GoG ministries, and venture capital groups.
- Ghana Association of Bankers: The IMS was presented to 30 commercial bank CEOs and MDs to highlight investment opportunities along the maize, rice and soy value chains and encourage banks to engage with these SMiLEs.
- Visit of USAID DAA Richard Greene: 63 participants comprised of USAID-Ghana, USAID-IPs, and agribusiness SMiLEs attended this presentation.
- USAID-Ghana Mission: 10 participants including the Head and the Deputy of USAID/Ghana's Economic Growth Office attended this presentation.
- 2014 Pre-Harvest Forum: The IMS was presented to 700 participants including nucleus farmers, aggregators, processors and poultry farmers.
- Skills Development Fund Fair: 30 participants including BAS Providers, SMiLEs and members of the GoG.
- First Capital Plus Bank: 15 Senior Managers including the heads of Risk and SME Banking.

Results

Feedback from IMS presentation audiences this quarter has been very positive. "This is exactly what the EG office has been looking for! We have been thinking of how USAID could use the map without taking away its purpose as an investment map," said USAID/Ghana's EG Office Head, Peter Trenchard. SMiLEs also confirmed their interest in being a part of the new system. The Managing Director of USAID-FinGAP SMiLE ARIMA Farms, Manikam Saalai, observed that the upcoming crowdsourcing feature will directly benefit businesses like ARIMA. "Since agriculture is the mainstay of Ghana, the map is a very important tool that presents timely information to investors. What is however missing on the map is that commercial farmers like ARIMA are not featured. We will be very happy to have our farm on the map." As discussed in the sections above, the IMS is being modified to respond to feedback gathered from stakeholders, and is expected to be released in full form at the Project's April summit.

MONITOR IMS USAGE

During this quarter, the IMS had 249 users with 990 page views. These users spent an average of 3.35 minutes on the IMS. From the 249 users, 61.6% were returning users and 38.4% were new users.

IDENTIFY AND FACILITATE THE DEVELOPMENT OF PUBLIC PRIVATE PARTNERSHIPS

The Collaborative Circle of COPs (CCC) drafted plans this quarter to develop public-private partnerships (PPPs) to improve transportation routes for agriculture in Ghana's Upper Volta region. Towards this end, USAID-FinGAP prepared for a scoping mission early in January 2015 to meet with local leaders and agribusinesses and assess the potential impacts of a PPP initiative. The Project also began preparing for a workshop on PPP development, to be delivered next quarter.

TASK 2 ACTIVITIES – PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL PREPARATION

EVALUATE EXISTING PERFORMANCE INCENTIVE STRUCTURES

USAID-FinGAP is evaluating its performance structures early in Year Two, in order to identify obstacles to productivity and chronic poor performers, as well as gain insight into the strengths and successes of high performing providers. BAS Provider feedback was gathered during trainings and quarterly meetings this quarter, with most participants indicating satisfaction with the current structure. Some participants, however, said that the incentive structure is not sufficiently motivating for them to chase smaller deals. Based on this feedback the Project will conduct a full evaluation of the milestone payment structure, trends in follow-on loan facilitation to SMiLEs, and challenges tied to the submission of appropriate evidence for milestone payments under the existing subcontracts. This review will be conducted by the end of the second quarter, when the first batch of BAS Providers has completed a 12-month period under their subcontracts.

ASSESS BAS MARKET FOR SMALLER FINANCING NEEDS (\$25,000-\$200,000)

This assessment will be conducted in the second quarter.

CONDUCT OUTREACH TO ENCOURAGE MORE FEMALE BAS PROVIDERS

One female-led BAS firm was recruited to join the USAID-FinGAP BAS Providers' Network this quarter, becoming the Network's second female-led firm. The Project is unsatisfied with this number and will continue recruiting female BAS providers during the subsequent quarters to improve diversity in the Network. Additionally, as discussed below, the RFP will be revised and tailored to attract more female-led BAS firms.

SELECTION OF 6-8 BAS PROVIDERS FROM NORTHERN GHANA INTO THE NETWORK

In an effort to extend the reach of USAID-FinGAP's BAS Provider Network, USAID-FinGAP undertook a trip to northern Ghana to identify new BAS providers and encourage them to apply for a subaward under the Project's open-ended RFP. This activity was designed in response to two challenging factors: (1) there are reportedly few BAS Providers in Ghana's North which are well-versed in agricultural financing; and (2) most of the Accra-based BAS Providers were unwilling to travel to the North to deal with small financing deals. To achieve the Project's goal of improving access to finance above the 8th parallel, it became critical to identify, train and link BAS Providers in the North to those in the South for capacity building purposes, as a means for increasing deal making for relatively smaller investment opportunities.

During the reporting period, 7 BAS Providers based in the North of Ghana applied to join the BAS Providers' network, and 5 were approved. For the first time USAID-FinGAP's BAS Provider network now has a presence in two of the three Northern Regions, with 4 BAS providers based in Tamale and 1 based in the Upper West Region.

USING RESULTS OF PERFORMANCE INCENTIVE STRUCTURES EVALUATION, REFINE AND RELEASE TENDER FOR BAS PROVIDERS

This quarter, USAID-FinGAP observed an increased interest in the Project's BAS Provider Network. Between October and December, six new applications were received from providers based in southern Ghana, although no new tender had been released. Based on the growing pool of applicants, the Project revised its selection strategy to emphasize Network quality over quantity. Despite this, the six recent applicants were all accepted due both to the high quality of their applications and their fulfillment of other required credentials, bringing the total number of providers to 41.

In the second quarter, the Project will use information gathered from its incentive and Network performance assessments to revise its RFP into a more selective solicitation targeting BAS firms led by women and based in regions where the Project is currently underrepresented, particularly in the North. The revised RFP is expected to be released late in the second quarter.

TASK 3 ACTIVITIES – BUSINESS PERFORMANCE IMPROVEMENT

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

USAID-FinGAP maintains a 'light touch' approach to financial facilitation. The Project encourages BAS Providers to lead the process by linking SMiLEs to FIs and supporting the development of loan and other financing applications. To assess this approach, the Project organized one workshop each in Accra and Tamale in December 2014 to bring together Network BAS Providers to share their field experiences and challenges, generate solutions, and stay on track with the Project's goals.

Results

The Accra BAS Providers workshop was attended by 30 participants (28 males, 2 females) representing 20 BAS Providers. The Tamale workshop was attended by 17 participants (all males), representing 9 BAS Providers.

