



USAID | **GHANA**
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QUARTERLY PROGRESS REPORT #6 (JANUARY-MARCH 2015)

FINANCING GHANAIAN AGRICULTURE PROJECT
(USAID-FinGAP)

APRIL 2015

This publication was produced for review by the United States Agency for International Development/Ghana mission by CARANA Corporation.

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ACRONYMS & ABBREVIATIONS

AOD	Agribusiness Opportunities Development (Unit)
ATT	Agricultural Technology Transfer (Project)
BAS	Business Advisory Services
CCC	Collaborative Circle of Chiefs of Party
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 Market
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

Quarter Two of USAID-FinGAP's second year kicked off with the release of incentive grants to 14 financial institutions (FIs) committed to stepping up their agribusiness financing. Under this grant scheme, Barclay's Bank financed US\$2,059,109 in loans—a majority of the Project's total financing facilitated this quarter (US\$ 3,679,496)—to two USAID-FinGAP Small, Medium, Including Large Enterprises (SMiLEs). To date, USAID-FinGAP has facilitated US\$ 13,103,340 in financing to agribusinesses, and has met 73% of the project's target for year two.

The BAS market targeted towards agriculture has been established and is actively sourcing deals throughout Ghana's north. The network is evolving dynamically, with BAS providers beginning to specialize in specific aspects of BAS, such as D&L's focus on obtaining expanded capital for rural banks and microfinance institutions, TMI's focus on equity financing, and MEL's focus on women-led SMiLEs. More than 42 SMiLEs are benefitting directly from BAS, and many are reporting high levels of satisfaction with these services. In the words of Farmer's Hope (an organic fertilizer company) on Growth Mosaic's support to his firm, "I wouldn't be where I am today without [Growth Mosaic]. He has been with me all the way, and we have so much further to go."

USAID-FinGAP continued to build momentum for agribusiness financing in Ghana's North through two mini-summits it held in Kumasi and Techiman. These events targeted agribusinesses operating at critical points of the target value chains—such as planting and harvesting—which are often overlooked by FIs due to their small-scale financing needs. As many of these businesses are women-owned and operated, USAID-FinGAP's mini-summits were used as a platform to expand the project's support to women, and generate linkages between these women, BAS providers, and FIs.

Simultaneously, as the project looked toward smaller transactions, it also broadened the spectrum of deal sizes it supports through a renewed focus on larger-ticket Public-Private Partnerships (PPPs). BAS capacity building efforts continued this quarter with a training on structuring PPP investments in agribusiness to encourage BAS Providers to consider linkages among value chain actors when structuring deals. The Project also delivered several joint trainings on loan portfolio management and credit risk to BAS Providers and FIs.

Although the macro environment remains a concern (with T-bills crowding out lending, and high interest rates persisting) and numerous agribusiness deals in the project pipeline remain on the desks of PFIs awaiting approval, USAID-FinGAP is seeing some early signs that PFIs supported by the program are more receptive to agribusiness lending since the inception of the project. As per USAID, PFIs are conducting more frequent outreach to SMiLEs at FtF sponsored events, BAS providers (such as IESO) report more receptivity among banks to their lending proposals than before, and the larger PFIs (e.g. Barclays, Fidelity) are actively positioning themselves to be leaders in the agribusiness market.

The project continues to develop creative ways to deal with the challenging macroeconomic environment. USAID-FinGAP is actively seeking alternative ways to generate capital for SMiLEs and rural banks at preferential interest rates. Technical assistance to the SEC will pave the way for improvements among SMiLEs to raise capital at more competitive rates on the alternative stock exchange, the team raised \$3 million from Danida to lend to SASL at 25% interest rate (lower than the rate they would receive from commercial banks), and the team expanding its network with international investors interested in making investments in SMiLEs—investments that could potentially be backed by DCA guarantees.

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 BAS Providers and participating financial intermediaries (PFIs) servicing the agriculture sector.

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 deploys demand-driven TA to support the implementation of this plan, primarily targeted at: a) strengthening financial sector infrastructure; and b) encouraging development finance and supporting SMiLE access to finance. TA provided under the PFG umbrella will support USAID-FinGAP's broader, technical objective of providing 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.

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 agribusinesses.

USAID-FINGAP QUARTER 2 ACTIVITIES (JAN-MARCH 2015)

Activity	Time- line	Responsible Parties
Component 1: AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
Re-brand the IMS	Nov 2014 - Jan 2015	AOD, M&E and Communications
Training of BAS providers, PFIs and SMiLE to use fully functional IMS	Nov 2014 - Sep 2015	AOD Unit
Implement IMS launch activities, including presentations at forums and events	Nov 2014 – Sept 2015	AOD Unit, M&E Manager, Communications Specialist
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
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
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
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
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, Communications
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
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

ACTIVITIES ACCOMPLISHED

COMPONENT I: AGRIBUSINESS OPPORTUNITIES DEVELOPMENT UNIT

CONTEXT AND OVERALL APPROACH

Rice, maize and soy are critical crops to Ghana's food security and poverty reduction efforts. USAID-FinGAP's AOD Unit focuses on increasing financing to these value chains with the view to improve food security and reduce poverty in Ghana's North. The AOD Unit, through its network of BAS Providers, identifies and facilitates transformative investment opportunities in the target value chains. To achieve its mandate of increasing financing for SMiLEs, the AOD Unit orients its work to three interrelated tasks:

- **Task 1: Private Sector Engagement/ Market Chain Linkages** aims to leverage the resources and credibility of anchor strategic partners to integrate smallholders and small aggregators into their supply chains by developing partnerships with strategic investors and value chain actors, creating platforms for deploying financing along the value chains.
- **Task 2: Project Development via BAS Providers** involves developing and stimulating a viable BAS ecosystem where full life-cycle services are demanded by agribusinesses.
- **Task 3: Business Performance Improvement** works with BAS Providers to support agribusinesses seeking financing to increase their viability, sustainability and impact through commercialization. The AOD unit also deepens links between BAS Providers and value chain networks and alliances.

TASK 1 ACTIVITIES – PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

RE-BRAND THE IMS

To better attract and keep Investment Mapping System (IMS) users, USAID-FinGAP is developing a new brand for the tool, which clearly conveys the IMS' promise of value to target users—including investors, project promoters and entrepreneurs—and ensures that value is maintained in the way the product is developed and refined. In Q2 the project began developing a product demonstration video which articulates the uses and value of the IMS and implemented an additional series of modifications to the system to improve its functionality based on user feedback.

Results

In Q2 the project contracted a graphic design firm to develop the IMS product demonstration video, and began developing and storyboarding the video content. The project is developing three separate versions of the video suited for various audiences and purposes. A quick stylized introductory video, which is designed to be shown at agricultural conferences and events, provides the viewer with a basic understanding of the tool and conveys its usefulness. A longer tutorial video is being developed for audiences that are more familiar with the tool and seek a deeper understanding of its functionalities. A third full length video is being developed which sells the product to potential users and details how it

works. This video is designed for smaller, more captive audiences, such as BAS providers, with little knowledge of the product but who have a vested interest in using it. These videos will be completed in Q3, and will be accessible on the project's forthcoming investment promotion website.

