



USAID | **GHANA**
FROM THE AMERICAN PEOPLE

Year 2 Annual Progress Report (October 2014-September 2015)

FINANCING GHANAIAN AGRICULTURE PROJECT (USAID-FinGAP)

October 2015

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YEAR 2 ANNUAL PROGRESS REPORT (OCTOBER 2014-SEPTEMBER 2015)

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(USAID-FinGAP)

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ACRONYMS & ABBREVIATIONS

ADVANCE	Agricultural Development and Value Chain Enhancement (Project)
AOD	Agribusiness Opportunities Development (Unit)
APSP	Agriculture Policy Support Project
ATT	Agricultural Technology Transfer (Project)
BAS	Business Advisory Services
CESR	Corporate Environmental and Social Responsibility
CFR	Code of Federal Regulations
COP	Chief of Party
COR	Contracting Officer's Representative
CRB	Credit Reference Bureaux
DCA	Development Credit Authority
DMB	Deposit Money Bank
EA	Environmental Assessment
EGSSAA	Environmental Guidelines for Small-Scale Activities in Africa
EMMP	Environmental Mitigation & Monitoring Plan
ER	Environmental Review
ESF	Environmental Screening Form
FinGAP	Financing Ghanaian Agriculture Project
FSSU	Financial Sector Support Unit
FtF	Feed the Future
GCAP	Ghana Commercial Agriculture Project
GOG	Government of Ghana
GCX	Ghana Commodity Exchange
IEE	Initial Environmental Examination
IFDC	International Fertilizer Development Center
IP	Implementing (USAID-financed) Partner
LOP	Life of Project
MEO	Mission Environmental Officer
MFA	Ministry of Food and Agriculture
MFI	Micro-Finance Institutions
MOU	Memorandum of Understanding
NBFI	Non-Bank Financial Institution
NPL	Non-Performing Loan
PERSUAP	Pesticide Evaluation Report-Safe Use Action Plan
PFI	Participating Financial Intermediaries
PMP	Performance Monitoring Plan
PPP	Public Private Partnership
RCBs	Rural and Community Banks
RFA	Request for Applications
RING	Resiliency in Northern Ghana

RFP	Request for Proposals
SME	Small- and Medium-scale Enterprise
SMiLE	Small and Medium including Large Enterprise
TA	Technical Assistance
USAID	United States Agency for International Development
WP	Work Plan

EXECUTIVE SUMMARY

The incentive systems established by USAID-FinGAP during Year 1 designed to unlock agricultural finance and investment generated substantial results in Year 2. **From October 2014 to September 2015, USAID-FinGAP released \$38,323,957 in working capital financing and capital investment via 533 financing transactions supporting Ghanaian agribusinesses in the maize, rice and soy value chains.** This brings the cumulative financing and investment facilitated to date by the project to \$42,675,706, via 539 transactions, far exceeding the project's Year 2 target of \$19.5 million.

Success of the incentive systems (cost-sharing business advisory service (BAS) provision to small, medium including large enterprises (SMiLE) was supported by a highly-engaged Ghana-based team, which is constantly analyzing implementation, learning from the experience and refining approaches to maximize impact and results.

Other key activities and results over the year include:

- 44 BAS providers actively providing finance and investment services
- 30 participating financial institutions (PFIs) receiving training to expand agribusiness financing
- Average size of financing provided to SMiLEs = \$71,902
- 97.8% repayment rate on project-supported agribusiness financing
- 61,071 small farmers benefitting from project activities
- 526 SMiLEs achieving new sales worth an estimated \$136M.

Additional results witnessed as a result of USAID-FinGAP's work over Year 2 include:

A shift towards equity finance. Traditionally, Ghanaian SMEs have been averse to the idea of “outsiders” owning a piece of their business, but this perception has been changing. USAID-FinGAP supported BAS providers have been able to convince SMEs that in many cases, equity is their most viable finance and investment option. The project's technical assistance to the Ghana Alternative Stock Exchange will continue to expand equity financing into Years 3-5, an important option in a high interest-rate environment.

Changing marketplace for agricultural finance in Ghana. USAID-FinGAP's BAS providers are working more closely with PFIs than ever, identifying agribusiness deals, packing these and advocating for approval of these within a wide range of financial institutions. In addition to releasing more financing for agribusiness (supported PFIs have expanded their overall loan portfolios from 6-6.5% of overall lending since project initiation) PFIs report that as a result of the grants incentive program, processing time of financial proposals has been reduced. Many of the large, highly-liquid commercial financial institutions previously ambivalent about agricultural lending are now competing against each other to be leaders in the agricultural finance space.

Rapid uptake of performance incentives among PFIs. PFIs of all shapes and sizes have responded quickly and decisively to performance incentive grants. One PFI is responsible for more than \$17 million of financing, but a number of smaller PFIs have also expanded their lending significantly as a percentage of their overall portfolio. Barclays Bank radically expanded its agribusiness loan portfolio, from \$937,485 to \$17M as a result of this grant (see Success Stories in Annex A). Other large commercial banks are starting to lend capital to Rural and Community Banks with liquidity challenges in the project's zone of influence (e.g. Ecobank providing \$1.2M to Buwolso and Bonzali Rural Banks for

onlending to maize, rice and soy value chain actors). The experience proves USAID's theory that a short-term stimulus can "force the hands" of financial institutions to meet the financing needs of underserved segments of the market. In Year 3, the project team will monitor agribusiness lending performance following the conclusion of this stimulus program to determine whether or not the stimulus has effectively led to a sustainable shift in PFI business practice.

BAS specialization. USAID-FinGAP provides demand-driven training to BAS providers to expand their knowledge and resource base to improve their service to under-served actors in the maize, soy and rice value chains. This year targeted marketing strategies, coupled with high-quality and demand-driven trainings and technical assistance have helped BAS specialize in expanding their services specifically towards upstream actors (principally women) and into advocating equity finance as an alternative financing option for SMiLE clients.

Significant gender impact. CARANA conducted a gender impact analysis this year of USAID-FinGAP to ensure that women were benefitting from project activities in line with the Project's gender integration strategy. The analysis demonstrates that women are significantly impacted by the project, and are active borrowers of Project-facilitated finance. USAID-FinGAP estimates that it is impacting more than 62,000 smallholder farmers through finance, and an estimated 40% of these are women. In Year 3, USAID-FinGAP will conduct more statistically significant data analysis to improve quantification of project impact more scientifically at the enterprise level.

Capital markets development. This year the Project provided a second phase of technical assistance to Ghana's Securities and Exchange Commission (SEC) to improve their supervisory and regulatory capacity. Two workshops were organized for the SEC on Risk-Based Supervision (RBS), Anti-Money Laundering, and International Organizations of Securities Commissions (IOSCO) Principles and basic activities.

Supporting utilization of DCA guarantees. The USAID-FinGAP team supported the development of two DCA partial loan guarantees for Fidelity Bank and First Allied Savings and Loans this year, both pending final approval in Washington.

With another \$150M+ of agribusiness financing deals in the Project's pipeline, USAID-FinGAP is firmly positioned to not only surpass its Life of Project (LOP) financing targets, but to generate a significant and sustainable shift in the agrifinance sector in Ghana.

BACKGROUND AND STRATEGY

The Financing Ghanaian Agriculture Project (USAID-FinGAP) is a five-year (2013-2018) project that contributes to USAID's overall goal of fostering broad-based, sustained, and inclusive economic growth. USAID-FinGAP addresses 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 unlocks financing for commercial agriculture development in the rice, maize, and soy value chains in the north of Ghana. Over the period 2013-2018, USAID-FinGAP is expected to achieve the following outcomes:

- 25 strategic partnerships in target value chains
- 250 financial transactions
- \$75M in finance
- 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 and activities 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 strengthening Ghana's financial sector infrastructure and encouraging development finance while supporting SMEs' 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 M&E RESULTS SUMMARY

USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) grew rapidly in FY2, with an increasing number of Participating Financial Institutions (PFIs) and Business Advisory Service (BAS) Providers leveraging finance for small, medium including large enterprises (SMiLEs) in the maize, rice and soy value chains. Project activities are positively contributing to USAID | Ghana Mission Country Development Cooperation Strategy (CDCS) Development Objective 2 of **Sustainable and Broadly Shared Economic Growth** and ultimately to the FtF goal of **sustainably reducing global poverty and hunger**.

The Project made substantial progress toward its LOP goals during the second year of implementation, as shown in Table I.

Table I. Key USAID-FinGAP Results				
Category	LOP Target	FY 2 Results	Cumulative Results	Percent of LOP Target Achieved
# of strategic partnerships developed	25	-	16	64%
# of transactions facilitated	250	533	539	216%
\$ of financing facilitated	\$75,000,000	\$38,323,957	\$42,675,706	57%
# of SMiLEs receiving financing	90	526	529	588%
# of smallholder farmers benefitting	120,000		61,071	51%

Table I highlight

s the large numbers of SMiLEs accessing finance and the substantial number of transactions completed, both of which exceed the life of project (LOP) targets. Progress can be attributed to the PFI and BAS stimulus programs, and the fact that the project team challenged BAS to find more deals “downmarket”, creating a wave of smaller sized deals aggregating numerous borrowers (many women) into groups. The number of SMiLEs accessing finance via support from BAS providers increased from 22 ending FY1 to 162 ending FY2).

The Project has similarly inspired PFIs to increase lending to the agribusiness sector. Table 2 demonstrates the wide range of PFIs engaged by the Project.

Type of PFI	# of PFIs	Financing and Investment Disbursed to SMiLEs	% of Total Disbursed
Universal Bank	6	\$30,713,891	72.0%
Impact Investor	2	\$2,608,349	6.1%
NBFI	2	\$2,142,379	5.0%
Savings and Loan	1	\$1,587,442	3.7%
RCB	4	\$1,522,617	3.6%
Micro Finance	1	\$1,519,419	3.6%
Capital Markets	1	\$1,154,468	2.7%
Grants	2	\$933,357	2.2%
Other	2	\$493,781	1.2%

Using

innovative incentive programs involving PFIs and BAS providers, USAID-FinGAP has leveraged a cumulative total of \$42,675,703 in private capital—including agricultural loans, equity and grants—for 529 SMiLEs within the maize, rice and soy value chains, providing businesses with the much needed capital to run their operations. Of these, 24 SMiLEs (4.5%) have received investment financing of more than \$250,000, representing 87.5% (\$37,324,325) of the total private capital leveraged by the Project in Year 1 and Year 2. Five hundred and five SMiLEs (95.5%), including 99 female-led agribusinesses, have received investment financing of \$250,000 and below, forming 12.5% (\$5,351,378) of total private capital investment in the target value chains.

Progress towards the three key result areas—IRIs, 2, and 3—are captured in the 20 Indicators below:

IRI: Improved access to Business Advisory Services

During FY2, the number of BAS providers in the USAID-FinGAP ecosystem increased from 30 to 49.¹ As a result of project efforts to build the capacity of BAS providers to offer effective and efficient services, access to financial facilitation services by SMiLEs during FY2 also improved, as measured by the number of SMiLEs engaged by BAS providers (162) and the number of deals successfully resulting in financing disbursed (533). The indicators below further highlight progress toward this intermediate result:

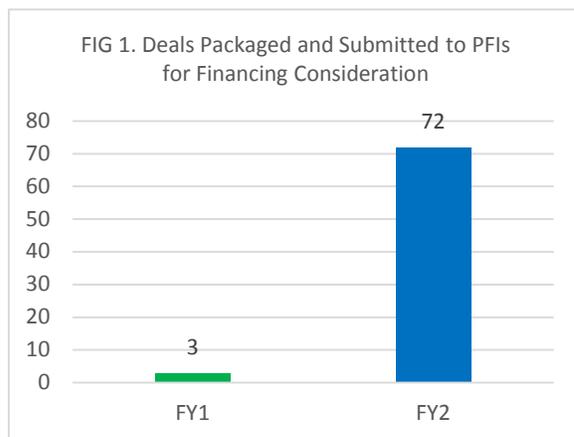
¹ The Project chose not to renew subcontracts with five BAS providers who failed to attend project-sponsored events and did not engage any SMiLEs for financing, bringing the total number of active BAS providers within the network at the end of FY2 to 44.

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

In Year 2, 27 BAS providers engaged 162 SMiLEs to facilitate a total of \$169,274,522 in deals. Cumulatively, 183 SMiLEs have been supported by BAS providers to facilitate deals worth \$193,200,528.

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

Training provided to BAS in agribusiness deal making was central to achieving Year 2 targets. USAID-FinGAP organized six capacity building sessions in Year 2. Forty three BAS providers (four BAS led by women, 39 led by men) sent 133 participants to the trainings (12 women and 101 men). Workshops covered areas such as equity finance, agribusiness value chain finance, financial analysis and cash flow management, PPP development and credit risk management.