In both workshops, participants discussed SMiLE engagement, the environmental review process, performance-based contract deliverable formalities, and the IMS was also presented. Presentations on risk mitigation tools as well as listing on Ghana's Alternative Exchange (GAX) were also made (discussed below, "Risk Mitigation Training"). Among the challenges shared by workshop participants was SMiLEs' reluctance to disclose all necessary and critical information pertaining to a loan request which, coupled with a tendency to change their minds, creates delays. SMiLEs are also reluctant to pay for BAS services, tend to look for alternate sources of funding even after signing engagement letters, and have a tendency to borrow excessively, creating concerns about accruing debt. BAS Providers agreed that equity, particularly on the GAX, was a cost-effective option but indicated that it is a difficult concept to explain to SMiLEs.

To address some of these challenges, the BAS Providers requested Project support to advertise their services to FIs and maize, rice and soy agribusinesses. When reminded of the IMS, they expressed readiness to use the tool but they will require hands-on training in the coming months. They also suggested that the network would benefit from a portal for ongoing discussion of mutual challenges and possible solutions, and the Project informed them that the Investment Promotion Website is expected to provide a similar resource.

DEVELOP CAPACITY BUILDING PLANS USING OCAT RESULTS

The Organizational Capacity Assessment Tool (OCAT) was developed to determine BAS Provider capacity to facilitate finance deals in accordance with the Project's mission. The areas assessed include facilitating access to finance, new business development and quality of service.

Results

In its Year One baseline assessment, the Project received OCAT responses from 23 out of 30 BAS Providers. All self-assessments indicated a high quality of service and poor development of new business. The major training need identified was in facilitating equity investment for agribusinesses in the value chains. Capacity building needs were also identified in the areas of deal identification, marketing and networking. Based on these results, in December 2014 USAID-FinGAP undertook training on equity investment facilitation for agribusiness SMiLEs covering types of equity financing available in Ghana, governance issues in accessing equity finance, raising equity finance in Ghana (use of GAX, GSE or Private Equity), and the Ghanaian equity culture.

DEVELOP CASE STUDIES ON BAS TO BE USED IN TRAININGS

This quarter, the Project prioritized development of case studies for use in FI trainings (discussed below in Component 2, Task 4). Case studies targeting BAS Providers will be developed over the coming months in tandem with the incentives structure assessment and upcoming BAS trainings.

DEVELOP CURRICULUM AND TRAIN BAS PROVIDERS ON FINANCIAL STATEMENT ANALYSIS, BUSINESS PLAN DEVELOPMENT

This training is scheduled to be designed and delivered in March 2015.

DEVELOP CURRICULUM/HOST TRAININGS BASED ON OTHER PRIORITY BAS PROVIDER NEEDS

Based on OCAT results and BAS Provider feedback, a number of training modules and events targeting New Product Development, Risk Mitigation and Equity Investments were incorporated into this quarter's BAS Provider quarterly meeting.

Results

New Product Development Training

This training, held in both Tamale and Accra, provided detailed guidance on developing agricultural finance products, and highlighted the creative ways in which investors can adapt products and delivery mechanisms to successfully finance SMiLEs in the maize, rice and soy value chains.

BAS Providers and FIs were both invited to the training to ensure that the BAS Providers have a clear understanding of the products and services that these FIs provide. In total, the meetings attracted 13 BAS providers from 11 BAS firms.

Risk Mitigation Trainings

Exim guaranty Co. Ltd., EDAIF, and GAIP officers delivered trainings on risk mitigation options for financial facilitation to 41 BAS Providers at the quarterly workshops in Accra and Tamale this quarter. Exim guaranty focused on their credit guarantee for FIs, which covers up to 75% of the principal loan amount and is open to all FIs registered in Ghana. Several BAS Providers responded with concerns that the FI's processes are cumbersome and don't encourage FIs to patronize their services. The Project intends to work with Exim guaranty, FIs and BAS Providers to address this issue as deals are submitted.

EDAIF's training, which focused on its low cost loans to SMiLEs, presented an equity component that is due to be rolled out in early 2015. EDAIF encouraged BAS Providers to indicate their affiliation with USAID-FinGAP on their applications to FIs, and send a copy of the application directly to EDAIF, so that EDAIF may prioritize these applications when they are forwarded by FIs. BAS Providers began following this process this quarter.

Lastly, GAIP presented the benefits that its three insurance products (weather index insurance, area yield insurance and traditional indemnity insurance) offer to three main stakeholder groups: commercial farmers, financial institutions and input dealers.

Equity Investment Training for BAS Providers

Equity investment training was provided at the BAS Provider quarterly workshops in Tamale and Accra, attended by a total of 41 firms. The training's aim was to improve BAS Provider capacity to manage

"This was the first time I was hearing of the GAX and I think it was useful information provided. My only concern is the readiness of the SMiLEs and we need to work hard to disseminate this information and get SMiLEs to be involved."

**Alex Bokuma, CSLD, BAS Provider,
Tamale**

equity investment facilitation and to help them prepare SMiLEs for listing on the Ghana Alternative Market (GAX). The trainings were provided by USAID-FinGAP's Financial Training Specialist and BAS Provider Sydney Caseley-Hayford. BAS Provider Cosmos Abiwu stated, "It has been a great learning experience participating in this workshop. I have learned new ways of doing old things to achieve new results. The training on GAX in particular has opened my eyes."

CONNECT BAS PROVIDERS TO MAIZE TRADERS ASSOCIATIONS, SOYBEAN PROCESSORS ASSOCIATIONS, RICE TRADERS ASSOCIATIONS, POULTRY FARMERS ASSOCIATIONS/ACTORS VIA 1-2 NETWORKING OPPORTUNITIES

USAID-FinGAP participated in the 4th Pre-Harvest Agribusiness Forum organized by ADVANCE II and Ghana Grains Council in Tamale, capitalizing on the opportunity to connect its BAS Providers with nucleus farmers, aggregators, and buyers and processors of maize, rice and soy.

Results

9 USAID-FinGAP BAS Providers attended the Pre-Harvest Forum and were presented in the event and at designated exhibition booths. These firms met with several SMiLEs and discussed a series of deals with a potential total value of approximately \$30,000,000.

KPMG Ghana's Jonathan Lutterodt observed that the event offered both good exposure and a new learning opportunity. "People were surprised to see KPMG at the [event] since they did not think we were into agribusiness," he said. "[Pre-Harvest] will help us to structure loan requests better and where necessary advise SMiLEs to take other options."