A number of modifications were made to the IMS in Q2 based on feedback provided by current and potential users. These included the addition of a soil fertility map overlay that enables users to view the various types of soils prevalent in each district, a search function, and a distance measurement tool that enables investors to calculate the proximity of their proposed investment from relevant infrastructure or value chain partners. Users are also now able to toggle between satellite and map views. In addition, an off-line version of the map was developed in order to enable the project to present the tool at conferences and events with limited internet connectivity, and thereby expand the reach of communications efforts.

IMPLEMENT IMS LAUNCH ACTIVITIES, INCLUDING PRESENTATION AT FORUMS AND EVENTS

Between January and March the IMS was presented to over 300 people, including 280 SMiLEs at the GCAP Investor Conference, 10 top-level staff of USAID/Ghana Economic Growth Office and 20 Directors of the Statistics Research and Information Directorate (SRID), and the Ghana Irrigation Development Authority (GIDA) of the Ministry of Food and Agriculture. The presentations emphasized the potential of the IMS' crowdsourcing feature to improve data collection and verification processes, and link MoFA's activities more directly to the agribusiness investment market.

The IMS was separately presented by CARANA Corporation at the annual "Cracking the Nut" conference in Lusaka, Zambia in March.¹ The presentation highlighted the crowdsourcing feature, which was finalized this quarter, as well as the IMS' various projection and information gathering features. The session was highlighted as one of the most interesting at the conference, with the tool was hailed as "an exciting use of 'big data' in development work"²

TRAINING OF BAS PROVIDERS, PFIS AND SMILES TO USE FULLY FUNCTIONAL IMS

Having incorporated 14 major modifications to the IMS this quarter, the Project is now positioned to train its key stakeholders (BAS Providers, FIs and SMiLEs) on the tool's full functionality. Training will begin after the tool's formal launch at the 2nd Annual Ghana Agribusiness Investment Summit on the 29th of April, 2015.

Trainings on the use of the IMS primarily target BAS Providers, PFIs and SMiLEs given their use of the tool to identify and forecast investments opportunities in the project's target value chains. Government organizations like GIPC, MOFA and its agencies and departments are the next tier targets, and USAID-FinGAP is actively training and orienting them to the tool as well. Earlier this year, the IMS was presented to staff of GIPC at the Ghana Investment Promotion Centre (GIPC) Expo organized by Deloitte Monitor. This quarter the IMS was presented to 20 staff of the Statistics Research and Information Directorate (SRID) and Ghana Irrigation Development Authority of MOFA, to encourage them to use the IMS' crowdsourcing feature to improve data collection and verification processes, and

¹ This travel was not billed to USAID-FinGAP.

² BEAM EXCHANGE: http://www.beamexchange.org/en/community/blogs/blog-entry/2015/3/18/ashleyaarons_agriculture/

link MoFA's activities more directly to the agribusiness investment market. Both GIPC and MOFA expressed interest in hosting the IMS when USAID-FinGAP ends. In addition to the technical capabilities of the hosting organization, such as server space, a major criterion is the host's ability to keep the information on the IMS up-to-date to make it relevant to users. The project will continue to consider these criteria as it identifies a permanent host for the IMS, and will continue to train all relevant stakeholders – including BAS Providers, PFIs, SMiLEs, and government agencies-on the tool's functionalities.

MONITOR IMS USAGE

USAID-FINGAP is closely monitoring IMS usage in order to evaluate the impact of marketing and communications activities. This quarter the IMS had 352 users with 1,330 page views, up from last quarter's 249 users with 990 page views. 59.7% were returning users and 40.3% were new, illustrating an improved ratio of returning to new visitors (last quarter: 61.6% return users, 38.4% new). The average visit time is 3.16 minutes. Though usage statistics improved this quarter, USAID-FinGAP will be expanding its marketing and communications efforts to ensure the upward trend continues. The rollout of the video product demonstration is anticipated to help in this regard. The project will also now be tracking feedback provided by users through a newly-integrated comment card on the interface.

IDENTIFY AND FACILITATE THE DEVELOPMENT OF PUBLIC PRIVATE PARTNERSHIPS

USAID-FinGAP has refocused its efforts on developing strategic anchor partnerships and alliances that can deliver farmers and aggregators' access to market and improve value chain competitiveness, and linking these private sector alliances with donor and public resources through mutually beneficial public-private partnerships (PPPs).

In Q2, in line with the project's 'light touch approach,' USAID-FinGAP implemented activities to build the capacity of BAS providers to fulfil this partnership origination function. CARANA's President delivered a training on identifying and facilitating PPP investments in agriculture to 29 individuals from 22 firms. Trainees were guided through the process of identifying, structuring and implementing a PPP by recognizing strong financing sources and opportunities to leverage capital. Further details are provided under Task 3.

USAID-FinGAP also assisted partner Savannah Ecological Development Authority (SADA) to develop a booklet profiling agribusiness investment opportunities in 53 out of 63 Savannah Ecological Zone districts. The booklet was released at SADA's Business and Investment Forum in Tamale, in March, and is being used as a guide for BAS Providers to facilitate PPP investments.

“The booklet [SADA Districts' Agribusiness Investment Opportunities] is fantastic! When I first saw it, I was very surprised our district investment opportunities were being promoted. My only regret is that only 4 out of 8 Brong Ahafo districts in the SADA Zone were profiled. I will report to my Regional Minister to get the other districts to send their profiles.” *Hon. Justice Samuel Adjei, Deputy Regional Minister, Brong Ahafo, SABIF 2015.*

TASK 2 ACTIVITIES – PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL PREPARATION

EVALUATE EXISTING PERFORMANCE- INCENTIVE STRUCTURES

This quarter USAID-FinGAP's BAS Provider performance-incentive structure reached its one year anniversary, triggering a review for possible improvements. Under the current structure BAS Providers

receive small performance-based subsidies upon reaching milestones tied to assisting SMiLEs to gain access to credit.

Results

USAID-FinGAP has successfully established a BAS market targeted towards agriculture, that is actively sourcing deals throughout Ghana's north. As of the end of March, a total of 62 client engagement letters have been signed between 22 BAS providers and 23 SMiLEs. About half of these deals have reached the second milestone of loan application submission, and about a third of those deals have actually been financed. As of the end of this quarter, the leverage ratio between financing facilitated by BAS Providers and subsidies paid by USAID-FinGAP is significant, at around 20:1.

Yet delays at the loan approval and disbursement stages have prevented many BAS Providers from invoicing on their third and final deliverable (the release of financing). Further analysis revealed that smaller transactions received relatively higher percentages in subsidy payments at the second milestone than larger transactions. In addition, the project surmised that the incentive structure was not sufficiently back-loaded to encourage BAS providers to reach the final stage of their subcontract.

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

Based on the findings discussed above, USAID-FinGAP developed an adjusted incentive structure to come into effect on a rolling basis, as the current BAS Provider subcontracts reach the end of their base period. Most base periods will expire in Year Two. Under the new structure, the third and final milestone is heavily weighted to stimulate BAS Providers to bring deals—large and small—to the disbursement stage. Other incentives are also provided to encourage BAS Providers to reach disbursement, such as 'bonuses' for efficiency of approval and disbursement as well as size (\$3M and above).

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

USAID-FinGAP assessed SMiLEs in the target value chains with small financing needs in order to better serve this market segment with financial facilitation services, and expand the spectrum of deal sizes in the project's pipeline. Subsequent activities have enabled the project to reach a new segment of the value chain that is the main link between producers in northern Ghana and retailers/final consumers in middle and southern Ghana. It has also allowed the project to reach more female-led agribusinesses.