The impact of these training sessions is evident in the fact that nine BAS providers closed 21 deals during the year, resulting in a total of \$14,849,532 disbursed to 20 SMiLEs. The trainings also resulted in a notable increase in the number of deals packaged and submitted to the PFIs in FY2 relative to FY1, as shown in Figure 1. BAS providers also explored options for finance outside of debt, resulting in equity financing from impact investors (\$983,962) and through the GAX (\$1,154,468).

Number of clients paying fees for BAS (Indicator 3)

This indicator reflects the level of satisfaction among project clients (SMiLEs) with the services provided by BAS providers, and is an important sustainability metric, demonstrating SMiLE willingness to pay for BAS services. In Year 2, 56 SMiLEs co-financed BAS fees along with the project (over 5 in Year 1), exceeding the LOP target of 15 by 273%. BAS providers also facilitated multiple deals for the same SMiLE, an indication of SMiLEs’ confidence in the abilities and services provided by preferred BAS providers.

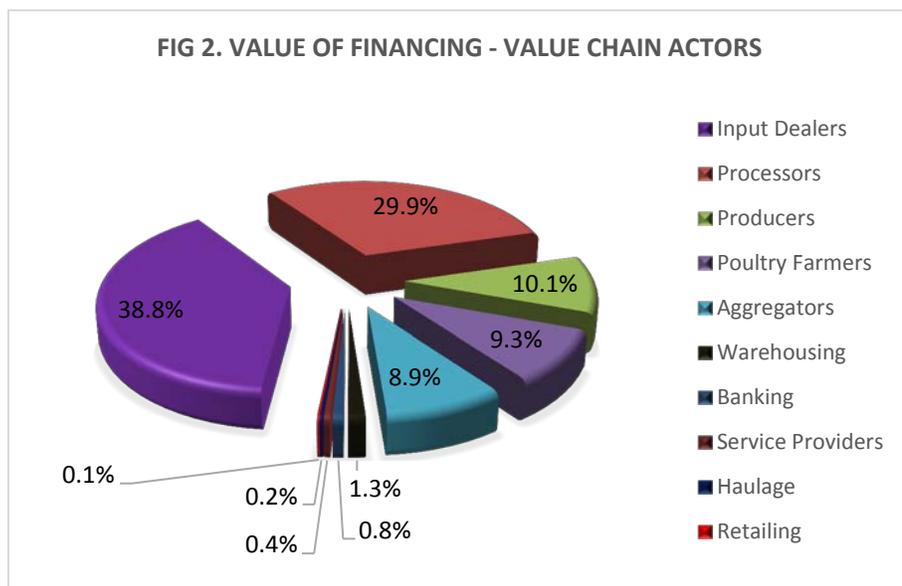
Score, in percent, of combined areas of organizational capacity among U.S. Government direct and indirect local implementing partners (Indicator 16)

A baseline Organizational Capacity Assessment (OCA) was undertaken in July 2014, and a second assessment was not conducted in FY 2015, so an updated OCAT score is not available for FY2. However, the trainings that the BAS providers received, and the success rates in releasing finance to SMiLEs suggest that the project is on course in building BAS capacity and meeting it’s the LOP organizational capacity target of 83% (a 10% improvement above the baseline figure). The project team will undertake a second assessment in Year 3 using the OCA tool.

IR 2: Increased Private Sector Investment / Enhanced Agriculture Commerce

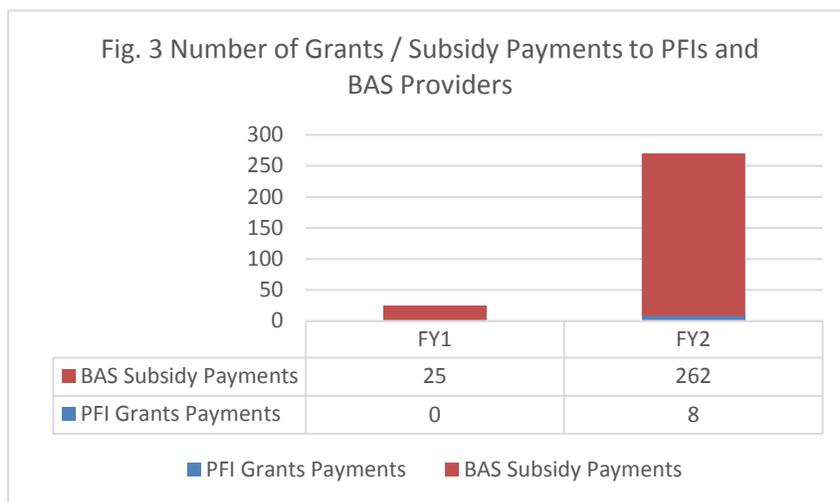
The Project made a strong case for agriculture financing in Year 2, in spite of lucrative alternative options for bank investments in treasury bills and other growing sectors of the Ghanaian economy. Value chain

finance training helped PFI's broaden their understanding of agriculture finance beyond simply production, as demonstrated in Figure 2. PFI's also provided loans to other FIs (e.g., commercial banks lending to Rural and Community Banks) to on-lend to SMiLEs in the target value chains, reducing the first PFI's exposure to the problems related to information asymmetry in lending. The indicators below reflect the progress made towards this intermediate result:



Number of grants / subsidy disbursed (Indicator 12)

In FY2, the Project made 262 payments to 28 BAS providers to identify and package deals meeting PFI requirements. Complementing these facilitation efforts, the Project awarded performance-based incentive grants to 14 PFI's to stimulate new financing to the project's maize, rice and soy value chains.



Total grants to PFI's and payments to BAS providers worth \$1.3M resulted in the release of \$30,035,495 in finance and investment. This results into a leverage factor of \$23 of financing for every \$1 spent by USAID in grants/subsidies. USAID-FinGAP will conclude the short-term stimulus program for PFI's, and will reduce the value of BAS payments made in the coming years to ensure sustainability of BAS service provision beyond the life of the Project.

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

659 SMiLEs received USG assistance (i.e., engaged by BAS providers, PFIs, or the Project itself) in Yr 2. To date, a total of 677 SMiLEs (FY1 + FY2) have received USG assistance through the Project’s activities, exceeding the LOP target of 245 by 176%. Of the 659 SMiLEs that received USG assistance in the second year of implementation, 526 actually received financing worth \$38M, while the remaining 133 SMiLEs are being served by BAS providers who are facilitating an additional \$98M of financing deals. The value of the future pipeline indicates that the project is well positioned to meet LOP target of financing of \$75M via debt, equity and other forms of investment.

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

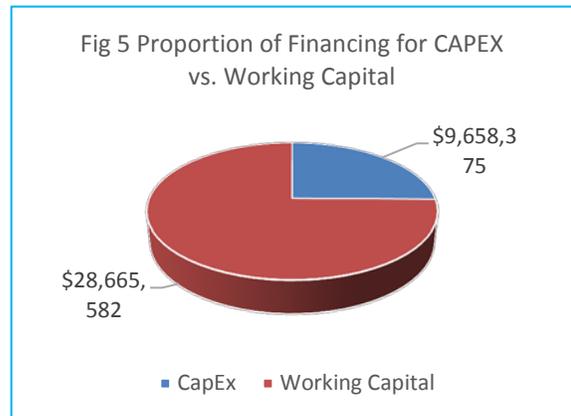
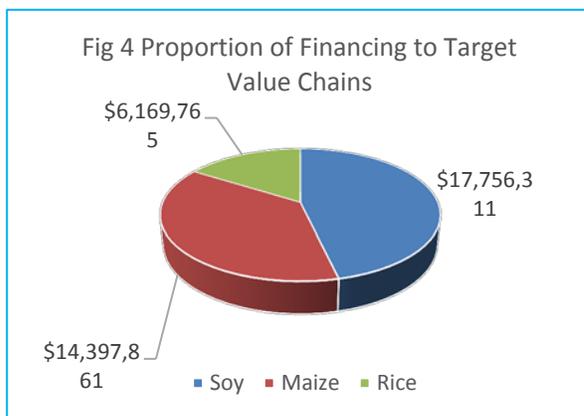
This year, 526 project-assisted SMiLEs received loans from PFIs. This brings the cumulative total to 529 SMiLEs (FY1 + FY2) receiving USG assistance to access loans since the project’s inception, exceeding the LOP target by 110%.

Number of successful investment opportunities funded (Indicator 7)

During the year under review, 533 agribusiness investment opportunities were identified and developed, and 520 SMiLEs received financing. A cumulative total of 539 investment opportunities from 529 SMiLEs have received PFI financing, vastly exceeding the LOP (28). The dramatic increase in SMiLEs receiving support for their investment opportunities is due principally to BAS providers packaging multiple, smaller SMEs into one financing deal for PFIs, thereby reducing the cost of financing for PFIs, and expanding project impact among upstream value chain actors.

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

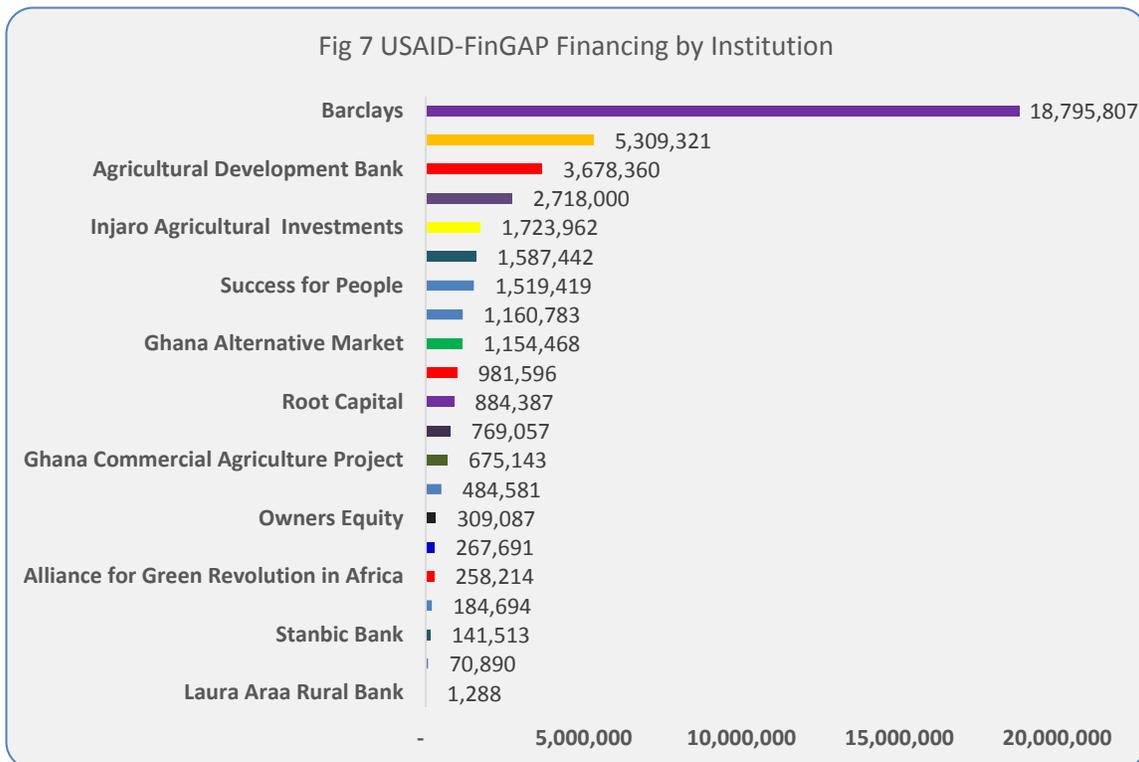
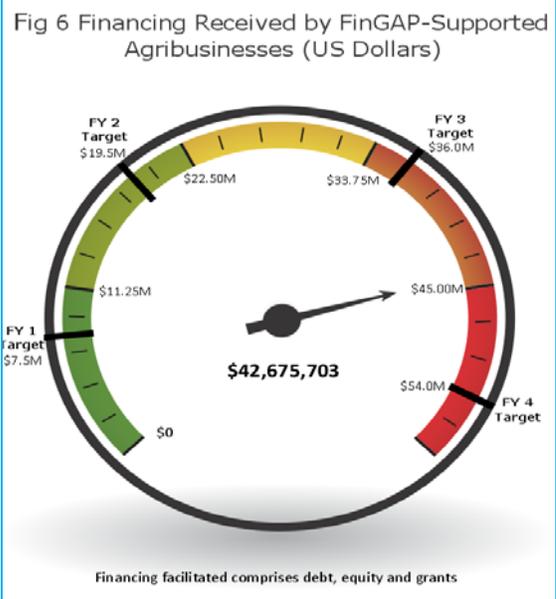
Total capital deployed during the reporting year amounted to \$38,323,957, of which \$17,756,311 (46%) was disbursed to the soy value chain, \$14,397,861 (38%) to the maize value chain and



\$6,169,765 (16%) to the rice value chain. \$9,658,375 (25%) was invested as fixed capital investment (CAPEX) in the three value chains and \$28,665,582 (75%) was invested as working capital.