Representative from KPMG talking to SMiLEs at USAID-FinGAP Booth at the Pre-Harvest 2014

COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

CONTEXT AND OVERALL APPROACH

There is a wide disconnect between the financing provided by banks and the financial needs of agribusinesses. Agribusinesses seeking financing are faced with banks that have little or no understanding of the sector, high collateral requirements, higher interest rates and short repayment tenor. On the other hand, the agribusinesses' needs are unique due to seasonal cycles and sector-specific equipment, and they often have little or no collateral to obtain financing. Financing remains a key constraint to unlocking the huge potential for agricultural production in the country with the agricultural sector accounting for only 5% of total bank lending.

USAID-FinGAP's FSS Unit is addressing this market failure through two activity areas: building the capacity of financial institutions, and incentivizing financing through a grants program. By encouraging the introduction and uptake of risk mitigation tools, and supporting the development of new financial products, the FSS Unit is innovating agribusiness financing as a means for strengthening Ghana's maize,

rice and soy value chains. Building on the groundwork laid in the Project's first year, the FSS Unit is driving the Project's grants incentive scheme in Year Two by rolling out a series of incentive grants, providing demand-driven trainings in agriculture and value chain finance to FIs, and supporting interested FIs to develop new lending products and services tailored to meet agribusiness' needs. The FSS Unit also responds to USAID and the GoG's Partnership for Growth (PFG) financial sector initiatives.

TASK 4 ACTIVITIES – FINANCIAL SECTOR CAPACITY BUILDING

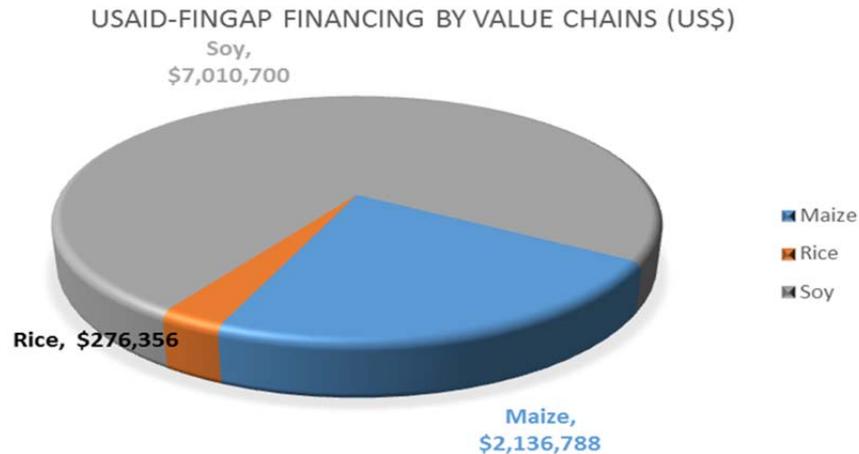
FINANCING FACILITATED

This quarter, USAID-FinGAP facilitated a total of US\$5,072,099 in financing. This included agricultural loans, equity investment, debt restructuring, private investment and supplier's credit. At the end of this quarter, total financing facilitated by the Project to date was US\$9,423,844 or 48% of the target for Years One and Two. Snapshots of this quarter's leading deals are presented below.

- IESO Agribusiness Consult facilitated a US\$3,678,360 overdraft facility for a soy processor seeking capital to purchase soybean from farmers in Northern Ghana for processing.
- Soy processor 3K&A received three forms of financial support from Frontline Capital through BAS Provider TMI: a debt-to-equity swap equivalent to US\$486,695; a commercial bank debt payment equivalent to US\$111,583; and US\$31,153 for refurbishing 3K&A's existing soy mill. Per the terms of this deal, Frontline Capital currently co-owns 53% of 3K&A.
- MEDCO facilitated a US\$22,767 loan from Sinapi Aba Savings and Loans for Kpasipaga Enterprises, a rice miller in Tamale seeking to purchase and install a rice mill and de-stoner. Kpasipaga's previously outdated and inefficient miller had caused many of its female rice producers to take their business elsewhere--with these procurements, Kpasipaga plans to rebuild its producer network and improve its operating efficiency and overall productivity.
- SMiLE Vester Oil Mills Limited received US\$181,615 as the second and final tranche of a US\$384,615 working capital loan to enable the purchase of soybean for processing. The loan, which was facilitated by USAID-FinGAP and released by Root Capital, has allowed the SMiLE to stock enough soybean to operate steadily until the next harvest. In 2014, the SMiLE struggled to obtain sufficient raw material to fully utilize its processing capacity, and was consequently unable to maximize its profits.

Vester Oil Mills Limited also received US\$200,000 in capital expenditure debt financing from Root Capital to purchase and install a soy oil refinery from India. The refinery, which is expected to be operational by the end of February 2015, will enable the SMiLE to refine the crude soy oil that it produces during soy processing.

Financing facilitated reached the target value chains in varying proportions this quarter: soy received 74%, maize 23% and rice 3%.



EVALUATE PROPOSALS RECEIVED IN RESPONSE TO RFA AND AWARD GRANTS

To stimulate incremental agribusiness lending in the target value chains, USAID-FinGAP worked closely with USAID on a three-step process to design an innovative grants program targeting Ghanaian FIs. In September 2014 the Project solicited concept notes from 19 FIs outlining their participation in a grant program stimulating financing in the maize, rice and soy value chains. This information was developed into a request for applications (RFA) and selectively released to 17 FIs. Following bidders' conferences in Tamale and Accra, 17 proposals were received and closely evaluated for the US dollar amount of financing committed to the Project value chains, the percentage of grants expected from the amount committed, and the proposed grant's anticipated purpose.

Of the 17 proposals, 14 were accepted during a Best and Final Offer (BAFO) round. These grants were approved and awarded at the end of the quarter, signifying a total of US\$13,460,000 in incremental financing facilitated over the subsequent 12-month period for a total grant cost of US\$1,320,920.

Results

As of the writing of this report, 12 PFIs had signed grant agreements committing to providing a total of US\$28,100,000 in financing to SMiLEs in the target value chains. These grants will be drawn down on a quarterly basis against targeted disbursement milestones. It is expected that all 14 PFIs will execute their contracts by close of January 2015. The table below indicates the committed financing by PFIs and the proposed grants draw down over the award period.