Results

The Project found that financing needs are particularly high among women active in aggregation, distribution, retail and small-scale processing businesses. Women surveyed primarily require financing for working capital, constructing storage facilities and acquiring small equipment for processing. Many of these women have not taken the first critical step of registering their business in order to access finance—even if they have been in business for several years.

The Project also found that producers often lack access to equipment such as tractors, tillers, and planters, as well as post-harvest equipment such as harvesters, shellers, dryers and trucks. Finance for constructing storage facilities was also in high demand.

Following the assessment, the Project took steps this quarter to prioritize smaller transactions, culminating in two mini agribusinesses summits in Kumasi and Techiman. Nearly 90% of the SMiLEs that

attended the Summits were seeking to access small credit facilities to expand their respective agribusinesses. These SMiLEs were linked to 17 BAS Providers and 27 FIs, specifically targeted by USAID-FinGAP based on their willingness to finance smaller deals. The FIs were invited to present their financial products at the event and describe the relevance to attending agribusinesses, a unique opportunity for most FIs to gain access to a wide spectrum of clientele at the critical base of the economic pyramid.

CONDUCT OUTREACH TO ENCOURAGE MORE FEMALE BAS PROVIDERS

USAID-FinGAP added an additional female-led BAS Provider (MEL Consult) to its network. Following the mini-summit in Kumasi, MEL Consult began assembling local women groups to organize financial facilitation strategies. MEL has since submitted 15 engagement letters for financing deals with these groups, which will also receive assistance to regularize their business. The Project reaches candidates through its existing BAS Provider network and other USAID IPs, however, it has found that many female consultants tailor their services to social sectors such as child protection, education, nutrition and health.

ISSUE TENDER FOCUSED ON TRANSACTIONS OF SMALLER SIZE

As 17 of the Project's 41 BAS Providers showed a keen interest in facilitating small deals, USAID-FinGAP opted to leverage its network rather than release a tender this quarter. Currently 55 SMiLEs and groups of traders who attended the Kumasi and Techiman Summits have engaged 6 BAS Providers to facilitate financing.

TASK 3 ACTIVITIES – BUSINESS PERFORMANCE IMPROVEMENT

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

The Project was heavily engaged with its BAS Provider network this quarter through trainings and mini-summits, therefore a quarterly workshop was not considered necessary. Workshops will resume next quarter in tandem with an environmental review training in early April. The workshop is expected to address concerns around approval and disbursement delays. Discussion in this training will also touch on the effective use of credit guarantees and crop insurance as risk mitigation tools.

DEVELOP INTERACTIVE BAS SEARCH ENGINE AND UPLOAD BAS PROFILES TO INVESTMENT PROMOTION WEBSITE

USAID-FinGAP's investment promotion website will include a search engine for Project-vetted BAS Providers, financial institutions, and agribusinesses. This quarter, the Project released a solicitation for this website, and will be issuing an award and developing web content in the third quarter.

COLLECT TESTIMONIALS FROM CLIENT SMILES ON BAS PROVIDERS

More than 42 SMiLEs are benefitting directly from BAS, and many are reporting high levels of satisfaction with these services. In the words of Farmer's Hope, an organic fertilizer company, on Growth Mosaiac's support to his firm, "I wouldn't be where I am today without (Growth Mosaiac). He has been with me all the way, and we have so much further to go." USAID-FinGAP is collecting client testimonials from agribusinesses like Farmers Hope, which will be shared on the Project's investment promotion website, and serve as a valuable resource for SMiLEs looking for services and a helpful marketing tool for BAS providers. Two such testimonials are included in the text box below.

Client testimonial from Arima Farms on Pinnacle Development Alternatives (PDA):

It would have been very difficult for us to settle in without the support of the USAID–FinGAP BAS provider (Pinnacle Development Alternatives)...When we started the project design, he immediately got into it and understood what we wanted to be done. He has proved to be very good at what he does and works even at odd hours including weekends to ensure that tasks are achieved. He made it easier for us to formalize the project in Ghana. Technically, he helped us to get into the whole project and to understand it from the Ghanaian perspective.

We felt he was part of the team and didn't consider him as an outsider. We feel he has given more than we have rewarded him for his work but the right time would come. We would be willing to work with him even after USAID-FinGAP is no more because of his dedication. - Manikam Saalai, Arima Farms Ltd.

Client testimonial from EDEM Service Limited on DAB Consult:

The Management of Edem Services would like to express our profound gratitude and appreciation to DAB Consult Limited for the excellent manner it assisted Edems Service Limited to access funding (credit facility) from Ideal Finance Limited which is being disbursed in tranches. Though, the process was rigorous coupled with some frustrations, DAB Consult truly demonstrated a high sense of professionalism in the entire process, we appreciate the quick and calm response to our calls, diligence and transparency throughout the entire process with us. The entire process was very participatory and we were fully involved in every step in securing funds. As a result, our capacity has been built in the process to be able to effectively engage with finance houses in the future.

The fund raised has enable us to start buying products from the farmers especially women groups hence farmers now have money in their pocket to take care of their household needs as well as continue their farming activities. Our business has also been put on a sustainability trajectory.

The project's BAS network is evolving dynamically, with BAS providers beginning to specialize in specific aspects of BAS services, such as D&L's focus on obtaining expanded capital for rural banks and microfinance institutions, TMI's focus on equity financing vs. debt, and MEL's focusing on women-led SMiLEs. BAS provider Growth Mosaic is considering raising international capital to make an equity investment in one of his supported SMiLE firms given the challenges in finding appropriate financing.

DEVELOP CAPACITY BUILDING PLANS USING OCAT RESULTS

USAID-FinGAP continues to use the results of the Organizational Capacity Assessment Tool (OCAT) assessment completed in Year One to prioritize BAS capacity building areas. Priority skill development needs including facilitating equity investment, deal identification, marketing and networking have been addressed through trainings on equity investment facilitation (last quarter), and establishing PPPs (this quarter, discussed below). Skills in marketing and networking are regularly shaped through various Project trainings and events.



BAS Providers at the PPP and Deal Identification Training

HOLD TRAININGS ON STRATEGIC INVESTMENT IDENTIFICATION

Responding to demand, the Project developed a curriculum to enhance its BAS Providers' skills in identifying and developing large ticket deals and creating PPPs. CARANA's President accordingly delivered a training for 29 BAS Providers (26M, 3F) representing 22 firms in March. This training stressed the value of incorporating all value chain actors into SMiLE business processes by leveraging relevant concepts and trends, actors and motivators, and strategic BAS inputs to structure a PPP. With new insight on the importance of considering the production and the market systems at each end of a value chain, BAS Providers are now better positioned to facilitate larger deals and achieve at least 25 PPP over USAID-FinGAP's five-year life

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

With a heavy activity load for BAS providers this quarter, including 2 mini summits, the GCAP Investment Conference, SADA Business and Investment Summit, as well as the ATT/ADVANCE II Conference, USAID-FinGAP decided to move this training to Q3 and instead hold the training on investment identification/PPP development. The latter was deemed more critical and time-sensitive, given the pressing need to scale deal pipeline in order to meet the project's investment targets.

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

This quarter select BAS providers participated in USAID-FinGAP's "Agricultural Credit Risk and Loan Portfolio Management" trainings held in Accra and Tamale. Nineteen of the total 84 participants at both trainings were BAS provider representatives, with the rest consisting of PFIs and other IPs. The training helped BAS providers better understand credit risks and how to manage them. As a representative from Tradeline Consult put it, "the training will help me to support my staff to increase their due diligence and risk assessment before packaging a product to the PFIs." More information on this training is included under Task 4.