This brings the total amount of private capital deployed in the maize, rice and soy value chains to \$42,675,703 by the end of Year 2, exceeding both Year 2 and 3 targets.

Financing was released by universal banks, RCBs, savings and loan associations, FNGOs, impact investors, grant making institutions, and the capital markets. One of the project’s BAS providers successfully listed one SMiLE’s shares on the GAX, raising \$1,154,468 as equity. Other forms of finance included owner equity investments and supplier credit. Figure 7 details levels of financing released by each PFI.



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

Of the FY2 total of \$38,323,957 private capital (including agricultural loans, grants and equity) deployed into the three value chains, \$34,701,596 was directed towards agricultural loans. This finance was disbursed by universal banks (\$27,550,795; 79.4%), NBFIs (\$2,711,355; 7.8%), RCBs (\$1,522,617; 4.4%), savings and loan associations (\$1,497,442; 4.3%) and impact investors (\$1,419,387; 4.1%). This brings the cumulative total of agriculture loans facilitated by the project to \$38,159,692, exceeding the FY2 target of \$13M by 194%, and achieving 76% of its LOP target (\$50 M).

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

A total of \$9,658,375 in fixed capital investments were made in formal companies operating in the maize, rice and soy value chains during the second year of implementation. This brings the cumulative total to \$13,507,573, 208% of the cumulative FY1 and FY2 target of \$6.5M.

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

The 526 SMiLEs receiving assistance to access financing achieved estimated sales of \$208,843,323; of this total, \$57,490,553 is attributed to 504 firms receiving less than \$250,000 each in financing, while the remaining \$151,352,770 is attributed to 22 SMiLEs who received financing greater than \$250,000.

To estimate incremental sales, we multiplied FY1 average sales of \$65,172.33 (for firms receiving less than \$250,000 in financing) by adjusted baseline sales figure of \$32,846,856. We repeated this for firms receiving more than \$250,000 in financing for an adjusted figure of \$39,567,698, giving a combined adjusted baseline sales value of \$72,414,554.

The estimated incremental sales in the second year of operations is therefore \$136,428,769, which represents estimated total sales in FY2 (\$208,843,323) less adjusted baseline sales (\$72,414,554).

Table 3: Value of Incremental Sales				
	FY1		FY2	
	SMiLEs receiving less than \$250,000	SMiLEs receiving more than \$250,000	SMiLEs receiving less than \$250,000	SMiLEs receiving more than \$250,000
Estimated Revenue	\$195,517.00	\$8,992,659.00	\$57,490,553.00	\$151,352,770.00
Number of SMiLEs	3	5	504	22
Average Sales	\$65,172.33	\$1,798,531.80	\$114,068.56	\$6,879,671.36

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

During the second year of project implementation, 16 PPPs were formed: 14 PPPs with financial institutions through a fixed-amount grant aimed at facilitating agribusiness financing; and two PPPs through grants with GAIP and Exim guaranty to provide agriculture production insurance and credit guarantee, respectively, for the maize, rice and soy value chains. The Project awarded grants of \$481,450 to eight PFIs, which disbursed \$28,928,821 to SMiLEs in the maize, rice and soy value chains. GAIP provided insurance cover for \$1,335,289 at fees of \$142,824 to one universal bank, 14 RCBs, 15 agribusiness, two input dealers and one NGO.

IR3: Increased capacity of FIs to develop Agriculture Finance Products

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

Thirty PFIs received capacity building in the form of training during FY2. PFIs receiving training include 15 universal banks, four RCBs, three NBFIs, two savings and loan associations, two microfinance institutions, two cooperative credit unions, one insurance company and one GoG funding agency. PFIs participated in joint trainings on agriculture credit risk and loan portfolio management, agriculture product development, environmental due diligence in agriculture finance and value chain concepts. A separate training on agribusiness finance concepts was given to just one PFI at their request, as they could not enter more forcibly into the agribusiness finance space. Overall, training benefited 177 PFI participants (40 female and 137 male). Cumulatively, 46 PFIs have received capacity building through project activities, exceeding the LOP target by 110%.

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

USAID-FinGAP worked with FIs to develop two new financial products during the second year of implementation: the Futures Pricing Model and the Tripartite Financing Model. The Futures Pricing Model--which enables PFIs to realistically price in-kind repayments of services rendered to SMiLEs--was used to finance 151 SMiLEs during FY2 for a total of \$1,160,783 disbursed. The Tripartite Model is yet to be implemented, but the PFI continues to work closely with the project on its implementation, and expects to roll out this product during the next FY. The project has achieved 33% of the cumulative FY1 and FY2 targets of six products developed. In FY3 we will intensify product development by the PFIs as outlined in the FY3 work plan.

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

The percentage portfolio of agricultural loans by USG supported banks in FY2 was recorded at 6.5%. This compares favorably with the baseline of 6% at project initiation, demonstrating momentum toward the LOP target of 8%.

Financial recovery rates for agriculture sector (Indicator 14)

Financial recovery rates on financing to project-supported SMiLES averaged 97.8% in FY2, exceeding the project target of 80%. However, it should be noted that most of the financing for project-supported firms is relatively new, for which repayment is not yet due.

Partnership for Growth Indicators

Number of policy reforms / laws / regulations / administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance (S) (Indicator 19)

In FY2, USAID-FinGAP helped draft three regulatory/administrative procedures for the Securities and Exchange Commission (SEC) of Ghana to facilitate private sector participation and a competitive market environment on the capital market: the Inspection and Surveillance Manual, the Anti-Money Laundering Manual and the Risk-Based Supervisory Manual. These manuals represent administrative procedures intended to strengthen the SEC's capacity for compliance and regulation, thereby creating a level playing field for market participants. The project has attained 60% of the cumulative FY1 and FY2 target of five policy reforms/laws/regulations/administrative procedures drafted.

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

During FY2, USAID-FinGAP provided 2,276 hours of technical assistance in financial sector capacity to counterparts and stakeholders. This brings the cumulative total number of hours of technical assistance to 2,632 hours, representing 63% over the cumulative target of 1,618 hours for FYs 1 and 2.

Technical assistance to the SEC included training and coaching the SEC staff in inspections of the GSE, the depository and brokerage firms, as well as developing manuals for supervision, surveillance, risk-based supervision and anti-money laundering. The intent of these tools is to ensure protection of investors and capital markets participants in Ghana.

The Project also provided technical assistance to the GAX to develop a preliminary marketing plan and implement promotional activities to create awareness and attract interest from institutional investors and SMiLEs (in all sectors) on the benefits and processes of listing on the GAX.

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

Thirty-four financial institutions, comprising of four association bodies and 30 institutional investors, received assistance in extending services to micro and small businesses during the second year of project implementation (70% above LOP target). The concept of listing securities of micro and small businesses on the securities exchange as an alternative source of finance for these businesses was the key focus of the assistance provided to the financial institutions.

USAID-FINGAP YEAR 2 ACTIVITIES (OCTOBER 2014-SEPTEMBER 2015)

Table 4: USAID-FinGAP Year 2 Activities (October 2014 –September 2015)		
Activity	Timeline	Responsible Parties
Component I: AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
Conduct data collection on BAS providers to update the IMS	Oct 2014 – Nov 2014	AOD Unit
Beta test crowdsourcing add-on to IMS	Nov-14	AOD, M&E and Communications
Re-brand the IMS	Nov 2014 - Jan 2015	AOD, M&E and Communications
Identify a potential host for the IMS for Y3	Jan 2015 - Sep 2015	Home Office/ COP/AOD Unit
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/AOD Unit
Hold event to promote updated and fully functional IMS and new investment opportunities	Apr-15	COP/AOD/ Communications
Monitor IMS usage	Nov 2014 - Sept 2014	AOD Unit, M&E, Communications
Obtain and disseminate user testimonials	July-Sept	AOD Unit, M&E, Communications
Task 2 Activities – Project Development via BAS providers		
Evaluate existing performance-incentive structures	Oct 2014- Feb 2015	AOD, COP, Home Office
Assess BAS market for smaller financing needs (\$25,000-\$200,000)	Oct 2014- Feb 2015	AOD, COP, Home Office
Conduct outreach to encourage more female BAS providers	Oct 2014 - Sep 2015	AOD, COP

Table 4: USAID-FinGAP Year 2 Activities (October 2014 –September 2015)		
Activity	Timeline	Responsible Parties
Selection of 6-8 BAS providers from northern Ghana into the network	Oct 2014 - Jun 2015	Grants Team, AOD Unit, COP
Using results of performance-incentive structures evaluation, refine and release tender for BAS providers	Oct 2014– Sept 2015 (quarterly basis)	Grants Team/AOD Unit, COP
Issue tender focused on transactions of smaller size	March-May 2015	Grants Team, 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/ Sept 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-Sept 2015	AOD Unit
Develop capacity building plans using OCAT results	Dec 2014-Apr 2015	AOD Unit
Develop case studies on BAS to be used in trainings	Dec 2014-Sept 2015	AOD Unit
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 - Sept 2015	AOD Unit
Connect BAS providers to Maize Traders Associations, Soybean Processors Association, Rice Traders Associations, Poultry Farmers Associations/actors via 1-2-1 networking opportunities	Oct 2014- Sep 2015	Communications/ COP/ AOD Unit
Host SMiLEs, 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		
Evaluate proposals received in response to RFA	Oct-14	Grants Team, FSSU, COP
Award grants to PFIs	Oct-14	Grants Team, FSSU, COP

Table 4: USAID-FinGAP Year 2 Activities (October 2014 –September 2015)		
Activity	Timeline	Responsible Parties
Support grant implementation with training and capacity building assistance	Oct 2014-Sep 2015	Grants Team, FSSU, COP
Evaluate the implementation of grants	Mar 2015-Sep 2015	Grants Team, FSSU, M&E
Integrate new FIs into the PFI network in order to address financing gaps	Oct 2014- Sep 2015	FSSU, COP
Develop case studies to be used in PFI trainings	Oct 2014-Sep 2015	FSSU
Design and deliver training on Loan Portfolio Management and Loan Appraisal Techniques to PFIs	Oct 2014-Sep 2015	FSSU, COP
Deliver demand-driven, institution-specific trainings	Oct 2014-Sep 2015	FSS Unit
Support PFIs to develop new products	Jan 2015-Jun 2015	FSS Unit
Document success stories and lessons learned on financing deals	July-Sept 2015	FSS Unit / Communications
Assess the impact of the training facilitated for the PFIs	Oct 2014 – Sept 2015 (quarterly)	FSS Unit, COP, M&E
Collaborate with DCA banks and other stakeholders (including Exim guaranty) to offer credit guarantee	Ongoing	FSSU, COP
Support PFG Joint Committee Action Plan Year 2 work planning efforts and implementation	Ongoing	FSSU, COP
Task 5 Activities – Small Grants Facility		
Issue RFAs & grants for FIs	Oct 2014-Sep 2015	Grants, FSSU, COP
Issue/Advertise RFPs & subsidies to BAS providers	Oct 2014-Sep 2015	Grants, Home Office, COP
Annual portfolio review	Aug-15	Grants Committee, COP, AODU, FSSU, M&E

ACTIVITIES ACCOMPLISHED

COMPONENT I: AGRIBUSINESS OPPORTUNITIES DEVELOPMENT UNIT

CONTEXT AND OVERALL APPROACH

USAID-FinGAP's AOD Unit works to identify, prioritize and facilitate financing for transformative activities in the maize, rice and soy value chains that are critical to the country's food security and poverty reduction efforts. To achieve its mandate, the AOD Unit works with BAS providers and FIs to increase financing for SMiLEs in priority areas through three interrelated tasks: i) Private Sector Engagement/Market Chain Linkages; ii) Project Development via BAS providers; and iii) Business Performance Improvement.

TASK I ACTIVITIES – PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

REFINE THE IMS TO ENHANCE USEFULNESS AND ENCOURAGE AGRIBUSINESS INVESTMENT IN GHANA

USAID-FinGAP developed a beta version of the Investment Mapping System (IMS) in YR1, an interactive, geospatial tool with the goal of facilitating investments in the rice, maize and soy value chains. The IMS is a free and open system available online, that allows users to access publically-available data regarding numbers and location of producers, suppliers, transportation routes, water sources and access to electricity. Users can manipulate production assumptions and other data points to determine where future investment opportunities may lie, serving as a tool to drive down investor due-diligence costs. In FY1, the Project collected data to populate the map, contracted a software developer to create the IMS platform, tested a beta version among potential users, and conducted marketing and communications activities around the IMS.

Given feedback, in FY2, the Project focused on refining the IMS design to make it more user-friendly, and adding a crowdsourcing function to lower the costs of future data collection to populate the system. New features added in FY2 include a layover of a soil fertility map, allowing users to view the various types of soils prevalent in each district; a distance measurement tool, enabling investors to calculate the proximity of their proposed investment to relevant infrastructure or value chain partners; and a search function. Users are also now able to toggle between satellite and map views.