#	Financial Institutions	Proposed Incremental Funding Commitment (\$)	USAID-FinGAP Grant Award (\$)	Leverage
	Commercial Banks			
1	Ecobank	8,000,000	200,000	40.0
2	Stanbic Bank	3,800,000	150,000	25.3
3	UT Bank	2,000,000	170,000	11.8
4	Universal Merchant Bank	5,000,000	164,870	30.3
5	Barclays Bank	2,360,000	160,000	14.8
	Rural & Community Banks			
6	Bonzali Rural Bank	250,000	25,000	10.0
7	Builsa Community Bank	450,000	41,850	10.8
8	Buuwuloso Community Bank	100,000	10,000	10.0
	Savings & Loans			
9	Sinapi Aba Savings & Loans	3,000,000	150,000	20.0
	Microfinance			
10	Success 4 People	1,000,000	50,000	20.0
	Cooperative Credit Union			
11	Tumu Cooperative Credit Union	500,000	50,000	10.0
12	Wa Community Bank	1,000,000	40,000	25.0
	Impact Investor			
13	Injaro	3,000,000	59,200	50.7
	Other			
14	CARD Financial NGO	1,000,000	50,000	20.0
	Total	31,460,000	1,320,920	23.8

SUPPORT GRANT IMPLEMENTATION WITH TRAINING AND CAPACITY BUILDING ASSISTANCE

PFI incentive grants were awarded at the end of December 2014 and signed during the second quarter, therefore related trainings will commence in the second quarter.

INTEGRATE NEW FIS INTO THE PFI NETWORK IN ORDER TO ADDRESS FINANCING GAPS

In an effort to recruit and integrate more FIs into its network, the Project reached out to the Ghana Association of Bankers (GAB) and met with two of its commercial banks interested in USAID-FinGAP.

Results

The GAB encompasses the Managing Directors and Chief Executive Officers of Ghana's 28 universal banks. USAID-FinGAP used this platform to present its scope, activities and achievements in engaging FIs which were wary of agribusiness. The IMS was also presented.

GAB member First Capital Plus requested a second presentation to its 15 key managers, which the Project delivered in December 2014. First Capital Plus, formerly a savings and loans company, was recently licensed as a universal bank and is planning to open branches in the North of Ghana. The Project intends to collaborate with this FI to finance deals, and has invited it to the Project's mini agribusiness summit in Kumasi in early February, 2015.

DEVELOP CASE STUDIES TO BE USED IN PFI TRAININGS

To build on USAID-FinGAP's successful efforts in facilitating finance in Year One, the Project began developing case studies as training tools. The case studies targeted FI approaches to financing through a value chain lens and BAS Providers' proposal development processes as they compare to FI expectations.

“The case studies and role plays were very relevant and useful. They helped to better understand the context for new product development for SMiLEs in the agriculture sector.”

**-Anna Amegatcher, Growth Mosaic,
Training of New Product Development in
Agricultural Financing, Accra, November
2014**

Results

Four case studies were developed by USAID-FinGAP subcontractor Connexus LLC. These covered:

- a) Development of appropriate financing mechanisms for SMiLEs;
- b) Role of financial NGOs in agribusiness value chain financing;
- c) Risks associated with new product development; and
- d) The role of research in developing new products in response to customer needs.

Based on surveys of training participants, the Project found that modelling trainings on case studies was effective at providing a relatable, real-world context to the information provided. The case studies also assisted the trainers in structuring training activities.

DESIGN AND DELIVER TRAINING ON LOAN PORTFOLIO MANAGEMENT AND LOAN APPRAISAL TECHNIQUES TO PFIS

This training module was not be delivered this quarter as the Project was prioritizing the roll-out of FI grants. It will take place in the second quarter.

DELIVER DEMAND-DRIVEN INSTITUTION SPECIFIC TRAININGS

In-house training manuals have been developed in response to the specific capacity needs of FIs who have requested USAID-FinGAP's technical assistance. Training requests have been made by UT Bank (Head Office), Stanbic Bank (Tamale branch) and Bonzali Rural Bank, which are seeking to build staff capacity in Agricultural Loan Appraisal and Monitoring Techniques. These trainings are currently slated for the second quarter.

DOCUMENT SUCCESS STORIES AND LESSONS LEARNED ON FINANCING DEALS

This quarter the Project developed two success stories reporting financing disbursed to agribusinesses based in northern Ghana. These stories are provided in Annex A.

ASSESS THE IMPACT OF THE TRAINING FACILITATED FOR THE PFIS

The impact will be assessed in the second quarter following a February 2015 PFI training.

COLLABORATE WITH DCA BANKS AND OTHER STAKEHOLDERS (INCLUDING EXIMGUARANTY) TO OFFER CREDIT GUARANTEE

USAID-FinGAP is committed to scaling up agribusinesses' access to partial guarantees and insurance in order to reduce the risk to FIs and the cost of financing to SMiLEs. Towards this end, the Project is leveraging its PFI network to work with DCA banks and other Ghanaian institutions to utilize their partial guarantees.

Results

USAID-FinGAP awarded Ghana Agricultural Insurance Pool (GAIP) a grant of US\$150,000 to help the organization offer, market and sell its agribusiness insurance products in the three northern regions. Already GAIP has set up offices in the three northern regions and the grant has helped GAIP employ a Marketing Manager to supervise the activities of six marketing officers located in these offices. The grant has also enabled GAIP to purchase a vehicle for its marketing and monitoring operations. GAIP will initially target sales of their insurance products to nucleus and commercial farmers, FIs and agro-processors.



Signing Ceremony of the GAIP Grant: Steve Awuah, Grants Manager (standing left) and Victor Antwi, Deputy Chief of Party (standing right); Alhaji Ali Muhammad Katu, GM of GAIP (sitting left) and Rick Dvorin, Chief of Party of USAID-FinGAP.

USAID-FinGAP is awaiting Eximguaranty's signature on an award of a fixed obligation grant of \$500,000. This grant will pay 50% of the 4.5% credit guarantee premium required by the FIs when a loan is provided to an agribusiness in USAID-FinGAP's value chain (Exim agreed to lower this premium from 5.5% to 4.5% for all FIs associated with USAID-FinGAP). The grant was signed early in the second quarter.

UT Bank and Ecobank, both DCA banks, have been awarded grants to stimulate incremental lending to agribusinesses in the target value chains. USAID-FinGAP is also working with Sinapi Aba to finance agribusiness equipment for SMiLEs in the target value chains.

SUPPORT PFG JOINT COMMITTEE ACTION PLAN YEAR 2 WORK PLANNING EFFORTS AND IMPLEMENTATION

USAID-FinGAP was requested to develop a SOW for a capital markets specialist to provide short-term technical assistance to the SEC, including trainings to build capacity for improved regulation practices and risk-based supervision. This SOW built on a needs assessment that the Project conducted for the SEC this quarter, discussed below ("Partnership for Growth: Developing JCAP". The Project received approval on this SOW late this quarter, and is recruiting a candidate for the consultancy early in the second quarter.