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

USAID-FinGAP invited its BAS Providers to present at the joint ATT/ADVANCE Pre-Season event, "Smart Technologies for Increased Productivity," in Tamale on March 26, 2015. Approximately 700 smallholder farmers and owners of small agribusinesses attended the event. Nine of USAID-FinGAP's BAS Providers took advantage of this opportunity, engaging with over 60 SMiLEs to address their financial facilitation needs.

HOST SMILE, BAS AND PFI MINI SUMMITS TO EXPAND PIPELINE OF INVESTABLE DEALS

As indicated in above sections, USAID-FinGAP held two mini agribusiness investment summits in Kumasi and Techiman in February and March, respectively, in order to catalyze FI investments to predominantly women-owned agribusinesses in the rice, maize and soy value chains.

Results

The Kumasi Agribusiness Investment Summit held on 4 February 2015, was attended by over 180 participants (including 86 female-owned businesses) representing poultry and pig farmers, aggregators, and millers and traders of rice, maize and soy who source their produce from the three Northern

regions. Fourteen FIs (48 representatives) as well as 12 Business Advisory Service (BAS) Providers (15 representatives) attended. After presentation on agribusiness financial products business advisory services, FIs and BAS Providers reviewed SMiLEs' specific financing requests over approximately 100 one-on-one business to business meetings (B2B) meetings were held.



Left: Staff of UT Bank interacting with women traders during B-2-B session at Kumasi Agribusiness Investment Summit. Right: Participants at the Kumasi Agribusiness Summit.

The Techiman Agribusiness Investment Summit held on 2 March 2015, was attended by 183 individuals, including 130 local SMiLEs and trader groups, 13 FIs, and 5 BAS Providers. Sixty-nine of the businesses represented were female-owned. As with the Kumasi mini-summit, B2B meetings between potential clients and banks were the highlight of the event. One commercial bank manager observed, “If I sit in my banking hall I will not get to understand the needs of agribusiness customers. [The Summit] allowed us to meet various actors in the rice, maize and soy value chains to understand their needs in order to be able to better serve them.” A member of the Techiman Maize Traders Co-operative Association provided complementary feedback: “I deal with so many banks, but have never had the opportunity to discuss my need for a loan with them directly. Today at this summit, I have been able to discuss my loan request with my bank and the manager says they can finance my business. I need to follow-up at the [bank] office.”

BAS Providers have aggregated these SMiLEs into groups in order to provide capacity building assistance and help them access financing. Arrangements are also being made for BAS Providers to facilitate agribusiness' formal registration with the Registrar's General Department, thus improving their access to credit. As a result of the mini-summits, attending SMiLEs have signed 55 engagement letters with BAS providers to seek approximately US\$14.5M in investments. The FIs are waiting for the SMiLEs' requisite documentation via the BAS Providers in order to proceed with the loan processes.

While the two mini-summits were targeting small financing deals under \$50,000, a few medium-scale deals (up to US\$ 500,000) were also



B2B meetings are at the heart of the USAID-FinGAP Agribusiness Summits. Here, a BAS Provider is listening to two agribusiness traders.

identified. Solutions Consulting Limited, a Project BAS Provider, identified such a deal during the Kumasi mini-summit and closed it during this quarter. Solutions Consulting also assisted Akate Farms, a poultry enterprise, to receive US\$1,478,495 from Barclays Bank as working capital to procure maize and soy to process into poultry feed.

USAID-FinGAP is actively tracking the progress of deals that originated at the mini-summits by making regular calls and checks with stakeholders to get status updates on loan application submissions, and to provide support to BAS and SMiLEs to push deals forward.

COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

CONTEXT AND OVERALL APPROACH

The fact that bank lending to Ghana's agricultural sector has remained at about 5% over the last three years indicates a wide disconnect between banks' financing and agribusiness need. Agribusinesses usually require working capital in time to meet their seasonal cycles, and medium to long-term capital for growth and equipment purchases, but they have little or no collateral to obtain this financing. Meanwhile, FIs that provide financing have little or no understanding of the agribusiness sector, demanding high collateral requirements and higher interest rates with a short repayment tenor.

USAID-FinGAP's FSS Unit is addressing this market failure through two activity areas:

- **Task 4: Financial Sector Capacity Building** to help FIs undertake agriculture-related investments through trainings, technical assistance and new product development specific to agriculture.
- **Task 5: Small Grants Facility** to incentivize financing through a grants program and encourage 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. The FSS Unit is driving the Project's grants incentive scheme 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.

Additionally, the FSS Unit responds to the USG's and the GoG's Partnership for Growth (PFG) financial sector initiatives which aims to improve overall conditions of access to credit for SMiLEs.

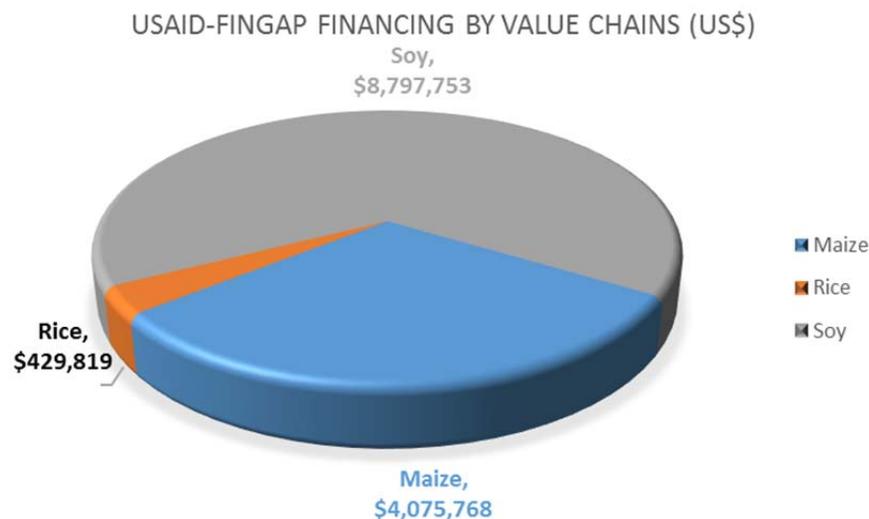
TASK 4 ACTIVITIES – FINANCIAL SECTOR CAPACITY BUILDING

FINANCING FACILITATED

USAID-FinGAP facilitated US\$ 3,679,496 in agricultural loans and equity investments this quarter, through both BAS Providers and PFI grantees. To date, the Project has facilitated s US\$ 13,303,340, and is on target to meet its goal of \$75M over the five-year LOP. Key financed deals are highlighted below:

- **Barclays Bank released a total of US\$2,056,452 to 2 SMiLEs, a poultry feed distributor and a poultry farmer, under the USAID-FinGAP grant incentive.** The poultry distributor received US\$577,957 as working capital for procurement of soy-based poultry feed, while the poultry farmer received US\$1,478, 495 as working capital to procure maize and soy to process into poultry feed.