Crowdsourcing allows the wider public to submit information—including revisions to posted data—directly through the web-based platform, as well as an SMS feature allowing users to text information to be added to the IMS (both subject to validation by the Project's IMS Administrator). The crowdsourcing

process encourages farmers, processors, warehouse managers, extension agents, and others interested in facilitating new investment to contribute valuable information in real time.

RE-BRAND AND HOST THE IMS

Following IMS refinement measures, USAID-FinGAP launched a rebranding of the Agribusiness Investment Opportunity Mapping System to improve its appeal and relevance to potential investors and users. The online interactive tool was renamed the Investment Mapping System (IMS), reflecting its relevance to the international finance and investment community. The IMS is currently hosted at www.fingap.nautilytics.com, but will also be hosted on the recently-approved investment promotion website approved for USAID-FinGAP. To further market the system to potential users, the Project developed an animated IMS video during FY2, which teaches users about the functionality of the system that can be used in future promotional events and similarly hosted on the project's investment promotion website. The rebranded IMS has greater user appeal, as reflected in the increase in users from 226 in FY1 to 4,999 at the end of FY2.

HOLD EVENT TO PROMOTE UPDATED AND FULLY FUNCTIONAL IMS AND NEW INVESTMENT OPPORTUNITIES

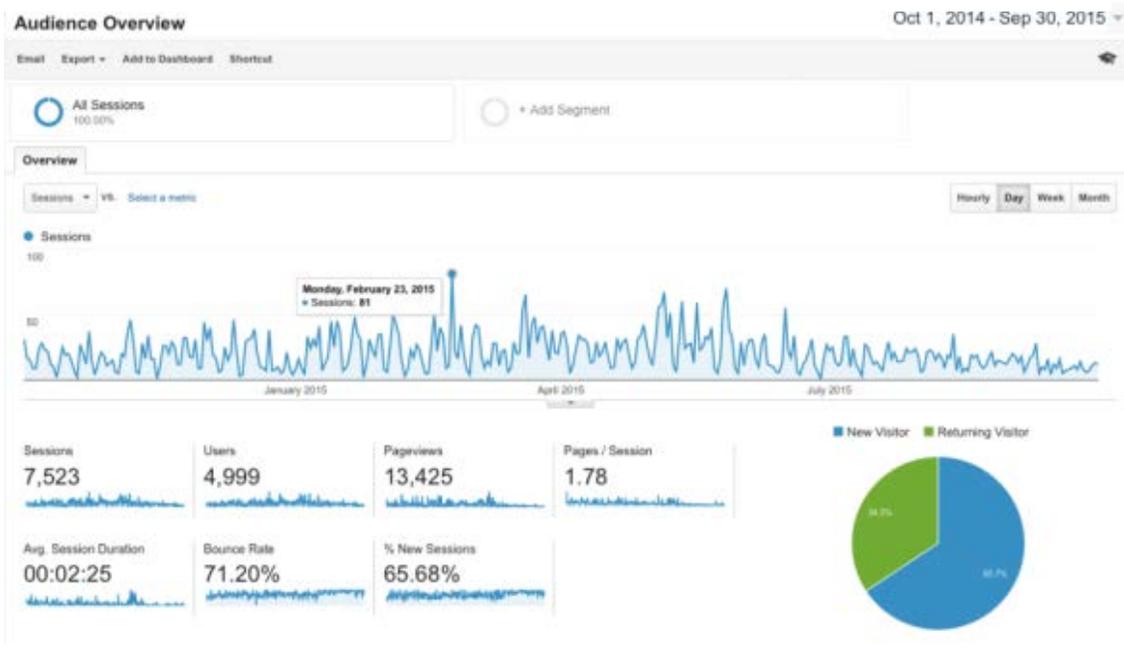
The fully functional IMS was re-launched in April 2015 at the 2nd edition of the Ghana Agribusiness Investment Summit, an annual event that brings together key actors (BAS, PFIs, firms) and other agribusiness stakeholders in Ghana, as well as USAID implementing partners (IPs), donors and the media. Of the 345 participants who learned about the re-branded IMS, 194 individuals represented BAS firms, FIs and SMiLEs, and 151 participants were from Government of Ghana (GoG) institutions.

Participants were surveyed for their feedback on the IMS. Approximately 50% indicated they found the IMS helpful for forecasting potential production for target value chains and estimating changes in agricultural infrastructure. Participants were particularly excited about the 'Search' and 'Add Infrastructure' functionalities that allow users to search for agricultural service providers and also add agribusinesses/infrastructure such as input dealers/warehouses to the IMS. Other feedback included a request to include other commodities to the system, an indication of commodity prices, and the expansion of the IMS to cover all of Ghana. While these fall outside the current scope of FinGAP, future versions of the IMS could include these indicators.

MONITOR IMS USAGE

The Project tracks user data generated by the project subcontractor that hosts the IMS. The audience overview from October 1, 2014 – September 30, 2015 is included in Figure 8. In summary, by the end of FY2, the IMS had generated 4,999 users triggering 13,425 page views, a more than 20-fold increase from FY1. Each user spent an average of 2:25 minutes on the website.

Fig 8: Monitoring of IMS Usage



Although we are encouraged by the number of IMS users, the Project is more concerned with the level of impact the IMS has had on facilitating new investment. The original intent of the IMS was for this system to serve as a market systems agribusiness deal generation tool. The IMS has demonstrated wide acceptability among donors and government entities, each wishing to use it for a range of purposes (e.g. donor project coordination, presentations, investor meetings), yet not necessarily for the intended purpose. Investors have commented that they like the tool’s concept and functionality, and that it represents an interesting due diligence tool. USAID-FinGAP’s team has heard from BAS providers that they appreciate the IMS and use it in investor presentations (see text box). However the extent to which the IMS is directly catalyzing new investment has not been scientifically studied. USAID Ghana has requested that the Project team analyze this question in Yr3 to determine if additional project resources should be expended on this tool, or whether the IMS should be handed off to an outside actor to fulfil a different purpose.

“I find the IMS very useful. I use it all the time to develop presentations for potential equity investors. They can visualize the investment better with this tool.”

- Sydney Casely-Hayford, tMI Consulting (BAS Provider)

“This IMS is exactly what the Economic Growth 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.”

- Peter Trenchard, Former Director, Economic Growth Office, USAID/Ghana

IDENTIFY AND FACILITATE THE DEVELOPMENT OF PUBLIC PRIVATE PARTNERSHIPS



Fig 9: PPP Training for BAS providers

USAID-FinGAP undertook a number of activities to identify, facilitate and develop investment opportunities in agribusiness through public private partnerships (PPPs) in Yr2. PPP identification and development began with a training delivered by CARANA's President to 29 staff of 22 BAS provider firms. The training focused on the process of identifying, structuring and implementing PPPs by recognizing opportunities with market potential and leverage possibilities for different forms of capital.

This year USAID-FinGAP provided technical assistance to the Savannah Accelerated

Development Authority (SADA) to help this entity identify, profile and promote agribusiness opportunities in 53 districts in the Northern Ecological Zone. USAID-FinGAP incorporated these agribusiness opportunities into an opportunity booklet and printed SADA 1,500 copies. SADA is now using this booklet as promotional material to attract new investment in their zone of influence. Project team members also trained 12 staff of SADA's Agribusiness Unit, Monitoring and Evaluation Directorate, and staff of the Policy, Planning and Budget Unit of the Ministry of Food and Agriculture on the subject of Agricultural Value Chain Financing via PPPs. Project support to SADA helped re-invigorate the organization, which had suffered earlier setbacks due to implementation challenges.

The SADA Investment Profile Booklet was the basis of President Mahama's Investment promotion efforts in his recent visit to France. SADA's CEO took copies of the investment profiles on the President's visit to France to give to interested Investors.

- Emmanuel Abeera-Inga,
Programs Director, SADA

To further stimulate PPP and investment deal generation, USAID-FinGAP hired an international finance expert and a local expert in YR 2 to jointly identify potential agribusiness investments and PPPs. The Assessment Team is identifying, mapping and developing 30 additional finance and investment deal profiles in Ghana's North, and identifying 15 potential PPP opportunities representing strategic opportunities for collaborative projects. The consultants will also recommend which of these opportunities may be appropriate for GAX involvement.

TASK 2 ACTIVITIES – PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL PREPARATION

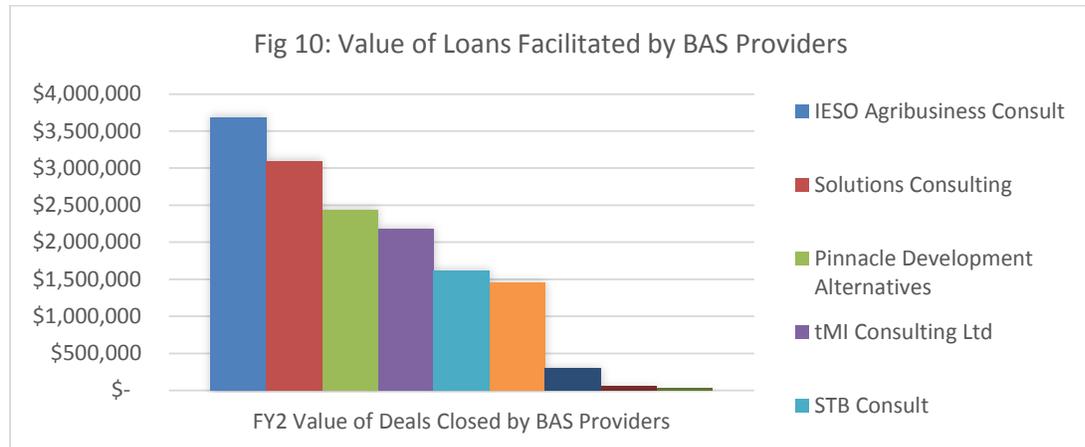
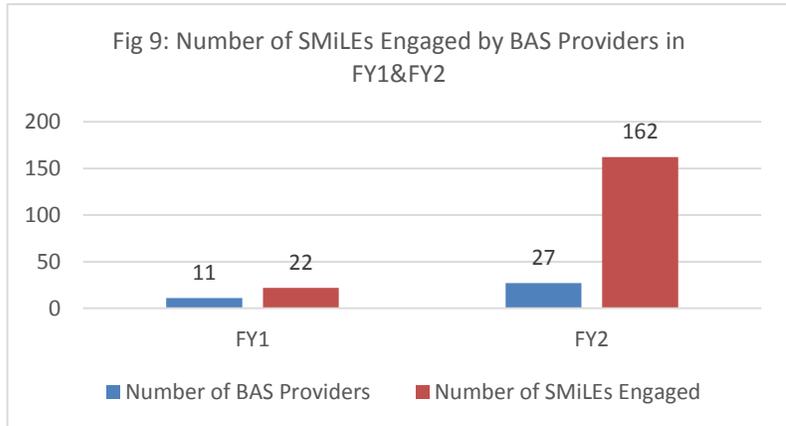
In FY2, 27 BAS providers within the USAID-FinGAP network were contracted on a performance basis to assist 162 SMiLEs access financing for 169 opportunities that will benefit smallholder farmers in northern Ghana.

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

EVALUATE EXISTING PERFORMANCE-INCENTIVE STRUCTURES

The Project designed performance-based incentives for BAS in YR1 to support agribusiness projects obtain financing.

In Yr2, the Project hired 30 BAS on performance-based contracts. Over the course of the year, the Project team found that the incentive structure effectively encouraged BAS providers to facilitate smaller deals that, following loan documentation submission, did not lead to financing closure. Consequently, USAID-FinGAP revised the incentive structure to tie success fees more significantly to financing/investment release. The revised performance-based contracts led to 72 deals submitted by 18 BAS to PFIs, resulting in 21 deals being closed by nine BAS providers worth a total value of \$14,849,532, representing 39% of the total private capital leveraged towards target value chains in northern Ghana. The remaining deals remain under consideration within PFIs.



ENCOURAGE BAS PROVIDERS TO IDENTIFY INVESTMENT OPPORTUNITIES FOR FINANCING BY PFIs

In YR1, the Project team and international STTA developed the agribusiness opportunity pipeline of agribusiness deals for BAS providers and PFIs. In YR2, the Project pushed the responsibility for deal



Fig 11: B2B Meetings are at the heart of USAID-FinGAP Agribusiness Summits. Here, a BAS Provider listens to two agribusiness traders.