TASK 5: SMALL GRANTS FACILITY

ISSUE RFAS AND GRANTS FOR FIs

As discussed in Task 4, USAID-FinGAP this quarter awarded incentive grants to 14 FIs. The small grants facility was also utilized to award grants to Eximguaranty and GAIP, enabling these FIs to expand their credit offerings in support of USAID-FinGAP's financial facilitation strategy.

ISSUE/ADVERTISE RFPS & SUBSIDIES TO BAS PROVIDERS

In March 2014, USAID-FinGAP issued a RFP that remained open through December 2014 to solicit new BAS Providers for the Project's network.

Results

This quarter, 11 new BAS Providers were accepted into the Project's network. During this period, 12 BAS Providers engaged with 30 SMiLEs. Of these SMiLEs, eight submitted a loan application to a FI with BAS support. These deals are expected to reach the disbursement stage in the second quarter.

PARTNERSHIP FOR GROWTH: DEVELOPING JCAP

Through the Partnership for Growth (PFG) Joint Country Action Plan (JCAP), USAID-FinGAP works with GoG institutions as well as financial sector regulators to improve access to finance for Small and Medium Enterprises and Strengthening the Financial System in Ghana. This quarter, USAID-FinGAP undertook 2 key activities outlined below.

SME COORDINATING AUTHORITY

USAID-FinGAP provided STTA support to the GoG and PFG-SME Task Force to develop a SME Support Services Strategy which will inform GoG policy decisions on establishing an SME Coordinating Authority in Ghana akin to the US Small Business Administration. The final report was submitted to USAID/Ghana and the PFG SME Task Force in December 2014.

SEC NEEDS ASSESSMENT

USAID-FinGAP conducted a needs assessment of the Securities and Exchange Commission (SEC) following a request from the SEC's Director General. The assessment covered: (i) training and coaching on the inspections of the exchanges, clearing system, and depository; (ii) a supervision manual for inspections of the institutions named above; (iii) review of current tools for surveillance with recommendations for retooling; (iv) surveillance (procedures) manual; and, (v) risk-based supervisory system to enable ranking of brokers based on their risk profiles. USAID-FinGAP developed a SOW for a capital markets specialist to work with the SEC and further these findings. The Project will recruit for this consultancy in the second quarter.

CROSS-CUTTING ISSUES

GENDER

USAID-FinGAP nominated two female-led BAS Providers to be included in the Africa LEAD program, “Champions for Change: Women in Agriculture Leadership Course”, held in Accra. Both nominees were accepted and participated in the week-long program, which encourages women to network and collaborate with other female-led entrepreneurs in the rice, maize and soy value chains, furthering USAID-FinGAP’s goal of empowering women in the agribusiness sector.

Also this quarter, USAID-FinGAP recruited a second female-led BAS Provider into its Network. The Project considers its ratio of male to female BAS Providers insufficient per the terms of its Gender Implementation Plan. This will be taken into close consideration during the revision of the Project’s BAS Provider RFP, and is an important priority for next quarter.

ENVIRONMENT

USAID-FinGAP continues to implement the Environmental Monitoring and Mitigation Plan in its activities. As part of these efforts, all newly recruited BAS Providers have been trained to carry out environmental assessments on agribusiness SMILEs being supported in financial facilitation.

A major step towards reducing the Project’s environmental impact will take place in the next quarter, when FIs awarded fixed obligation grants will be trained to incorporate environmental considerations into their credit analysis and award systems.

COLLABORATION WITH FEED THE FUTURE IMPLEMENTING PARTNERS

JOINT PROJECTS’ IMPLEMENTATION IN NORTHERN VOLTA BY FTF IPS

USAID-FinGAP is leveraging the Collaborative Circle of COPs (CCC) to conduct a transport scoping mission in the Northern Volta districts of Krachi Nchumuru and Krachi West-the most inaccessible and poorest parts of the Northern Savannah Ecological Zone. The Project developed the concept for this joint initiative and obtained buy-in from USAID-Ghana as well as 5 other FtF IPs: ATT project, ADVANCE, RING, APSP and GCAP. The scoping mission and findings presentation will take place early in the second quarter.

This quarter, the CCC designated specific roles to each IP according to its technical domain. ATTP and ADVANCE are expected to introduce local farmers to improved agricultural technologies and extension services; ADVANCE will also facilitate market linkages through the nucleus farmer outgrower model, supporting access to the agriculture input pre-financing systems. GCAP will explore the use of its grant mechanisms to facilitate infrastructure development. RING will approach agribusiness growth through a nutritional lens. USAID-FinGAP intends to complement these projects with its BAS Provider network by

linking farmers identified through partner IPs' efforts to FIs. These efforts will be supported by APSP's advocacy activities to implement policies supporting agribusiness growth in the target districts, as well as developing a road map for FtF activity expansion into other districts.

COMMUNICATIONS SUB-GROUP

USAID-FinGAP Communications Manager participated in the CCC Knowledge Management and Learning (KM&L) Group to jointly review FtF IPs KM&L processes, and developed a joint KM&L Strategy. The KM&L Group recommended: (i) the development of a central repository for available knowledge, (ii) the organization of training and events to transfer skills and expertise among IPs, and (iii) ensuring that member communications are shared efficiently and effectively.

The CCC's Grants and Monitoring and Evaluation sub-groups did not meet this quarter.

PERFORMANCE INDICATORS

#	Indicator	Unit of Measure	Baseline	Y1	Y2				Year 2 (Oct 2014-Sept 2015)		
				Achieved	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved	Target	Achieved	%Achieved
Component I: AOD UNIT											
I.a. 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	22	22	0	0	0	20	22	110%
	Size										
	Small			19	21						
	Medium			2	0						
	Large			1	1						
	Type: (Small and Medium Enterprises)										
	Agricultural producer			5	13						
	Input supplier			1	2						
	Trader			0							
	Output processors			14	6						
	Non-agriculture			1	0						
	Other			0	0						
	Type: (Large Enterprises):										
	Agricultural producer			0	0						
	Input supplier			0	0						
	Trader			0	0						
	Output processors			1	1						
	Non-agriculture			0	0						
	Other			0	0						
	Gender (Small and Medium Enterprises)										
	Male			20	21						
Female			1	0							
Gender (Large Enterprises)											
Male			1	1							
Female			0	0							
2	Number of BAS providers trained in deal making and BAS in agriculture	Number of providers	0	27	27	0	0	0	25	27	108%
	Gender:										
	Male			26	25						
	Female			1	2						
	Status										
New			27	8							
Continuing			0	19							