- **Tumu Cooperative Credit Union (TCCU), also a Project grantee, released a total of US\$ 149,708 to two farmer-based organizations: Luchudungo and Kanyiriweri groups.** Luchudungo Group, a network of 14 farmers, received US\$ 64,522 to finance eight reconditioned tractors for eight maize farmers in the Sissala East District, as well as a maize sheller enabling farmers to conduct preliminary processing to improve the value of their sales. Kanyirweri Group, a network of 15 farmers, received US\$ 85,186 as working capital to procure inputs for maize production.
- **Sinapi Aba Savings and Loan made 15 tractor loans worth US\$447,393 to SMiLEs in the rice, maize and soy value chains.** The loans were made thanks to a relationship brokered by USAID-FinGAP between John Deere’s primary distributor in Ghana (AFGRI) and Sinapi Aba Savings and Loans, under which financing deals for John Deere equipment are channeled to these PFIs. John Deere covers 2-4 points of the interest rate charged by the PFI to the bank client, and offers training and equipment warranties for the life of the loan. On the back end, USAID-FinGAP staff provided technical assistance to Sinapi Aba in the fall of 2014 to develop a new product to finance John Deere tractors, and to obtain an infusion of capital (from DANIDA at 18%) to make loans. (See success story in Attachment I)
- **A soybean processing company received US\$94,533 from Root Capital as the final tranche of a US\$350,000 loan to invest in a soy oil refinery.** The refinery will enable the company to enter the domestic refined vegetable oil market which, in Ghana, is dominated by imports.
- **A maize processor received a total of US\$818,000, comprised of US\$160,000 of a matching grant from GCAP towards building capacity and expanding infrastructure on its farmland in Northern Ghana, and US\$658,000 from EDAIF through Fidelity Bank as the third tranche of financial support for its investment in a maize feed mill.** The feed mill will facilitate the roll-out of a poultry feed line, allowing the SMiLE to meet the processing demands of its expanding nucleus and outgrower maize farmer network.



SUPPORT GRANT IMPLEMENTATION WITH TRAINING AND CAPACITY BUILDING ASSISTANCE

This quarter, the Project provided trainings on Loan Portfolio Management (discussed below), and followed up with direct technical assistance to 5 PFI grantees in Accra and Tamale. The following PFIs received two days of demand-based TA, each, at their offices: UT Bank, Universal Merchant Bank, CARD FNGO, Bonzali Rural Bank and Sinapi Aba Savings and Loan.

Five other FIs (Zabzugu Rural Bank, Agricultural Development Bank, Fidelity Bank, Zenith Bank and First Capital Plus Bank) which do not have USAID-FinGAP grants but are active in agricultural value chain financing also received similar TA this quarter.

Results

A total of 21 staff in charge of credit, risk and agricultural financing at 10 PFIs met with USAID-FinGAP staff for additional training. The USAID-FinGAP team made the following observations:

- There is a general deficit of staff focusing on agriculture, especially in Tamale.
- Some banks which are committed to financing agriculture lack a strategy to implement this commitment.
- Some banks assign loans to desks for further processing based on its value, leading to processing confusion and delays with agricultural loan applications.
- Lack of knowledge of existing risk mitigation tools and organizations (EXIM and GAIP) prevents banks from leveraging these tools to reduce their risk.

The Project made the following commitments:

- Provide on-demand training to FI staff to increase capacity;
- Support FIs to develop agricultural lending policy to clarify lines between SMiLE and Agric Loans; and
- Link FIs with EXIM and GAIP.

EVALUATE THE IMPLEMENTATION OF GRANTS

14 PFIs signed incentive grants with USAID-FinGAP this quarter for a total value of US\$ 1,320,920, which will leverage an estimated US\$ 31,460,000 in incremental financing to SMiLEs.

Results

In Q2 Barclays Bank Ghana Ltd. met its first incremental financing target, with US\$ 2,056,451 in working capital advanced to two SMiLEs. At the writing this report, 9 PFI grantees had reported over \$31M in their pipelines, which they expect to invoice for in the coming months. Several grantees are close to 20% of their incremental financing target – just 5% away from invoicing. The project is rigorously tracking all disbursements, and has designed reporting forms the PFIs are required update monthly.

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

Subsequent to the award of incentive grants to 14 PFI in December 2014, USAID-FinGAP organized Grantee Award Orientation Programs in Accra and Tamale between January and February 2015.

Results

Twenty staff from the 14 FI grantees attended the Accra and Tamale orientation programs which reviewed terms and conditions of the incentive grant, including grant deliverables, payment procedures,

environmental compliance, the investment scoring matrix, branding and marking, and monitoring and evaluation of financing facilitated under the grants. EDAIF, GAIP, and Eximguaranty also made presentations encouraging FIs to provide low-cost financing (through EDAIF) and utilize risk mitigation tools (through GAIP and Exim)

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

USAID-FinGAP designed and delivered a training on Loan Portfolio Management and Loan Appraisal with subcontractor Connexus in Tamale (February 17-18) and Accra (February 23-24). The training aimed to build capacity to maintain loan portfolio quality, utilize new tools for agricultural loan assessments, perform due diligence, diversify portfolios, and better manage delinquencies and restructurings for repayments.

“I have learnt various risk mitigation measures which will benefit me in my credit analysis. Ecobank Ghana’s focus on the value chain lending has also been re-emphasized as the best way to finance Agribusinesses in this training. Going forward, we will continue to do Value Chain Financing but try to increase our lending to primary producers by leveraging on relationships along the value chain.”

Wilma Dodd (Ecobank Ghana Limited).

Results

A total of 84 participants from 51 PFIs, BAS and IPs attended the “Agricultural Credit Risk and Loan Portfolio Management” trainings this quarter. The Accra training was attended by 40 participants (26 males, 14 females) comprising 26 from FIs, 9 from BAS Providers and 5 from USAID IPs. The Tamale event was attended by 44 participants (36 males, 8 females) coming from 27 institutions: 26 from FIs, 10 from BAS Providers and 8 from USAID IPs.

DELIVER DEMAND-DRIVEN INSTITUTION SPECIFIC TRAININGS

UT Bank, Stanbic Bank and First Capital Plus approached USAID-FinGAP during the first quarter to develop customized trainings for their staff. This quarter the Project presented these banks with a list of training topics to select from based on their skill gaps in agricultural credit management. At the end of the quarter, only Stanbic Bank had indicated a desire to train 82 junior, middle and senior staff in agricultural financing. This is expected to take place over the next two quarters.

SUPPORT PFIS TO DEVELOP NEW PRODUCTS

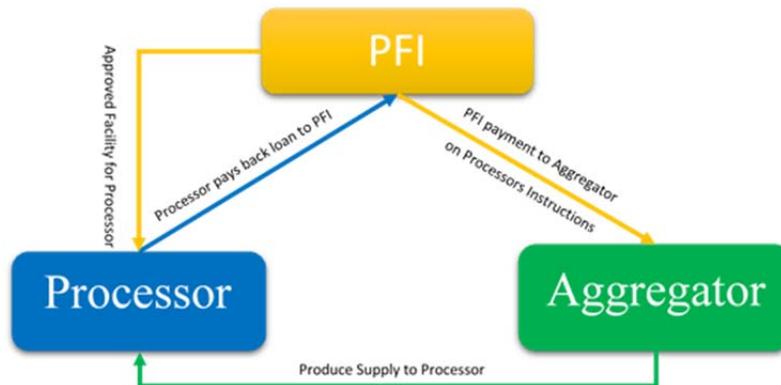
USAID-FinGAP has assisted two FIs to develop new products and repackage existing products to meet SMiLEs’ financial needs.