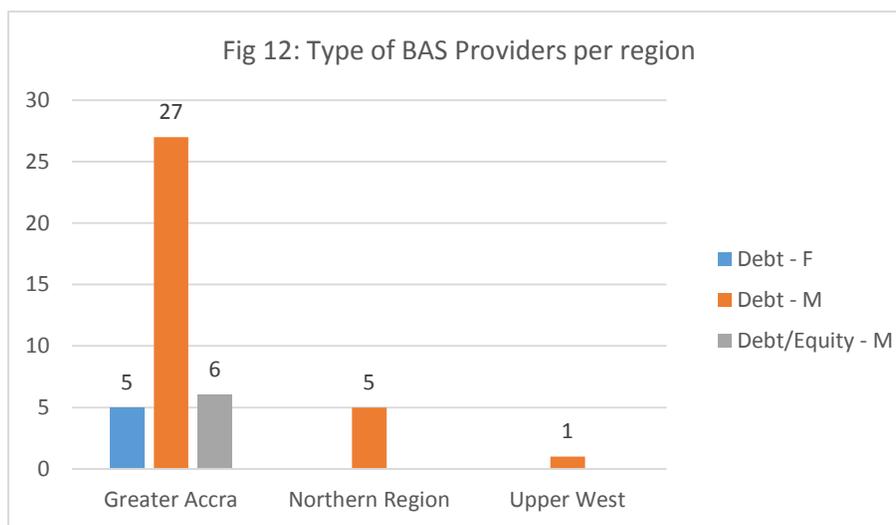
identification towards the BAS providers. In line with this approach, USAID-FinGAP organized two, field-based “mini-summits” in Kumasi and Techiman to connect SMiLEs directly with BAS firms, and offer a platform for PFIs to market their financial products directly to clients. Seventeen BAS providers and 27 FIs participated in these mini summits, which also utilized Business-to-Business (B2B) meetings to allow participants to discuss specific opportunities for financing with both BAS firms and PFI representatives.

Many of the BAS providers participating in the mini-summits are targeting the upstream market segment within each value chain, constituting SMiLEs seeking financing under \$20,000. To make these smaller loans more appealing to PFIs, BAS providers are bundling SMiLEs into one financing deal for consideration by PFIs. Rural banks and savings and loan companies tend to be the recipients of the majority of these bundled deals. Six BAS providers are specializing in this market segment.

REFINE AND RELEASE TENDERS TO ADD NEW BAS PROVIDERS TO THE PROJECT NETWORK

After modifying the performance incentive structure of BAS subcontracts, USAID-FinGAP released a new solicitation to add new BAS providers to our network, with a particular focus on expanding geographic representation and recruiting BAS providers based in the three northern regions. The goal of this activity was to address two key challenges: (1) The absence of BAS providers in Ghana’s north well-versed in agricultural financing; and (2) The lack of interest among Accra-based BAS providers to travel with frequency to the north to close smaller financing deals demanded. The Project also advocated heavily among women’s groups and staff networks to identify potential female-led BAS providers for addition to the network.

USAID-FinGAP added a total of 19 new BAS providers to our network in FY2—including four investment companies capable of bringing firms to the Ghana Alternative Market (GAX), four female-led BAS providers, and four BAS providers located in the north—for a total of 44 active BAS providers in the Project’s network. In terms of specialization, 86% (38) of the BAS providers are highly conversant in debt financing, while the remaining 14% (6) specialize in debt and equity financing.



Eight BAS providers are assisting 32 female-led SMiLEs. Of the 32 female-led SMiLEs in the Project’s portfolio, a third (12) are working with female-led BAS providers. The expanded reach in the Project’s

key zone of influence resulted in a subsequent increase in the number of financing deals strictly limited to northern Ghana from five (worth \$1,679,471) in FY1 to 472 (worth \$7,523,237) in FY2.

TASK 3 ACTIVITIES – BUSINESS PERFORMANCE IMPROVEMENT

In FY2, the Project undertook the following key activities in support of Task 3:

BAS NETWORK DEVELOPMENT

USAID-FinGAP expanded the project’s capability this year by adding more BAS providers, as well as specialized BAS providers to our network. By the end of FY2, a total of 44 BAS providers were working to assist SMiLEs access needed financing and investment. The project specifically recruited BAS providers with diverse backgrounds, provided training to these, held quarterly feedback workshops for BAS, and provided networking platforms to build and strengthen quality of the BAS network.

The 19 new BAS providers added to the network in FY2 were recruited to cater to critical market segments (e.g. production, inputs and mechanization) within the underserved value chains. The addition of Databank Brokerage Ghana Limited and tMI Consulting Limited are welcome, as both providers have extensive capital markets and equity financing experience, expanding the range of financing possibilities available not simply limited to debt. Evidence of success includes a soy processing SMiLE that received \$1,154,468 from the Ghana Alternative Market (GAX) capital market through a deal facilitated by tMI Consulting Limited.

To support network development, the Project organized eight workshops (two per quarter) in Accra and Tamale to interact with BAS providers, provide updates on trends in financing facilitation and assess their respective training needs. A total of 126 participants—including 107 males and 19 females from 43 BAS provider firms—attended these workshops. Training topics covered the following:

- Risk mitigation: Risk mitigation tools offered by Exim guaranty and GAIP to familiarize BAS with these institutions’ products and facilitate direct enquiries for their services.
- Linkages and connections: How to use the IMS to develop financing proposals, and how to connect with USAID’s broader set of implementing partners to gather reliable information on potential clients and the target commodities.
- BAS marketing. Project efforts to generate interest in BAS services via the Project’s investment promotion website.
- Alternative finance. Identification of alternative funding sources through issuing bonds or shares on the Ghana Stock Exchange’s Alternative Market (GAX).
- Stimulating responses from PFIs. Strategies to generate responses from PFIs on outstanding loan applications.
- Co-financing from SMiLEs. Strategies to encourage transparency and commitment by SMiLEs to BAS services.

The table below provides more detail on Project training to BAS in Year 2:

MARKETING OF BAS PROVIDERS TO SMILES

A key service offered by the Project team within this broader facilitation project is matching SMiLEs to appropriate BAS providers, matching BAS to PFIs most likely to finance promoted deals, and creating networking opportunities linking actors together in low-pressure environments. To support marketing efforts, the Project collected testimonials from SMiLEs on BAS services. These testimonials will be placed on the project's investment promotion website, expected to go live by the end of Q1, Yr3.

A few examples of client testimonials are offered below:

Farmco Ghana Ltd is very grateful to USAID-FinGAP Project. With the technical assistance from FinGAP through its BAS provider: Pinnacle Development Alternatives Limited, Farmco Ghana Ltd was able to raise an amount of Five Hundred Thousand Ghana cedis (Gh purchase of over one thousand metric tons (1000MT) of soy through aggregation to Ghana Nuts Company Ltd. This intervention has caused a significant increase in Farmco Ghana Ltd's working capital by almost 200% which has resulted in the boost of the company's profitability by 15% of its sales volume.

- Nii Laryea B., CEO - Farmco Ghana Ltd

ING Consult, our BAS provider, has been very enthusiastic in assisting us to raise funding. Since we connected with them through the USAID-FinGAP Project, they have been able to put our books together and submitted to two FIs, that is: UT bank and Sinapi Aba Savings and Loans Company for financing, and they have been very active in following up on the status of these applications. As I speak, I received a call last week from Sinapi Aba S&L (requesting) the collateral for the final approval of my facility.

- Ariku Martin Akudugu, MD – Ariku Company Limited

BAS PROVIDER CAPACITY BUILDING

Building BAS capacity is critical to the Project's overall goal of creating a sustainable ecosystem of BAS service provision for the agribusiness sector. The Organizational Capacity Assessment Tool utilized in YRI to evaluate BAS strengths and weaknesses identified the key capacity building needs of BAS providers as deal identification, marketing, networking and equity investment for agribusinesses.

Given the OCA assessment results, the Project team trained BAS providers using participatory training approaches and country-specific case studies. USAID FinGAP also organized training sessions jointly with representatives of PFIs to ensure that BAS understand the requirements of PFIs to which they submit financing deals. Over the course of the year, the Project trained 113 representatives of 43 BAS firms (101 men/12 women).



Fig 13: L-R: BAS capacity building workshops in Accra and Tamale

Training topics covered the following:

- **Business Plan Development:** One of the BAS network members delivered this training covering PFI expectations in the loan assessment process, what informs PFI decision-making, and the skills required to develop and present business plans that meet PFI requirements. Thirty-five participants (29 men/6 women) from 27 BAS provider firms attended this training.
- **New Product Development:** This training was held in Tamale and Accra. Provided guidance on developing agricultural finance products, highlighting creative ways that investors can adapt products and delivery mechanisms to successfully finance SMiLEs in the target value chains. BAS and PFI participation.
- **Risk Mitigation:** Risk mitigation options for PFIs (e.g. EXIM, EDIAF, GAIP), credit guarantees, equity possibilities and relevant terms. EDIAF training focused on low cost loans available to SMiLEs, including an equity option due to be rolled out by the end of 2015, in which EDIAF takes a minority equity position in SMiLE. EDIAF encouraged BAS providers to indicate their affiliation with USAID-FinGAP on their loan applications to PFIs, and to share information related to relevant loan applications with EDIAF. GAIP presented benefits weather index, area yield and traditional indemnity insurance products to three main stakeholder groups: commercial farmers, financial institutions and input dealers. Participation from 41 BAS providers in Accra and Tamale. During the EXIM presentation, BAS providers mentioned frustration with EXIM's processes, suggesting they are cumbersome and therefore discourage PFIs from utilizing this facility. USAID-FinGAP pledged to support EXIM, PFIs and BAS providers in YR 3 to ensure that Project-supported deals are processed expeditiously by EXIM.

- **Equity Investment:** This training was provided by another BAS provider within the Project network. Participants included 40 BAS firms. How BAS can design equity investment deals and prepare SMiLEs for listing on the GAX.

Table 4: BAS Capacity Building Training in Year 2

Year 2 Trainings for BAS Providers	Location	Date	# of BAS Provider Firms	# of female participants	# of male participants
Product Development	Northern Region	Nov. 11, 2014	2	0	2
Product Development	Greater Accra	Nov. 24, 2014	9	2	11
Agriculture Credit Risk and Loan Portfolio Management	Northern Region	Feb. 17, 2015	2	0	2
PPP Development and Deal Making	Greater Accra	Feb. 17, 2015	19	3	26
Agriculture Credit Risk and Loan Portfolio Management	Greater Accra	Feb. 23, 2015	9	2	11
Environmental Due Dilligence Training	Northern Region	April 15, 2015	10	2	13
Environmental Due Dilligence Training	Greater Accra	April 16, 2015	16	5	12
GAX SMiLEs Finance	Greater Accra	Sept. 17, 2015	12	0	20
Business Plan Development	Greater Accra	Sept. 28, 2015	15	4	17
Business Plan Development	Northern Region	Sept. 30, 2015	10	1	12
Totals (Unique)			30	12	101

Feedback from BAS providers on training provided has been positive. A selection of BAS testimonials are provided below:

“It’s been wonderful working with USAID–FinGAP. It’s been an eye-opening experience with a lot of opportunities in the agribusiness sector. We have received a lot of support from the USAID-FinGAP team both in Accra and Tamale Offices. We started with two staff with but now have five. The training on the alternative market has exposed us to deepen our understanding of facilitating deals using other sources of financing than debt.”

- Prince Akoto-Adipah, Nunye Brothers Limited

“I think that USAID-FinGAP has been the best part of my consulting life. The support has helped us to increase staff by 66%.

We are learning a lot on the field and the interest the Project has generated is making me consider a PhD in Agribusiness. We have benefitted immensely from the training programs and they have made us confident in facilitating deals.”

- Solomon Bondzie-Quaye, Solutions Consulting

“The trainings have been good as they have refreshed us in so many ways. The latest training on Business Plan Development was especially great as the instructor was very practical and got into the minds of bank officials and exposed us to information that would help close more deals.”

- Phillip Sarpong, Pinnacle Development Alternatives

CONNECT BAS PROVIDERS TO VALUE CHAIN ASSOCIATIONS

USAID-FinGAP presented BAS providers with two key platforms to connect with value chain actors active in other parts of the USAID Feed the Future portfolio of projects in FY2. The first was the 4th Pre-Harvest Agribusiness Forum organized by USAID's ADVANCE II Project and the Ghana Grains Council in Tamale. Nine project BAS providers attended the Pre-Harvest Forum, manning exhibition booths. BAS firms met with several SMiLEs at this event, discussing deals with a potential total value of approximately \$30M. Specifically, the Pre-harvest forum led to the facilitation of approximately GH¢ 20,000,000 by KPMG for a major poultry farmer in Ghana. This commercial bank financing will be used to restructure existing debt and construct commercial layer farming equipment, hatchery, broiler out-grower farm and feed production.