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Number of SMILEs paying fees for BAS	Number of enterprises	0	4	5	0	0	0	10	5	50%
Size										
Small			4	5						
Medium			0	0						
Large			0	0						
Type: (Small and Medium Enterprises)										
Agricultural producer			0	5						
Input supplier			0	0						
Trader			0	0						
Output processors			4	0						
Non-agriculture			0	0						
Other			0	0						
Type: (Large Enterprises):										
Agricultural producer			0	0						
Input supplier			0	0						
Trader			0	0						
Output processors			0	0						
Non-agriculture			0	0						
Other			0	0						
Gender (Small and Medium Enterprises)										
Male			2	5						
Female			0	0						
Gender (Large Enterprises)										
Male			0	0						
Female			0	0						

I.b. Improved ability of agri-enterprises to create fundable investment proposals

4.5.2-30: Number of SMILEs, including farmers, receiving USG assistance to access loans (S)	Number of enterprises	0	8	7	0	0	0	35	7	20%
Size										
Small			4	4						
Medium			3	2						
Large			1	1						
Type: (Small and Medium Enterprises)										
Agricultural producer			4	2						
Input supplier			0	0						
Trader			0	0						
Output processors			3	4						
Non-agriculture			0	0						
Other			0	0						
Type: (Large Enterprises):										
Agricultural producer			0	0						
Input supplier			0	0						
Trader			0	0						
Output processors			1	1						
Non-agriculture			0	0						
Other			0	0						
Gender (Small and Medium Enterprises)										
Male			7	5						
Female			0	1						
Gender (Large Enterprises)										
Male			1	1						
Female			0	0						

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5	Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance (RiA) (WOG)	Entity	0	28	22	0	0	0	45	22	49%
	Type of entity										
	Food security private enterprises (For profit)			28	22						
	Producers organizations			0	0						
	Water users associations			0	0						
	Women's groups			0	0						
	Trade and business associations			0	0						
	Community-based organizations (CBOs)			0	0						
	Status										
	New			28	20						
Continuing			0	2							
I.c.&l.d Increased private sector investment in socially inclusive agriculture related activities and enhanced agricultural commerce											
6	Total value of private capital deployed to targeted value chains by financial institutions with USG assistance	USD	0	4,351,745.00	5,059,282.00	0.00	0.00	0.00	12,000,000	5,059,282.00	42%
	Value Chains										
	Maize			2,090,000.00	46,788.00						
	Rice			312,626.45	60,417.00						
	Soy			1,949,118.82	4,952,077.00						
	Type of PFI										
	Commercial / Universal Banks			3,163,096.45	3,678,360.00						
	Rural & Community Banks			-	-						
	Micro Finance (NGOs), S&Ls & Credit Unions			90,000.00	22,767.00						
	Social Impact & Private Equity Funds			205,000.00	584,854.00						
NBFI			241,412.41	629,431.00							
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			-	50,295.00							
Other			652,236.41	93,575.00							
7	Number of successful investment opportunities (proposals) funded	Number of opportunities	0	14	4	0	0	0	7	4	57%
	Value Chains										
	Maize			3	1						
	Rice			3	2						
	Soy			8	1						

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	Value of agricultural and rural loans	USD	0	3,699,509.00	5,059,282.00	0.00	0.00	0.00	8,000,000	5,059,282.00	63%
	Size										
	Small			295,000.00	726,202.00						
	Medium			1,344,508.86	654,720.00						
	Large			2,060,000.00	3,678,360.00						
	Type: (Small and Medium Enterprises)										
	Agricultural producer			90,000.00	118,864.00						
	Input supplier			-	-						
	Trader			-	-						
	Output processors			1,549,508.86	1,262,058.00						
	Non-agriculture			-	-						
	Other			-	-						
8	Type: (Large Enterprises):										
	Agricultural producer			-	-						
	Input supplier			-	-						
	Trader			-	-						
	Output processors			2,060,000.00	3,678,360.00						
	Non-agriculture			-	-						
	Other			-	-						
	Gender (Small and Medium Enterprises)										
	Male			1,639,508.86	1,355,916.00						
	Female			-	25,006.00						
	Gender (Large Enterprises)										
	Male			2,140,000.00	3,678,360.00						
	Female			0	0						
	Value of new private sector investments in the agriculture sector or food value chains leveraged by FTF implementation	USD	0	3,849,197.00	403,608.00	0.00	0.00	0.00	4,000,000	403,608.00	10%
	Size										
	Small			195,000.00	222,767.00						
	Medium			1,514,196.88	180,841.00						
	Large			2,140,000.00	-						
	Type: (Small and Medium Enterprises)										
	Agricultural producer			571,117.08	38,105.00						
	Input supplier			-	-						
	Trader			-	-						
	Output processors			1,138,079.08	365,503.00						
	Non-agriculture			-	-						
	Other			-	-						
	Type: (Large Enterprises):										
	Agricultural producer			-	-						
	Input supplier			-	-						
	Trader			-	-						
	Output processors			2,140,000.00	-						
	Non-agriculture			-	-						
	Other			-	-						
	Gender (Small and Medium Enterprises)										
	Male			1,709,196.16	403,608.00						
	Female			-	-						
	Gender (Large Enterprises)										
	Male			2,140,000.00	-						
	Female			-	-						
10	Value of incremental sales in rice, maize and soya as a result of U.S. government assistance along the value chain	USD	9,188,176	9,188,176.00	N/A	N/A	N/A	N/A	19,860,261.00	0	

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Component 2: FSS UNIT											
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance		0	40	23	0	0	0	5	23	460%
	Type of PFI										
	Commercial / Universal Banks			15	11						
	Rural & Community Banks			8	5						
	Micro Finance, S&Ls & Credit Unions			4	0						
	Social Impact & Private Equity Funds			3	0						
	NBFI			6	5						
	Insurance / Credit Guarantee			2	1						
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			2	1							
Status											
First Time			40	9							
Continuing				14							
12	Number of grants disbursed / subsidy disbursed		0	22	30	0	0	0	30	30	100%
	Type of recipient										
	BAS Provider			22	30						
	PFI			0	0						
SMILE			0	0							
13	Number of public-private partnerships formed as a result of U.S. government assistance		0	0	0				7	0	0%
	Partnership Focus										
	Agricultural production			0	0						
	Agricultural post-harvest transformation			0	0						
	Nutrition			0	0						
	Multi-focus			0	0						
	Other			0	0						
14	Financial recovery rates for agriculture sector		TBD						N/A		
	Type of PFI										
	Commercial / Universal Banks										
	Rural & Community Banks										
	Micro Finance (NGOs), S&Ls & Credit Unions										
	Social Impact & Private Equity Funds										
	NBFI										
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)											
15	Value of agricultural loans by US government supported banks (on a percentage portfolio basis)		TBD						2%		
	Type of PFI										
	Commercial / Universal Banks										
	Rural & Community Banks										
	Micro Finance (NGOs), S&Ls & Credit Unions										
	Social Impact & Private Equity Funds										
	NBFI										
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)											