Results

Zenith Bank developed a Tripartite Financing Model with USAID-FinGAP support, linking aggregators and processors to FIs to facilitate and recover credit released. A Financing Futures Model was also developed for Zenith Bank (Tamale Branch) and CARD FNGO to improve the recovery prospects of in-kind facilities advanced to smallholder farmers.

Under the scheme, funds approved for the processors (e.g., Avnash Limited) are not given to them directly. The aggregator supplies produce to the processor who upon the validation of quality and quantity instructs the FI to pay the aggregator directly. This minimizes the possibility of diversion of funds by the processors thereby enhancing repayment prospects.

In addition, the FIs would seek to open bank accounts for unbanked aggregators, thus encouraging financial inclusion. The diagram below portrays this relationship.



CARD FNGO is an FI that operates a cashless financing model where inputs are supplied to small holder farmers at the beginning of the planting season to be paid back at the end of the season with produce. With TA from USAID-FinGAP, the FI projects future cash flows to pre-determine the viability (or otherwise) of their operations. Under their old scheme, the quantity of produce to be returned was fixed irrespective of future cash considerations – a situation which sometimes resulted in losses to the FI. The scheme provides the additional benefit of enabling the FI to determine when to sell produce by using its cash flow assumptions as a guide. This season, CARD FNGO plans to support 10,000 small holder farmers under this scheme.

ASSESS THE IMPACT OF THE TRAINING FACILITATED FOR THE PFIS

USAID-FinGAP has developed a questionnaire to assess training impact on PFIs. In the next quarter, the training impact assessment questionnaire will be distributed for evaluations and to uncover any other financing to USAID-FinGAP SMiLEs that was previously unreported.

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

This quarter the Project formally released a grant to Exim guaranty Ghana Ltd. (Exim) to partially cover the cost of credit guarantee premiums for rice, maize and soy agribusinesses. USAID-FinGAP also hosted a monitoring and marketing mission from USAID/DCA and the USAID/Ghana field office.

Grant Awarded to Exim guaranty Ghana

USAID-FinGAP awarded a grant of up to the US\$ 500,000 to EXIM to subsidize the cost of credit guarantee fees on loans from FIs to agribusinesses in the rice, maize and soy value chains. With this agreement, EXIM has reduced its credit guarantee fees from 5.5% to 4.5% for



Signing Ceremony of the EXIM Grant (L-R): Priscilla Budu Head, Admin/Legal, and Zac Bentum, Managing Director, Exim guaranty and Rick Dvorin, COP, and Stephen Awuah, Grants Manager, USAID-FinGAP.

agribusinesses in the Project's VCs. USAID-FinGAP's grant will be used to pay half of the 4.5% credit guarantee fee required by the FIs when a loan is provided to an agribusiness. EXIM guarantees up to 75% on the loan. As discussed above, USAID-FinGAP has been actively supporting EXIM to promote this product to SMiLEs and BAS Providers.

Support to Ghana Agricultural Insurance Pool (GAIP)

In March 2015, GAIP, a grantee, presented its crop, weather, and multi-peril insurance products at the Pre-Season Event in Tamale. Many in the audience were surprised that these insurance products existed and affirmed that risk mitigation tools carry great value for agribusinesses, either directly or through the FIs from which they seek financing. GAIP reached over 300 prospective clients at various farming zones this quarter, including 165 nucleus farmers, 112 smallholder farmers, 28 NGOs and 25 banks.

Development Credit Authority (DCA)

In early March 2015, USAID-FinGAP organized and hosted the monitoring and marketing mission of three members of USAID/DCA Washington team in Ghana. The mission reviewed existing DCA partner banks in Ghana: UT Bank, Ecobank, Sinapi Aba, ProCredit/Fidelity Bank. With Sinapi Aba, USAID-FinGAP is advocating that DCA Washington increase its lending threshold from US\$50,000 to US\$200,000. ProCredit/Fidelity Bank already has an existing DCA facility in health, however USAID-FinGAP is pursuing a DCA facility in agriculture.

The mission explored new DCA product lines with Universal Merchant Bank (UMB), Ghana Grains Council, Databank, Injaro and First Allied Savings and Loans. The mission also explored arrangements with EXIM and GAIP to complement their respective guarantee covers. In addition, USAID-FinGAP and DCA looked into loan portfolio guarantee arrangements with four project-supported SMiLEs.

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

This quarter, USAID-FinGAP undertook the following activities to support GoG institutions as well as financial sector regulators in improving access to finance and strengthening Ghana's financial systems under the Partnership for Growth (PFG) Joint Country Action Plan (JCAP).

Small and Medium Sized Enterprises Framework for Ghana

In furtherance of the JCAP, PFG Goal 5, to Support SME Access to Finance, the GoG called for a meeting in February 2015 with PFG stakeholders to discuss the "SME Support Services Strategy (2015-2020)" report produced by USAID-FinGAP STTA for the PFG-SME Task Force, in order to produce an SME Strategy to guide the GOG in developing effective ways to enhance their support infrastructure.

The meeting resulting in the following discussion points and recommendations to move the SME Framework ahead in Ghana:

- Creation of an apex body/coordinating authority to manage funds that come from all sources to be accessed by the SMEs and utilized judiciously.
- Separating the implementation of the Report's Strategy into phases, i.e., Phase 1, setting up the coordinating body; Phase 2, funding for the body; and Phase 3, implementation.
- To build the capacity of both the SMEs and trainers of the SMEs, e.g., capacity building on how to use the credit acquired and to respect rules of contracts.
- Value-added services and business advisory services should be incorporated in the strategy.

- Any SME fund or Bank that might be set up should consider sustainability.

A date has not been set for the next PFG-SME Task Force meeting, or decisions made for the next steps. Meanwhile, USAID-FinGAP remains committed and stands by for assistance to this SME Task Force within the Access to Finance component of the PFG.

Assistance to the Securities and Exchange Commission Ghana

Furthering Goal 2, Strengthening the Financial Sector Regulation and Supervision, of the PFG JCAP Access to Finance component, USAID-FinGAP engaged a capital markets expert to assist the SEC Ghana in improving its capacity, regulation, and enforcement with regard to FIs' risk-based supervision and anti-money laundering. The consultant will produce a manual presenting an interactive process with the Exchanges and Markets Department, and Audit, Risk Management and AML Departments of the SEC. The consultant's SOW calls for three trips to Ghana over the remainder of Year Two to conclude the assignment.

TASK 5 ACTIVITIES- SMALL GRANTS FACILITY

ISSUE RFAS & GRANTS FOR FIS

As described under Task 4, the small grants facility was utilized this quarter to release payment to one of 14 FI grantees who has reached their first incremental financing target of US\$ 2,056,451, which it advanced two SMiLEs.

ISSUE/ADVERTISE RFPS & SUBSIDIES TO BAS PROVIDERS

In the second quarter, USAID-FinGAP released grant subsidies to 10 BAS Providers for their work facilitating 23 SMiLE transactions.

CROSS-CUTTING ISSUES

GENDER

This quarter USAID FinGAP actively sought to bolster its support to women-led agribusinesses.

USAID-FinGAP hosted a half-day workshop in March with USAID's Gender Advisor Krista Jacobs and Food Security Advisor Regina Eddy to advise Project staff on USAID's Women's Empowerment in Agriculture for Analysis (WEIA) tool; Ghana's baseline results per the WEIA; and strategies for using the tool to mainstream the Project's cross-cutting gender component.