The second platform was the 2nd Ghana Agribusiness Investment Summit, held in Accra in April 2015, organized by USAID-FinGAP. This is the Project's flagship event, serving as a platform for value chain actors with viable investment and finance opportunities to connect with actors (e.g. BAS, PFIs, donors) who can make their investment and expansion dreams come true. A total of 190 organizations/businesses represented by 345 individual participants (91 female, 254 male) attended this year's summit. As a result of the Summit networking opportunities, 52 SMiLEs entered into initial agreements with 31 BAS providers and 21 FIs on the day of the Summit, which evolved into 10 financing deals facilitated by BAS providers and submitted to various FIs for consideration. For example, Okata Farms received financing from OVCF through Success for People following the linkage made at the Summit.

The Summit was also an opportunity for the project to present the range of risk mitigation tools available to PFIs, BAS and SMiLEs, and alternative sources of capital for long-term financing (e.g. listing on the Ghana Alternative Market (GAX) and issuing corporate bonds. Policy makers, donors, and think tank representatives held a breakout session promoting Financing Strategies, Public Private Partnerships, and Women in Agriculture. The Summit culminated in business-to-business (B2B) meetings between investors, agribusiness leaders, and BAS providers.

USAID-FinGAP also invited BAS providers to attend the joint USAID Feed the Future 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 mentioned previously, the Project held the two mini-summits in Kumasi and Techiman in February and March, 2015.

More than 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 attended the Kumasi Agribusiness Investment Summit. Forty eight representatives from 14 PFIs, and 15 representatives from 12 BAS providers also attended the Summit. The Techiman Agribusiness Investment Summit 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. At each event, PFIs presented their agribusiness financing products, followed by 187 B2B meetings between potential clients, BAS providers and banks. As a result of these mini-summits, participant SMiLEs have signed 55 engagement letters with BAS providers seeking approximately \$14.5M in finance and investments. PFIs are waiting for the SMiLEs' requisite documentation via the BAS providers in order to proceed with loan approval.

One deal that emerged from the Kumasi Summit is a \$1,478,495 working capital loan for a major poultry enterprise in Kumasi by Solutions Consulting. MEL Consulting, Pinnacle Development Alternatives (PDA) and STB Consult, are at different stages of the loan application process on behalf of the female-led SMiLEs targeted by the Kumasi event. MEL Consulting, a female-led BAS provider, registered and trained 15 groups from the event comprising 71 women, linking them to HFC Bank in Kumasi for financing. HFC has approved the loan, requiring a 25% deposit of the value of the loan prior to disbursement. PDA has linked 18 women from the summit to Sinapi Aba Savings and Loans and First Allied Savings and Loans for financing, and is in the process of negotiating better interest rate terms on the loan facilities.

COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

CONTEXT AND OVERALL APPROACH

USAID-FinGAP's FSS Unit aims to motivate financial intermediaries to engage more deeply in agriculture and improve the financial sector's ability to meet agribusiness financing requirements through a combination of smart incentives, risk mitigation measures and targeted capacity building. Through two interrelated tasks, the FSSU provides direct incentive grants to FIs for loans disbursed in the USAID-FinGAP target sectors, facilitates linkages between investment opportunities, appropriate financial products and PFIs, and provides demand-driven trainings to PFIs. 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 SMEs, and develop alternate financing mechanisms.

TASK 4 ACTIVITIES – FINANCIAL SECTOR CAPACITY BUILDING

- In FY2, USAID-FinGAP implemented the following activities in support of this Task:
- Rolled out incentive packages for PFIs to increase lending to agribusinesses;
- Designed, developed and delivered innovative and demand-driven trainings to the PFIs, in addition to ongoing technical support, to enhance agribusiness lending;
- Assessed the performance of FSSU-facilitated training to determine its impact on agribusiness lending;
- Collaborated with USAID DCA partner banks and Eximguaranty for the provision of credit guarantees; and
- Supported PFG financial sector initiatives in access to finance.

ROLLED OUT INCENTIVE PACKAGES FOR PFIs TO INCREASE LENDING TO AGRIBUSINESSES

In FY2, USAID-FinGAP tested and confirmed a central premise of the project: that FIs in Ghana can be induced to expand lending to agribusinesses if provided with the right incentives and technical assistance.

At the start of Year 2 USAID-FinGAP completed its solicitation, review and award of incentive grants to 14 financial institutions which collectively committed to releasing \$31,460,000 in incremental financing over a 12-month period, for a total grant cost of \$1,320,000 (or a leverage factor of 24 to one). The 14 PFI grantees are comprised of five universal banks, one MFI, one savings & loan company, one social impact investor, two cooperative credit unions, two rural and community banks, and one financial NGO.

Since the initiation of the grant award process, the project has provided trainings and hands-on technical assistance to help grantees implement their agricultural lending plans. As a result of the incentive grants

and the efforts of the project’s BAS providers identifying, packaging and presenting deals, the project made significant strides in facilitating financing to value chain actors.

The PFI incentive grant system has increased the appetite of FIs for agricultural financing, evidenced in the increase in lending to target value chains. At the end of FY2 (September 2015), 10 out of the 14 PFIs participating in the grant program had released a total of \$30,035,495 in financing to 69 agribusinesses. With several months to go before the grant period ends in December, the grantees have satisfied 95% of the incremental financing target of \$31,460,000, and have a pipeline of \$32,590,598 in deals still under consideration. The leverage factor of the grants program has been significantly higher than expected: a total of \$481,450 was paid to the PFIs for providing this incremental financing, with additional claims on grant funds of \$408,777 to be paid out to grantees that provided the \$30,035,495.

The diversity of the FIs in the grant program has helped the project address varied financing needs of SMiLEs working at various stages of the value chains. The universal banks provide relatively large financing amounts, usually working capital and capital financing, for medium to large agribusinesses. The social impact investor provided the needed financial and human capital to revive a major poultry feed processor. The rural and community banks, savings and loans and financial NGOs are critical to serving the input, mechanization and production needs of nucleus farmers and smallholders.

Barclays Bank was the first of the 14 FIs to release financing to target value chains. Barclays had initially committed \$2,360,000, yet the bank exceeded its financing by 626% totaling \$17,137,333. With this result, the project awarded a second grant of \$500,000 to Barclays for a target \$10 million in financing. Consequently, the bank’s credit to rice, maize and soy value chains increased from approximately \$1,000,000 in 2014 to \$18,000,000 in 9 months into 2015 since it enrolled in the USAID-FinGAP PFI incentive grant program.

Because of the time and risk involved in generating financing, credit and relationship managers are not enthused to do agribusiness deals. However, due to the [USAID-FinGAP] incentive grant, relationship managers are motivated to see agribusiness deals through and are paid a cash or in-kind bonus on completion of the deals.

- Andrew Ahiaku, Head Agribusiness Desk, Barclays Bank

The FIs have used the grant payments to cover the cost of operations in agricultural lending such as cost of staff training, motorbikes, computer software and hardware for loan monitoring, and recruitment of staff specialised in agribusiness and risk management. Most important, staff responsible for agricultural portfolios and desks in grantee FIs have gained the attention and support of senior management, helping raise the profile of agribusiness financing in such FIs. PFI use of grants in their own words, and examples of how it has translated into release of finance and investment to agribusinesses, are presented in the table below.

Table 5: PFI Grant Use

Grant use and impact on operations:	SMiLEs Financed
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<p>Bonzali Rural Bank:</p>	<p>“Bonzali used the grant to acquire a motorbike, and laptop computer all for loan monitoring. The motorbike has helped in loan monitoring and recovery. Our portfolio at risk has reduced due to intensive monitoring. The grant has helped to bring down staff cost, and facilitated easy tracking of agricultural loans disbursed at the various branches of the bank.”</p>	<p><i>Total financing released: \$268,987</i></p> <p>Bonzali financed 49 SMiLEs, with \$2,592 of the financing going into capital expenditure to purchase tractors and accessories to support farm operations. Additionally, \$266,395 was disbursed as working capital to aggregate maize, rice and soy for processors.</p>
<p>Barclays Bank Ghana</p>	<p>“We took on more deals, especially in the primary agricultural space, thus exceeding our annual target by Quarter 2, June 2015. Four staff benefited from training and capacity building.</p> <p>We tripled our client visits, thereby staying close to the customer. Agribusiness has become highly visible both at the Senior Management Level and the Regional Office, and we are currently sourcing for an Agribusiness Specialist to strengthen our risk mitigation in order to undertake more deals. We are arguably the preferred destination for SMiLEs, thus receiving referrals from the World Bank Country Office.”</p>	<p><i>Total financing released: \$18,795,807</i></p> <p>Barclays released a total of \$13,587,367 for Working Capital loans to 29 SMiLEs and \$5,208,440 for Capital Investments to 10 SMiLEs. The Capital Investment loans were mostly used to expand the infrastructure base of SMiLEs’ businesses. The working capital loans were used to purchase maize, rice and soy and other inputs as raw materials to feed processing facilities.</p> <p>Akate Farms, a beneficiary of the bank, recognises that the loan from Barclays Bank has been very helpful to their operations. “The financing has helped us greatly to provide input credit to over 650 of our outgrowers in the maize value chains to increase productivity. We have provided inputs like fertiliser, improved seed and ploughing services to these outgrowers. We have also got funding to build more battery cages to increase poultry production. The help through USAID FinGAP and Barclays has been useful”, Francis said. - Francis Oppong, Akate Farms</p>
<p>Tumu Cooperative Credit Union (TCCU)</p>	<p>“TCCU was able to purchase a Londinee Tractor 7500 and Corn/maize sheller, which it rents out to members of the cooperative; access to tractors and shellers has always been in short supply during farming season. These equipment rented out helped improved access and many testify that it has helped them do early farming and are assured of bumper harvest.”</p>	<p><i>Total Financing released: \$ 683,871</i></p> <p>TCCU financed 24 SMiLEs. Financing of \$621,748 went into Working Capital loans for the production and aggregation of maize and soy beans. Another \$147,273 went into Capital Investments for the acquisition of tractors and accessories.</p> <p>Tutridep group benefitted from a loan from TCCU. Mandela, the leader of Tutridep, indicated that “at the beginning of the farming season, when the rains started, over 300 women’s group could not have access to soya seed and thus applied through Tutridep to the Credit Union. The Credit Union acted swiftly on the application and disbursed \$35,000 making it possible for the farmers to cultivate over 800 acres of soya. The farms are doing well. The farmers are pleased with this support provided by the bank”. - Mandela Adejagasa, Tutridep Group</p>

Injaro Investment Advisors Ltd.	<p>“Injaro used grant funds to cover costs of staff training and bonuses. The grants motivated the team to identify and develop for possible investment three opportunities within the target area, and to close one within record time. The grant improved the professional development of staff by facilitating the training of three staff on the SEC’s investment manager course, and the training of three staff on corporate governance course run by the Institute of Directors/Ghana. The Harvard Agribusiness Seminar was particularly useful for gaining insights on current and emerging trends in global agribusiness, some of which may be applied to investments in Ghana.”</p>	<p>Total financing released: \$1,723,962 The total financing made by Injaro for Agricare was for working capital. The financing enabled the company which was at the brink of collapsing to get back to full operation. The financing was used to purchase soy cake and maize plus other inputs for feed processing.</p> <p>“Having faced significant working capital challenges in the past two years, Agricare has finally found a local partner, Injaro and is now positioned to regain its former market-leader status,” Ahiadormey said. “With Injaro, we renew our commitment to sourcing a significant portion of our maize and soy inputs locally through the various farmer cooperatives and aggregators in the space. Further, by providing both equity and debt financing, Injaro provides an effective partnership and resources that will help Agricare become a pivotal player in the animal feed and agriculture value chain in Ghana.” - William Ahiadormey, Agricare Ltd</p>
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EXPANDED THE SCOPE AND SCALE OF THE PFI NETWORK FACILITATING LOANS TO SMILES

This year the project formally integrated Fidelity Bank Limited and First Allied Savings and Loans Company into its PFI network through the signing of MOUs. Both are proving to be active partners in the network. Fidelity Bank granted \$658,000 in credit to agribusinesses within the three target value chains this year. FASL has reported the disbursement of an \$11,000 working capital facility (as a start) to four SMiLEs introduced to them by the project. USAID-FinGAP has developed guidelines for an agricultural lending policy for FASL which has formed the basis for their agribusiness lending programs. Through the introduction and recommendation of USAID-FinGAP, Fidelity and FASL have joined the USAID/DCA network adding \$8M to the DCA portfolio in Ghana.

DESIGNED, DEVELOPED AND DELIVERED INNOVATIVE AND DEMAND-DRIVEN TRAININGS TO THE PFIS, IN ADDITION TO ONGOING TECHNICAL SUPPORT, TO ENHANCE AGRIBUSINESS LENDING

PFIs in agribusiness finance requested the Project’s support in building the capacity of their staff in specific areas of agricultural finance. In response, USAID-FinGAP delivered technical trainings on identified skills needs prevalent among all PFIs, customized trainings for individual institutions on skills gaps identified by those PFIs, and technical assistance in the area of new product development. The trainings were delivered using participatory adult learning models actively engaging the participants via individual and group exercise, Ghanaian context case studies, as well as a series of questions aimed at facilitating participant discussions and learning. A summary of trainings held by the project and participation in those trainings is provided below.