FINANCING GHANAIAN AGRICULTURE PROJECT (USAID-FinGAP)
 QUARTERLY PROGRESS REPORT #5, JANUARY 2015

16	Score, in percent, of combined areas of organizational capacity among U.S. government direct and indirect local implementing partners		73%	N/A					N/A		
17	Number of new products offered by Fis (including DCAs)		0	0	0	0	0	0	4	0	0%
	Type of PFI										
	Commercial / Universal Banks			0	0						
	Rural & Community Banks			0	0						
	Micro Finance (NGOs), S&Ls & Credit Unions			0	0						
	Social Impact & Private Equity Funds			0	0						
	NBFI			0	0						
	Insurance / Credit Guarantee			0	0						
Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0	0							
18	Number of days of technical assistance in financial sector capacity provided to counterparts or stakeholders		0	38	0	0	0	0	850	0	0%
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	0	3	0	0%
	Type										
	Inputs			0	0	0	0	0			
	Outputs			0	0	0	0	0			
	Macroeconomic			0	0	0	0	0			
	Agricultural sector-wide			0	0	0	0	0			
	Research/Extension/Information/Other Public Service			0	0	0	0	0			
	Food Security/Vulnerable Populations			0	0	0	0	0			
	Climate Change adaptation/natural resource management			0	0	0	0	0			
	Other			0	0	0	0	0			
	Stage										
	Analyzed			0	0	0	0	0			
	Drafted			0	0	0	0	0			
	Presented for legislation/decreed			0	0	0	0	0			
Passed/approved			0	0	0	0	0				
Passed/Implemented			0	0	0	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	0	10	0	0%
	Type of PFI										
	Commercial / Universal Banks			0	0	0	0	0			
	Rural & Community Banks			0	0	0	0	0			
	Micro Finance (NGOs), S&Ls & Credit Unions			0	0	0	0	0			
	Social Impact & Private Equity Funds			0	0	0	0	0			
	NBFI			0	0	0	0	0			
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0	0	0	0	0			

QUARTER 2 PLANNED ACTIVITIES (JANUARY-MARCH 2015)

Activity	Time- line	Responsible Parties
Component I: AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
Re-brand the IMS	Nov 2014 - Jan 2015	AOD, M&E and Communications
Identify a potential host for the IMS for Y3	Jan 2015- Sep 2015	Home Office Management/ COP/AOD Unit
Training of BAS providers, PFIs and SMiLE to use fully functional IMS	Nov 2014 - Sep 2015	AOD Unit
Monitor IMS usage	Nov 2014 - Sep 2014	AOD Unit, M&E Manager, Communications Specialist
Identify and facilitate the development of public private partnerships	Oct 2014 - Sep 2015	AOD Unit
Task 2 Activities – Project Development via BAS Providers		
Evaluate existing performance- incentive structures	Jul - Sep 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 - June 2015	Grants Manager, AOD Unit, COP
Using results of performance- incentive structures evaluation, refine and release tender for BAS providers	Oct 2014– Sep 2015 (quarterly basis)	Grants Manager/AOD Unit, COP
Issue tender focused on transactions of smaller size	March-May 2015	Grants Manager, AOD Unit, COP
Task 3 Activities – Business Performance Improvement		
Host quarterly workshops to hear from BAS Providers on network priorities and evaluate training needs	Dec 2014, Mar/Jun/ Sep 2015	AOD Unit
Develop Interactive BAS search engine and upload BAS profiles to investment promotion website	Feb-April 2015	AOD Unit
Collect testimonials from client SMiLEs on BAS Providers for marketing on the investment promotion website	Feb-Sep 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-Sep 2015	AOD Unit
Hold trainings on strategic investment identification	Jan-May 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 - Sep 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
Host SMiLE, BAS and PFI Mini Summits to expand pipeline of investable deals.	Feb/Aug 2015	AOD Unit, Communicatio ns

Component 2: FSS Unit		
Task 4 Activities –Financial Sector Capacity Building		
Support grant implementation with training and capacity building assistance	Oct 2014-Sep 2015	Grants Team FSSU Manager COP
Evaluate the implementation of grants	Mar 2015-Sep 2015	Grants Team FSSU Manager M&E Manager
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
Support PFIs to develop new products	Jan - June 2015	FSSU Manager AZMJ
Document success stories and lessons learned on financing deals	July-Sep 2015	FSSU Manager AZMJ Communications
Assess the impact of the training facilitated for the PFIs	Oct 2014 – Sep 2015 (quarterly)	FSSU Manager TTS COP M&E Manager
Collaborate with DCA Banks and other stakeholders (including EximGuaranty) 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
Task 5 Activities – Small Grants Facility		
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: SUCCESS STORIES



Greenfield Financing Provides New Growth and Transport Opportunities for Women

Nuts for Growth receives financing from Ecobank Ghana with the help of USAID-FinGAP



Photo courtesy of USAID-FinGAP

Soybean producers transport goods to Nuts for Growth storage facilities on newly acquired Motor King tricycles.

“USAID-FinGAP’s assistance in securing financing has enabled us to reach out to more and more women.”

-- Dora Torwieseh, Director of Operations, Nuts for Growth

The promising sound of construction can be heard along Ghana’s Tamale/Salaga Highway. Nuts for Growth (N4G), a new company established in 2014, is building a state-of-the-art factory and warehouse to process and store soybeans, maize, and shea nuts, creating new jobs in an area of high unemployment.

When N4G initially solidified plans for constructing the new 40,000 metric tonne (MT) capacity warehouse currently underway their most pressing concern was sourcing sufficient soybeans for processing. N4G wasn’t the only group counting on this investment: Women for Change, a subsidiary of 27,000 soybean producers who supply the new facility – most of whom are women – depended on the company’s success. In order to procure the new facility and needed inputs N4G sought a financing mix of long-term debt and short-term working capital, but soon discovered that financing for greenfield investments in the agricultural sector was difficult to secure.