It was found that women were more involved than the Project originally understood in aggregation, distribution, retail and small-scale processing activities for maize, rice and soy, and had relatively smaller financing needs (as compared to larger-scale endeavors) for working capital, procuring small equipment and the construction of warehouses. Besides the financing needs, it was observed that while most of the women had been in business for several years they had not formalized their businesses and were therefore unable to obtain loans. Although some patronized microfinance services for deposits they could not assess financing facilities due to lack of business registration and proper business documentation.

Based on this, one of USAID-FinGAP's female-led BAS Providers, MEL Consult, has organized the women-led SMiLEs into groups and is also working on formalizing their business by helping them register. Of the 55 engagement letters signed for approximately US\$14.5M as a direct result of the Kumasi and Techiman summits, 2/3 were signed with women-led SMiLEs.

Women-led enterprises are also very much benefiting from direct financing support via on-lending by nucleus farmers supported with financing (such as those affiliated with SASL). Women are highly visible in the rice marketing and processing segments of the rice value chain, and their incomes from rice sales are increasing thanks to improvements made in rice processors. The extent to which the project is impacting women through financing will be the subject of an analysis conducted by CARANA during the next quarter.

ENVIRONMENT

This quarter, USAID-FinGAP took steps to develop a Safer Use Action Plan (SUAP) in compliance with USAID's environmental policies on pesticide application in agribusinesses. The SUAP will be finalized and submitted in the third quarter. Also in the third quarter, the Project will deliver a comprehensive environmental training for all BAS Providers and PFIs to improve their ability to assess and mitigate the environmental impact of Project beneficiaries. These activities will ensure the Project's compliance with USAID Reg. 216.

COLLABORATION WITH FEED THE FUTURE IMPLEMENTING PARTNERS

GCAP INVESTOR CONFERENCE

In February, USAID-FinGAP collaborated with GCAP to organize a conference in Tamale for investors who intend to cultivate rice on GCAP's 10,000 hectare area located in the Nasia-Nabogo Valley in Ghana's Northern Region, supporting their rain-fed agriculture business. USAID-FinGAP provided contacts of its SMiLEs and BAS Providers to GCAP to be invited to the conference and also presented the IMS to approximately 280 SMiLEs, investors, and other stakeholders at investor conference in Tamale.

COLLABORATION WITH ADVANCE II

USAID-FinGAP continues to actively collaborate with other Feed the Future projects, serving as the "glue" that links these programs together. USAID-FinGAP and ADVANCE II have a fluid relationship, referring clients to each other, and collaborating on specific deals. The John Deere tractor loans facilitated this quarter via Sinapi Aba Savings and Loans (SASL) is one such example of this collaboration. ADVANCE II works with nucleus farmers, and trained many of these to develop business plans to provide essential services to small farmers on a profitable basis. USAID-FinGAP arranged for SASL to obtain \$3 million in new capital required to expand agribusiness lending, and helped design the tractor loans to be offered with preferential interest rates.

JOINT PROJECTS' IMPLEMENTATION IN NORTHERN VOLTA BY FTF IPS

The Economic Growth Director, although appreciative of the CCC's enthusiasm and collaborative efforts, recommended to move the joint project from the Northern Volta to a more populous region within FTF's ZOI to realize greater impact. The CCC is considering opportunities to implement its joint initiative accordingly.

PERFORMANCE INDICATORS (SUMMARY)

#	Indicator	Unit of Measure	Baseline	Y2 Q2 Achieved	Y2 Annual Target	Y2 Achieved	Annual Performance Achieved (in %)
1	Number of SMiLEs including farmers, receiving business development services from USG-assisted sources (S)	Number of enterprises	0	23	20	42	210%
2	Number of BAS providers trained in deal making and BAS in agriculture	Number of providers	0	25	25	30	120%
3	Number of SMiLEs paying fees for BAS	Number of enterprises	0	5	10	10	100%
4	4.5.2-30: Number of SMiLEs, including farmers, receiving USG assistance to access loans (S)	Number of enterprises	0	21	35	26	74%
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	39	45	57	127%
6	Total value of private capital deployed to targeted value chains by financial institutions with USG assistance	USD	\$0	\$3,679,496	\$12,000,000	\$8,738,778	73%
7	Number of successful investment opportunities (proposals) funded	Number of opportunities	0	18	7	22	314%
8	Value of agricultural and rural loans	USD	\$0	\$3,519,496	\$8,000,000	\$8,434,908	105%
9	Value of new private sector investments in the agriculture sector or food value chains leveraged by FTF implementation	USD	\$0	\$110,753	\$4,000,000	\$514,361	13%
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	N/A*	19,860,261.00	N/A*	N/A*
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance	Number of PFIs	0	22	5	23	460%
12	Number of grants disbursed / subsidy disbursed	Number of grants / Subsidy	0	30	30	60	200%
13	Number of public-private partnerships formed as a result of U.S. government assistance	Number of PPPs	0	0	7	16	229%
14	Financial recovery rates for agriculture sector	Percent	88%	N/A*	TBD	N/A*	N/A*
15	Value of agricultural loans by US government supported banks (on a percentage portfolio basis)	Percent	6%	N/A*	8%	N/A*	N/A*
16	Score, in percent, of combined areas of organizational capacity among U.S. government direct and indirect local implementing partners	Percent	73%	N/A**	N/A**	N/A**	N/A**

17	Number of new products offered by Fis (including DCAs)	Number of products	0	2	4	2	50%
18	Number of days of technical assistance in financial sector capacity provided to counterparts or stakeholders	Days (1 day = 8 hours)	0	24	850	109	13%
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	Number	0	0	3	0	0%
20	Number of financial institutions receiving U.S. government assistance in extending services to micro and small businesses	Number of PFIs	0	1	10	1	10%

* This indicator is measured and reported annually

**This indicator is measured and reported in the final year of the project.

QUARTER 3 PLANNED ACTIVITIES (APRIL-JUNE 2015)

Activity	Timeline	Responsible Parties
Component 1: AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
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
Implement IMS launch activities, including presentations at forums and events	Nov 2014 – Sep 2015	Communications Manager/AOD Unit
Hold event to promote updated and fully functional IMS and investment opportunities	Apr 2015	COP/AOD/Communications Manager
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
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
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/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
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	FSSU Manager TTS COP M&E

	(quarterly)	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 Fls	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

ANNEX B: DETAILED PMP RESULTS

#	Indicator	Unit of Measure	Baseline	Year 2 (Oct 2014-March 2015)				Y1 + Y2	
				Y1 Achieved	Target	Achieved	%Achieved	CUM Target	Cum Achievement
Component I: AOD UNIT									
1a. Improved access to BAS by agri-enterprises, as well as development of Ghanaian capacity to provide these services									
	Number of SMILEs including farmers, receiving business development services from USG-assisted sources (5)	Number of enterprises	0	22	20	42	210%	35	183%
	Size								
	Small			19		39			
	Medium			2		2			
	Large			1		1			
	Type: (Small and Medium Enterprises)								
	Agricultural producer			5		28			
	Input supplier			1		2			
	Trader			0		3			
	Output processors			14		7			
	Non-agriculture			1		1			
	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		40			
	Female			1		1			
	Gender (Large Enterprises)								
	Male			1		1			
	Female			0		0			
	Number of BAS providers trained in deal making and BAS in agriculture	Number of providers	0	27	25	30	120%	40	95%
	Gender:								
	Male			26		28			
	Female			1		2			
	Status								
	New			27		11			
	Continuing			0		19			
	2								