Table 6: PFI Training Provided in Year 2

Training Topic	Location	Date	Participating FIs	# Women	# Men
Agriculture Credit Risk and Loan Portfolio Management	Northern Region	2015.02.17	13	7	21
Agriculture Credit Risk and Loan Portfolio Management	Greater Accra	2015.02.23	8	4	7
Agriculture Value Chain Financing	Ashanti Region	2015.06.24	1	4	24
Agriculture Value Chain Financing	Greater Accra	2015.07.03	1	6	27
Environmental Due Diligence Training	Northern Region	2015.04.15	13	5	20
Environmental Due Diligence Training	Greater Accra	2015.04.16	6	3	10
Product Development	Northern Region	2014.11.18	13	7	22
Product Development	Greater Accra	2014.11.24	8	4	6
				40	137
	Unique Count		30	37	103

Technical Trainings

The topics covered in the technical trainings during the year were:

- New Product Development and Delivery Mechanisms
- Agricultural Credit Risks and Portfolio Management

The Project provided training on New Product Development to 60 participants from PFIs, BAS providers, and other IPs in Accra and Tamale. The training covered the process of product development and highlighted the creative ways in which financial institutions could adapt products and delivery mechanisms to successfully finance SMILEs, with emphasis on those relating to USAID-FinGAP's three target value chains: soy, rice and maize. In Accra the training was provided to 25 personnel from 19 institutions; and 35 from 18 institutions in Tamale. This generated the interest of three FIs (Fidelity Bank Limited, First Allied Savings and Loans Limited and Bonzali Rural Bank Limited) to develop agribusiness products that will lead to an increase in financing agribusiness investment opportunities in the target value chains to improve the food security situation in northern Ghana.

84 personnel (62 males and 22 females) from PFIs, BAS providers and Implementing Partners attended the training on Agricultural Credit Risks and Portfolio Management, which was held in both Accra and Tamale. The areas covered by the training included agricultural value chains, sources of credit risks along the value chains, mitigation of credit risks and early warning signals for problem loans.

Demand-driven customized trainings

In FY2, USAID-FinGAP provided three customized trainings to two PFIs and the Agribusiness Finance Unit of MOFA. The FIs were Opportunity International Savings and Loans (OISL) Company and Fidelity Bank. Thirty OISL middle and senior management staff (26 males and four females) drawn from the agricultural, credit and sales departments were trained on the Warehouse Receipt Financing System

(WRFS). The training covered topics on key requirements for WRFS; WRFS business models; and risks associated with WRFS and their mitigation tools.

For Fidelity Bank, 90 of its staff in Kumasi and Accra were trained on 'New Product Development in Agricultural Value Chains and Customer Relationship Management.' The training workshops discussed actors and functions within agricultural value chains; the 8 Ps of agricultural marketing (product, price, place, processes, people, positioning, physical evidence, and promotion); the new product development cycle; adapting products & delivery mechanisms; and customer acquisition and retention.

At the request of MOFA, USAID-FinGAP trained 12 personnel (nine males and three females) from their newly formed Agribusiness Unit on 'Financing Agribusiness' which covered sources of financing including debt and equity.

Beneficiaries of the custom trainings have taken steps to implement skills acquired in their respective institutions. OISL, armed with the training offered by USAID-FinGAP, plans to implement a warehouse receipt financing product in its northern Ghana operations in 2016. Fidelity Bank indicates that the training offered them has deepened their understanding of the target value chains and further improved their interactions with their customers operating in various functions within the value chains. Through the training offered by USAID-FinGAP, officials of the Agribusiness Unit of MOFA are now better equipped to advise their clients on sources of financing for their agribusinesses. According to MOFA, the workshop materials (presentations) produced by USAID-FinGAP and used at the workshop are being used in their 'Trainer of Trainers' workshops across the country.

Technical assistance in new product development

The Project assisted Zenith Bank (Tamale Branch) to design a tripartite product delivery mechanism to disburse financing for Avnash (a rice processor) to support the aggregation of rice from FBOs/SMiLEs through aggregators. The project also supported CARD FNGO for rebranding/repackaging of an existing value chain financing product into a new product named "Financing Futures" to address the specific needs of the target market and also to meet the profitable and sustainable objectives of the PFI. Both products mentioned above are in the early stages of implementation; USAID-FinGAP will follow up with these two PFIs in FY3 to document the impact on the SMiLEs.

Since product development is a continuous activity, the FSSU supported Fidelity Bank and Bonzali Rural Bank to review their existing product features to meet the financial needs of the SMiLEs in the rice, soy and maize value chains. First Allied Savings and Loans, which recently joined the Project's PFI network, is also receiving assistance to design and develop new financing products for an out-grower scheme.

ASSESSMENT OF THE PERFORMANCE OF PROJECT-FACILITATED TRAINING TO DETERMINE ITS IMPACT ON AGRIBUSINESS LENDING

The Project conducted an assessment of post-training impact focusing on how trainees have used the skills acquired in their financial institutions. Thirteen project training beneficiaries from 10 financial institutions participated in the assessment.

Responses revealed that USAID-FinGAP's trainings have broadened participants' understanding of the 'value chain' concept in agricultural financing which has helped financial institutions take a holistic view of financing proposals presented to them. The value chain concept has also helped beneficiary institutions to reach out to more clients linked to the chain they finance.

Beneficiaries confirmed that requests for customized and in-house agricultural financing trainings for middle to senior level bank executives following generic trainings helped generate favourable understanding of agricultural finance requests from credit teams and committees. A number of financial institutions are developing agricultural portfolios and desks, asking USAID-FinGAP support for the development of agricultural financing policies to guide their credit procedures.

Two financial institutions (OISL and Fidelity Bank) who benefitted from the training on New Product Development were further supported to develop new agricultural financing products. These FIs plan to roll-out these products in 2016. Training beneficiaries expressed appreciation of the hands-on technical assistance provided by USAID-FinGAP staff as part of the training event, helping them to get ongoing and expert opinion on their agricultural financing activities.

The training programs introduced staff of Bonzali Rural Bank, headquartered in Kumbugu in the Northern Region, to the financing opportunities in the rice, maize and soy value chains, and technical assistance from the project helped the bank to increase its deposits and use insurance products to mitigate their loan portfolio risk. The bank attributes its recent financing of agribusinesses—especially those in the rice, maize and soy value chain—to the agribusiness financing training organized by USAID-FinGAP:

“Last year we stopped agriculture loans and only started this year through USAID-FinGAP interventions such as capacity building, grants and exposure to risk mitigation instruments. With the grants and risk mitigation instruments, we hope to increase our agriculture loans portfolio and maintain a quality loan portfolio. We have increased the number of loans to SMiLEs especially dealing with groups.

USAID-FinGAP training programs have helped to change our perception towards agricultural lending. It has also broadened our knowledge on risk mitigation instruments and due diligence processes to ensure and maintain a quality loan portfolio. Through the partnership, we have increased the loan portfolio size to agriculture which was almost zero last year due to liquidity challenges. Repayment is almost 100% especially for the women's group because of group guarantee system and group savings as cash collateral.”

- Samuel Yergome, Special Purpose Microfinance Coordinator, Bonzali Rural Bank.

COLLABORATED WITH USAID/DCA PARTNER BANKS AND EXIMGUARANTY FOR THE PROVISION OF CREDIT GUARANTEES

USAID-FinGAP in FY2 pursued the extension of Development Credit Authority (DCA) to more financial institutions and SMiLEs and extended a \$500,000 grant to Eximguaranty Ghana to partially cover the cost of credit guarantee premiums for value chain SMiLEs.

Development Credit Authority

The project organized and hosted a DCA/Washington mission to Ghana in March 2015. The mission reviewed existing DCA facilities with partner banks in Ghana: UT Bank, Ecobank, Sinapi Aba, and ProCredit/Fidelity Bank. With Sinapi Aba, USAID-FinGAP advocated an increase in DCA lending threshold from \$50,000 to \$200,000 to allow SASL to finance more critical agro-equipment. ProCredit/Fidelity Bank already has an existing DCA facility in health, and through USAID-FinGAP's recommendations, has added a \$5M DCA facility for agricultural lending.

In addition, the mission explored new DCA product lines with Universal Merchant Bank (UMB), Ghana Grains Council, Databank, Injaro and First Allied Savings and Loans (FASL). A \$3M DCA facility was granted to FASL due to the recommendations of the Project. 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 to Eximguaranty Ghana

USAID-FinGAP and Eximguaranty Ghana signed a \$500,000 grant agreement in December 2014 to subsidize 50% of EXIM's 4.5% (reduced from 5.5%) cost of credit guarantee premium on loans from FIs to agribusinesses in the rice, maize and soy value chains. The Project has continued to provide promotional support to EXIM to help market its credit guarantee products to FIs. In Year 2, USAID-FinGAP facilitated joint meetings and presentations with EXIM to six FIs including Royal Bank, UMB, UT Bank, Stanbic Bank, Soceite Generale and First Allied Savings and Loans.

Also, USAID-FinGAP hosted a breakfast meeting with representatives of 10 FIs in Kumasi. Generally, all FIs expressed interest in using credit guarantee product from EXIM, requesting modifications to existing terms for claims of guarantees. EXIM is following up with those FIs that have shown keen interest. FASL is taking steps to access credit guarantee from EXIM for its credit administration to its customers in FY3.

PARTNERSHIP FOR GROWTH: DEVELOPING JCAP

Through the Partnership for Growth (PFG) initiative, the Government of Ghana (GOG) and the U.S. Government (USG) have developed a Joint Country Action Plan (JCAP) to assist Ghana to sustain and broaden its economic growth by addressing two key constraints that inhibit private sector development and participation in the Ghanaian economy: unreliable and inadequate supply of electric power and lack of access to finance. USAID-FinGAP's mandate covers the five goals of the PFG Technical Working Group on Increasing Access to Finance:

1. Reduce government engagement in the banking sector;
2. Strengthen financial sector regulation and supervision;
3. Develop the financial sector infrastructure;
4. Broaden and deepen the financial sector; and
5. Encourage development finance and support SME access to finance.

USAID-FinGAP has an overall target to have SMEs (including SMiLEs, which are agribusiness SMEs) access financing that is cheaper and longer term as compared to typical bank financing in Ghana. Early in the Project's life, it was evident that this could be accomplished through the capital markets, where SMEs can issue bonds or shares on the GAX, the Ghana Stock Exchange's Alternative Market for SMEs.

During this past year, the GAX requested assistance in developing the supply side for the market, marketing and bringing to potential SME issuers this alternative financing source. At the same time, the SEC Ghana had requested assistance in building up their capacity in supervision, regulation, and enforcement of the capital markets to protect the investors.

In response, USAID-FinGAP provided technical assistance to the SEC in developing its capacity as well as assistance to the GAX to develop its marketing campaign to attract more SME listings of shares and bonds and develop an appetite for these investments among institutional investors such as pension funds, mutual funds, and the banks themselves. As part of the work plan for FY3, USAID-FinGAP will continue its support of the PFG goals of greater access to credit for SMEs, more and greater protection of investors, while aggressively supporting the alternative financing available to SMEs through the listing of bonds and shares on the GAX. The overall goals of this assistance are to bring additional debt and equity financing to SMEs and greater protection to investors.

Support to the Securities and Exchange Commission

The results of the STTA for the SEC included training and coaching the SEC staff in inspections of the GSE, the Depository, and the brokerage firms, as well as developing manuals for their supervision; and for surveillance, risk based supervision, and anti-money laundering. Key recommendations for additional support to the SEC and the development of the capital markets include (1) assistance in the implementation of recommendations and processes as stated in the three manuals; and (2) an IT assessment and diagnostic audit of the SEC's IT systems, which would highlight needs deficiencies as well as capabilities. Overall, these will better protect the investors and players in the capital markets of Ghana.

Support to the GAX

USAID-FinGAP STTA supported the GAX by developing a preliminary marketing plan (a more complete and comprehensive marketing plan will be part of the expert's final report) and implementing promotional activities in partnership with staff and management of GAX to create awareness and attract interest from institutional investors and SMEs (in all sectors) on the benefits and processes of listing on the GAX. Key recommendations from the expert working with the GAX include (1) providing implementation assistance with the expansion of the GAX marketing plan and (2) conducting an assessment of the GSE and GAX rules and related prudential regulations, updating them to improve member firm supervision and oversight and possibly to conform the GSE rules to a proposed Self-

The workshop was very informative. Most of us didn't get enough information about the Ghana Alternative Market (GAX). The consultant looked at the benefits for the SME, Investment Company and society at large. We have always looked at increasing our profit and this workshop has given us a better motive for marketing the GAX to SMEs.