“We did not have a history as a successful agribusiness and getting financing was a challenge,” said Finance Director for N4G Kofi Kwakawa. “Since the banks are not used to financing a new business at this level of international commercial scale, they do not want to touch it. They don’t understand that projects like Nuts for Growth have good prospects.”

According to Dr. Victor Antwi, Agribusiness Opportunity Development Unit Manager for USAID-FinGAP, banks consider agriculture risky and do not take the time to do an in-depth opportunity analysis. Most financial intermediaries focus on Accra and other nearby cities, so N4G’s greenfield agribusiness investment in Tamale was met with skepticism.

The USAID-FinGAP project is committed to facilitating the growth of maize rice and soy agribusinesses in Northern Ghana through business advisory services (BAS) and business networking. To guide N4G in its quest for financing, the Project linked N4G with Joemelu Company, a BAS provider in its network. Joemelu supplied financial and operational expertise and lent credibility to N4G’s business plan and loan application.

After Joemelu’s assistance in developing a targeted business plan USAID-FinGAP facilitated N4G’s introduction to Ecobank Ghana which resulted in N4G acquiring a US \$1 million credit facility. These funds went directly to increasing productive capacity and purchasing soybeans from the farmers in the Women for Change community. By the end of the season, N4G expects to engage another 1,500 farmers from outside N4G’s geographical area and to help them invest in their transport delivery system.



Photo courtesy of USAID-FinGAP

N4G and the soybean farmers both benefit from motorized tricycles.

“The families of the farmers are very grateful for the opportunity to have a market for their soybeans,” Dora Torwiseh, N4G’s Director of Operations, said. “USAID-FinGAP’s assistance in securing financing has enabled us to reach out to more and more women.”

The credit facility has also allowed N4G to procure Motor King motorized tricycles which can haul up to 2 MT of soybeans from the farm to nearby aggregation points in the Tamale district. These tricycles will be used by the Women for Change soy producers who will eventually purchase the vehicles from N4G by making in-kind payments of the raw materials they supply over the course of three years. Not only is N4G benefiting from the tricycles with improved transport and timely deliveries, but the individual farmers’ lives have also been greatly improved.

“The receipt of the Motor King tricycles is a relief to us,” a coordinator of one of the purchasing communities said. “It enables us to send our produce more easily from farm to warehouse. It has also enabled us to send sick people and pregnant women to nearby clinics.”

Thanks to USAID-FinGAP’s commitment to providing high quality business advisory services and access to finance the sounds of factory construction along the Tamale/Salaga Highway are now mixed with the sounds of more and more farmers on motorbikes as they deliver soybeans to N4G’s warehouse for processing.



Financing Facilitation Spurs Unprecedented Agribusiness Success

Supported by USAID-FinGAP, Solar Harvest and its outgrowers begin bountiful farming of rice and soy.



Center pivot irrigation positions Solar Harvest to become a major soy and rice agribusiness.



Collaboration with USAID-FinGAP unlocks the potential of Solar Harvest's farmland with financing for inputs and guaranteed buyers.

The new center pivot irrigation system stood poised over 200 ha of Solar Harvest's arid farmland in the Kumbungu District of Northern Ghana. Solar Harvest was a step ahead of other Ghanaian agribusinesses with its procurement of this year-round watering system and its ideal location near farming aggregation/warehousing points and transportation routes. Yet even with these advantages the irrigation system lay dormant: Solar Harvest could not buy the seeds, fertilizers and equipment that it needed to operate.

"Financing was the biggest challenge facing us," said Solar Harvest CEO Steinar Kolnes. "Banks do not understand agriculture financing, and there are very little funding opportunities available for agro inputs, like seeds and fertilizers, and equipment for farming activities like plowing, harrowing, and planting."

USAID-FinGAP encouraged Solar Harvest to take a holistic approach to its financing challenge. Understanding that banks consider agriculture too risky an investment, Solar Harvest mitigated its risk by finding guaranteed buyers for its outputs prior to harvest. Through the Project, Solar Harvest was able to connect with two key players for rice and soy, and as a result signed a local purchase order for all of its soy with soybean processor Vestor Oil Mills Ltd., and entered into negotiations with large-scale rice producer AVNASH Industries.

Having secured its buyers, Solar Harvest was in a much stronger position to approach potential financing partners. USAID-FinGAP introductions led Solar Harvest to obtain a US \$103,000 working capital loan with suitable financing terms from Ecobank Ghana and a US \$5,000 supplier's credit from Ganorama Agro Chemicals.

"The linkage to the soybean and rice markets was very useful for securing a buyer before planting started," Kolnes said. "The local purchase order we got from Vester Oil Mills Ltd. facilitated the acquisition of the loan from Ecobank Ghana. The financing intermediary saw it as a guaranteed market that would enable us to sell our goods and pay back the loan."

According to Kolnes, without the financing, Solar Harvest would not have been able to cultivate the land and support its 52 outgrowers with improved seeds, fertilizers, and equipment for land preparation. As a result, the October 2014 harvest was a success: crop output tripled over previous years' yields thanks to the higher quality inputs.

“Solar Harvest helped me make a lot more profit. This season I produced five bags of soybeans versus two bags before their intervention. I am very grateful.”



Zueba Musah, one of the many women outgrowers who benefited from improved inputs

“Now these outgrowers, who lacked the technical know-how, who had never seen planting equipment, now have access to them,” said Solar Harvest Production Manager Adam Awal. “We are seeing improved farming with much higher yields.”

“Solar Harvest helped me make a lot more profit,” Zueba Musah, one of the many women outgrowers who benefited from improved inputs, agreed. “This season I produced five bags of soybeans versus two bags before their intervention. I am very grateful.”

USAID-FinGAP offers a dual approach solution to agribusinesses like Solar Harvest. Providing business advisory services helps agribusinesses understand their financing options and develop loan applications. Training financial institutions’ on agricultural financing, and improving their relationships with producers and suppliers, completes the cycle.

USAID-FinGAP’s approach has helped Solar Harvest realize its vision. Originally founded as a biofuel company, Solar Harvest changed its focus in 2010 to become a leader in modern agricultural food production focused on rice and soy. The financing that it received with USAID-FinGAP support has made this possible. Solar Harvest’s center pivot irrigation system now runs regularly, watering acres of rice and soy and allowing the firm to respond to Ghana’s increasing food supply needs.