Number of SMiEs paying fees for BAS	Number of enterprises	0	4	10	10	100%	15	93%
Size								
Small			4		9			
Medium			0		1			
Large			0		0			
Type: (Small and Medium Enterprises)								
Agricultural producer			0		9			
Input supplier			0		0			
Trader			0		0			
Output processors			4		0			
Non-agriculture			0		1			
Other			0		0			
3 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		10			
Female			0		0			
Gender (Large Enterprises)								
Male			0		0			
Female			0		0			

1b. Improved ability of agri-enterprises to create fundable investment proposals

4.5.2-30: Number of SMiEs, including farmers, receiving USG assistance to access loans (\$)	Number of enterprises	0	8	35	26	74%	50	60%
Size								
Small			4		23			
Medium			3		2			
Large			1		1			
Type: (Small and Medium Enterprises)								
Agricultural producer			4		19			
Input supplier			0		1			
Trader			0		0			
Output processors			3		5			
Non-agriculture			0		0			
Other			0		0			
4 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		24			
Female			0		1			
Gender (Large Enterprises)								
Male			1		1			
Female			0		0			

	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	45	57	127%	75	113%
	Type of entity								
5	<i>food security private enterprises (For profit)</i>			28		55			
	<i>Producers organizations</i>			0		2			
	<i>Water users associations</i>			0		0			
	<i>Women's groups</i>			0		0			
	<i>Trade and business associations</i>			0		0			
	<i>Community-based organizations (CBOs)</i>			0		0			
	Status								
	<i>New</i>			28		57			
	<i>Continuing</i>			0		25			
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	4,351,745.00	12,000,000	8,738,778.00	73%	19,500,000.00	67%
	Value Chains								
	<i>Maize</i>			2,090,000.00		1,985,768.00			
	<i>Rice</i>			312,626.45		213,880.00			
	<i>Soy</i>			1,949,118.82		6,539,130.00			
6	Type of PFI								
	<i>Commercial / Universal Banks</i>			3,163,096.45		6,395,469.00			
	<i>Rural & Community Banks</i>			-		149,708.00			
	<i>Micro Finance (NGOs), S&Ls & Credit Unions</i>			90,000.00		470,160.00			
	<i>Social Impact & Private Equity Funds</i>			205,000.00		679,387.00			
	<i>NBFI</i>			241,412.41		740,184.00			
	<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>			-		210,295.00			
	<i>Other</i>			652,236.41		93,575.00			
7	Number of successful investment opportunities (proposals) funded	Number of opportunities	0	8	7	22	314%	12	275%
	Value Chains								
	<i>Maize</i>			2		9			
	<i>Rice</i>			1		7			
	<i>Soy</i>			5		6			
	Status								
	<i>New</i>			8		22			
	<i>Continuing</i>			0		4			
	Value of agricultural and rural loans	USD	0	3,699,509.00	8,000,000.00	8,434,908.00	105%	13,000,000.00	93%
	Size								
	<i>Small</i>			295,000.00		1,877,959.00			
	<i>Medium</i>			1,344,508.86		2,220,589.00			
	<i>Large</i>			2,060,000.00		4,336,360.00			
	Type: (Small and Medium Enterprises)								
	<i>Agricultural producer</i>			90,000.00		2,077,506.00			
	<i>Input supplier</i>			-		578,704.00			
	<i>Trader</i>			-		-			
8	<i>Output processors</i>			1,549,508.86		1,442,338.00			
	<i>Non-agriculture</i>			-		-			
	<i>Other</i>			-		-			
	Type: (Large Enterprises):								
	<i>Agricultural producer</i>			-		-			
	<i>Input supplier</i>			-		-			
	<i>Trader</i>			-		-			
	<i>Output processors</i>			2,060,000.00		4,336,360.00			
	<i>Non-agriculture</i>			-		-			
	<i>Other</i>			-		-			

	Other				-		-			
8	Gender (Small and Medium Enterprises)									
	Male			1,639,508.86		4,098,856.00				
	Female			-		-				
	Gender (Large Enterprises)									
	Male			2,140,000.00		4,336,360.00				
	Female			-		-				
9	Value of new private sector investments in the agriculture sector or food value chains leveraged by FTF implementation		USD	0	3,849,197.00	4,000,000.00	5,143,610.00	13%	6,500,000.00	67%
	Size									
		Small			195,000.00		222,767.00			
		Medium			1,514,196.88		291,594.00			
		Large			2,140,000.00		0.00			
	Type: (Small and Medium Enterprises)									
		Agricultural producer			571,117.08		38,105.00			
		Input supplier			-		0.00			
		Trader			-		0.00			
		Output processors			1,138,079.08		476,256.00			
		Non-agriculture			-		0.00			
		Other			-		0.00			
	Type: (Large Enterprises):									
		Agricultural producer			-		0.00			
		Input supplier			-		0.00			
		Trader			-		0.00			
		Output processors			2,140,000.00		0.00			
		Non-agriculture			-		0.00			
		Other			-		0.00			
	Gender (Small and Medium Enterprises)									
		Male			1,709,196.16		5,143,610.00			
	Female			-		0.00				
Gender (Large Enterprises)										
	Male			2,140,000.00		0.00				
	Female			-		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	9,188,176	9,188,176	19,860,261.00	TBD		29,048,437.00	
Component 2: FSS UNIT										
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance			0	40	5	23	460%	9	544%
	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					40				
12	Number of grants disbursed / subsidy disbursed			0	22	30	60	200%	40	205%
	Type of recipient									
		BAS Provider			22		59			
		PFI			0		1			
	SMILE			0		0				

13	Number of public-private partnerships formed as a result of U.S. government assistance		0	0	7	16	229%	12	133%
	Partnership Focus								
	Agricultural production			0		0			
	Agricultural post-harvest transformation			0		0			
	Nutrition			0		0			
	Multi-focus			0		0			
	Other			0		16			
	Financial recovery rates for agriculture sector		88%		TBD	TBD	TBD	TBD	TBD
	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)								
	Value of agricultural loans by US government supported banks (on a percentage portfolio basis)		6%		2% Above baseline	TBD		8%	
	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)								
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	N/A		N/A	N/A
	Number of new products offered by Fis (including DCAs)		0	0	4	2	50%	6	33%
	Type of PFI								
	Commercial / Universal Banks			0		1			
	Rural & Community Banks			0		0			
	Micro Finance (NGOs), S&Ls & Credit Unions			0		0			
	Social Impact & Private Equity Funds			0		0			
	NBFI			0		1			
	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	850	109	13%	1618	9%

	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	3	0	0%	5	0%
	Type								
	Inputs			0		0			
	Outputs			0		0			
19	Macroeconomic			0		0			
	Agricultural sector-wide			0		0			
	Research/Extension/Information/Other Public Service			0		0			
	Food Security/Vulnerable Populations			0		0			
	Climate Change adaptation/natural resource management			0		0			
	Other			0		0			
	Stage								
	Analyzed			0		0			
	Drafted			0		0			
	Presented for legislation/decrees			0		0			
	Passed/approved			0		0			
	Passed/Implemented			0		0			
20	Number of financial institutions receiving U.S. government assistance in extending services to micro and small businesses		0	0	10	1	10%	15	7%
	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			
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0		1			