- Winslow Sackeyfio, FirstBanc Brokerage

Regulatory Organization's framework. The Project organized four promotional activities during the year, one with institutional investors and three with SMEs:

1. Institutional Investors Workshop

Forty-five (31 male and 14 female) participants including investment managers, brokers, investors and fund managers participated in this workshop with the objective to expose them to strategic management tools for their businesses, introduce the use of balanced scorecard and explain how the GAX fits into the growth strategies of their companies. Participants' takeaways include the need to raise their risk appetite and balance their portfolios beyond investments in Government Treasury Bills and the need to increase trading activity on the Ghana Stock Exchange, which will benefit all market actors.

2. GAX Workshop for SMiLEs

Three GAX promotional workshops were held in Takoradi in August, and in Accra and Kumasi in September to reach a cross-section of businesses. Takoradi, host to many of Ghana's oil and gas service companies, attracted 60 SME participants to the workshop. Sixteen SMEs at the workshop expressed interest in listing bonds and shares on the GAX. The GAX is following up on this interest.

In Accra, the workshop was attended by 84 participants (made up of 72 males and 12 females), mainly SMEs and representatives of associations who were exposed to funding opportunities that existed for businesses through the Ghana Alternative Market (GAX). Six SMEs expressed interest in listing securities on the GAX.

The final GAX promotional workshop was held in Kumasi, hub of major agro-processing and poultry farms in Ghana. Ninety-seven participants (made up of 82 males and 15 females), mainly SMEs and representatives of poultry farmers associations, were introduced to funding opportunities through the GAX. Thirty-two SMEs expressed interest in listing securities on the GAX. Two radio interviews and one television discussion on GAX in Kumasi sparked the interest of some investors who have initiated the process with some investment advisors and brokerage firms to prepare them for capital market.



Fig 15: Ekow Afedzie, Deputy MD, Ghana Stock Exchange, presenting on GAX at USAID-FinGAP/GAX workshop in Kumasi

A total of 19 USAID-FinGAP BAS providers participated in all the workshops and were introduced to participants who showed interest to list securities on the GAX, where these BAS providers would assist in the listings on GAX.

TASK 5 ACTIVITIES-SMALL GRANTS FACILITY

In FY2, USAID-FinGAP used its Small Grants Facility to: (1) generate pipeline investment opportunities through BAS providers and (2) spur PFIs to lend and provide funding to target value chain agribusinesses. With regard to generating a pipeline of deals, the project revised its BAS provider incentive structure to encourage the closure of deals by reallocating incentive grants from the second to the third milestone when financing is disbursed to SMiLEs. For PFIs, the project took a more flexible approach, using a fixed obligation grants mechanism to support lending to agribusinesses based on agreed milestones of incremental financing targets. In all grant processes, the project promoted sustainability, designing and rolling-out grants to avoid dependency, moral hazard and the crowding out of private financing over the long term. The Small Grants Facility's key activities completed in Year 2 described below (and throughout this report under the relevant Component 1 and 2 activities).

DEVELOPED RFA TO INCENTIVIZE FINANCIAL INSTITUTIONS TO DIRECT FINANCING OF \$75 MILLION TO SMILES WITHIN THE PROJECT'S VALUE CHAINS

To stimulate incremental agribusiness lending to the project's target value chains, USAID-FinGAP issued a request for application (RFA) asking FIs to indicate financing targets they will commit to the project value chains in return for incentive grants. After evaluating the financing targets and uses of the proposed grant from USAID-FinGAP, a fixed obligation challenge grant was awarded to 14 FIs, which is disbursed upon accomplishment of financing targets.

At the end of Year 2, the total financing disbursements made by grant-awardee FIs was \$30,035,495 under the grant program. The total amount of grants awarded the 14 beneficiaries amounted to \$1,320,920 of which \$481,450 has been disbursed by the project against targeted milestones.

The table below indicates the committed financing by FI's, actual financing made, proposed grants draw down over the award period and actual amounts drawn.

#	Financial Institutions	Proposed Incremental Financing Committed (\$)	Disbursement to end of FY2 (\$)	USAID-FinGAP Grant Award (\$)	Grant drawdown (\$)
	Commercial Banks				
1	Ecobank	8,000,000	4,206,225	200,000	100,000
2	Stanbic Bank	3,800,000	184,966	150,000	
3	UT Bank	2,000,000		170,000	
4	Universal Merchant Bank	5,000,000		164,870	
5	Barclays Bank	2,360,000	18,795,807	160,000	160,000
	Rural & Community Banks				
6	Bonzali Rural Bank	250,000	268,987	25,000	18,750

Table 7: Grant utilization status					
7	Builsa Community Bank	450,000	484,581	41,850	20,925
8	Buuwuloso Community Bank	100,000		10,000	
	Savings & Loans				
9	Sinapi Aba Savings & Loans	3,000,000	921,708	150,000	
	Microfinance				
10	Success 4 People	1,000,000	1,519,419	50,000	50,000
	Cooperative Credit Union				
11	Tumu Cooperative Credit Union	500,000	769,057	50,000	25,000
12	Wa Community Bank	1,000,000		40,000	
	Impact Investors				
13	Injaro	3,000,000	1,723,962	59,200	47,360
	Other				
14	CARD Financial NGO	1,000,000	1,160,783	50,000	50,000
	Total	31,460,000	30,035,495	1,320,920	481,450

IDENTIFICATION, SELECTION AND ENGAGEMENT OF QUALIFIED AND CAPABLE BAS PROVIDERS AND OTHER “DESIRABLE” BAS PROVIDERS

The BAS subsidy payment structure was revised to backload payment upon achievement of the third performance milestone—actually obtaining financing for SMiLEs. The Project then developed a new RFP which was advertised to solicit new BAS providers to join USAID-FinGAP’s network of BAS providers.

Twenty-two BAS providers responded to the RFP and submitted their proposals. The proposals were evaluated and 16 successful bidders were engaged to join the USAID-FinGAP network. Consequently the Project signed subcontracts with them to increase the number of BAS providers to 44, including five female-led firms. This is to improve on access to BAS providers by SMiLEs to assist them to develop good business proposals to facilitate access to funds to finance their agribusiness investment opportunities.

ANNUAL PORTFOLIO REVIEW

The Project’s Annual Portfolio Review assessed the performance of USAID-FinGAP grants processes and also allocated the total remaining grant funds to areas where incentives could be used to enhance financial facilitation and FI lending to target agribusinesses. The portfolio review assessed grants to BAS providers (subsidy), PFIs and Risk Mitigation Institutions: Ghana Agricultural Insurance Pool (GAIP) and Eximguaranty Ghana Ltd (EXIM). Overall, grants processes are working efficiently, however a number of modifications were made to make grant utilization more efficient.

BAS providers

Though a large number of BAS providers have signed client engagement letters with SMiLEs, some BAS providers are faster than others in moving financing deals towards closure. Subcontracts for five BAS providers who had not fulfilled the minimum requirements of their subcontracts or whose subcontracts expired during the reporting year were not renewed.

The project expanded its SMiLEs base among the critically unbanked agribusinesses with smaller financing needs, particularly in the \$25,000-\$200,000 range—mostly women-led businesses doing raw produce aggregation. A total of five women-led BAS providers have been encouraged to assist more women-led SMiLEs to obtain needed financing into their businesses.

PFI Incentives

The PFI incentives grant has generated significant returns this year; \$481,450 in grant funds were used to leverage \$30,035,495 in financing towards the target value chain SMiLEs. During the course of the year, the Project asked PFIs to increase the amount of funds lent in relation to incentive grant funds, increasing the leverage factor from 23:1 (private financing : USAID grant) to 50:1.

Grants to GAIP and EXIM

Grants to GAIP and EXIM were initiated to buy down FI risk in lending to the agricultural sector and to enable target value chain SMiLEs to increase their access to financing. The Project awarded \$150,000 to GAIP to help the organization offer, market and sell its agribusiness insurance products in the three northern regions. GAIP has so far utilized \$105,000 in grant funds to hire three marketing staff, hire a Marketing Manager to supervise six marketing officers located in the three northern regions, and purchase a vehicle for marketing and monitoring efforts. GAIP targeted insurance product sales to nucleus and commercial farmers, FIs and agro-processors.

At the end of Year 2, 33 organizations/nucleus farmers bought GAIP's Weather Index and Multi-Peril Crop Insurance, including 14 rural banks in the north who procured the products on behalf of 1,190 farmer clients; two input dealers made up of 10 sub-input dealers of Masara N'Arziki Farmers



Fig 16: L-R: Grants Award Agreement Signing Ceremony with GAIP and Exim guaranty Ghana Ltd., respectively

Association and Mallam Seidu Farms (linked to 89 farmers); two NGOs (Innovation for Poverty Action on behalf of 2,100 farmers and Opportunity International); and 15 nucleus farmers linked to 129 farmers. Total insurance sales from January to September 2015 were GH¢502,776. USAID-FinGAP does not consider this total in premium sales to be significant, and thus, shall review and assess results for continued support to GAIP in Y3.

In January 2015 EXIM was awarded a fixed obligation grant of \$500,000 to be used 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. EXIM in turn lowered its premium from 5.5% to 4.5% for all FIs associated with USAID-FinGAP. Throughout Year 2, USAID-FinGAP supported EXIM's efforts by promoting the credit guarantee product to the project's PFIs and BAS providers as well as at key events including Ghana Agribusiness Investment Summit 2015. In spite of this support, the take-up by FIs has been slow mostly due to perceptions on past performance of EXIM in honoring claims. By the end of the first quarter of Y3, the Project will evaluate the impact of support provided to date to determine if continued support to EXIM will be offered in Year 3.

CROSS-CUTTING ISSUES

GENDER

USAID-FinGAP closely followed the Gender Integration Strategies laid out in its annual work plan this year to ensure that the Project is adequately targeting women with project activities, and that women are benefitting significantly in terms of impact from project activities. Key strategies undertaken this year to ensure that the project's gender mandate was followed include the following:

Participated in Gender Training

In Q2, USAID-FinGAP hosted a half-day workshop with USAID's Gender Advisor Krista Jacobs and Food Security Advisor Regina Eddy to train 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.

Conducted a Gender Impact Assessment

USAID-FinGAP's Case Leader visited Ghana in April 2015 to conduct a preliminary gender impact assessment on the project. The assessment was designed to analyze the environment for access to credit among female SMiLEs, assess the project's performance in implementing the gender activities outlined in the Year 2 work plan, and develop recommendations to strengthen USAID-FinGAP's ability to expand access to credit among female SMiLEs.

The assessment found that on the demand side, women are involved in every step along the value chain, but are highly concentrated upstream. Demand for finance among women is significant and largely unsatisfied.

On the supply side, a number of large commercial banks are strategically providing new products and networking platforms for women, however none of the banks interviewed have studied the target value chains in-depth, nor have they studied the differentiated needs of men and women within the target value chains.

Overall, the following lessons were drawn from the gender impact assessment:

- USAID-FinGAP's mini-summits have been effective tools to reach more female-led SMiLEs.
- Bundling groups of women with smaller credit needs is a preferred strategy to reach more female SMiLEs with financing.
- Female-led SMiLEs need different technical assistance to successfully access financing than their male counterparts.



Left to Right: Naana Achiaa-Maize Distributor and USAID-FinGAP Case Leader

- Female-led SMiLEs have specific financing and investment needs based on the segments of the value chain where they are located.
- USAID-FinGAP should ensure it does not saddle upstream clients with unserviceable debt.

Key actions for the team to undertake based on the gender impact assessment were recommended as:

- Refine the data tracked by the project to include the value of the initial transaction and the associated on-lending disaggregated by gender.
- Begin systematic collection of SMiLE impact data to adequately measure enterprise level impact that is gender-disaggregated. Consider instituting business surveys used by other donor projects (e.g. ADVANCE II, IFC) to facilitate data collection.
- Consider mapping each value chain to understand where men and women are located, and to determine the value of financing demand is for each.
- Hold more mini-summits to be able to reach more female-led SMiLEs.
- Support and utilize networks of women to keep identifying more female-led SMiLEs as well as highlight female SMiLE successes in communications efforts (“Success Stories”).
- Develop an award for most successful female-led SMiLE to present at annual agribusiness conferences.
- Encourage equity finance instead of debt for SMiLEs.
- Encourage BAS to work with PFI and input providers that offer lower interest rates to female smallholder producers and upstream actors in the value chains.

Recruited More Female-led BAS providers

In Year 2, USAID-FinGAP recruited four female-led BAS firms to join its network to serve mostly women-led SMiLEs who require small amounts of financing. The women-led BAS firms—MEL Consulting, STB, Ethan Essence and Project Alternatives Ltd. (PAL)—have jointly demonstrated competence in training women in business skills and forming women’s groups for financing facilitation.

Offered Additional Capacity Building Support for Female-led BAS Providers

In Q1 Year 2, USAID-FinGAP nominated two female-led BAS providers for the USAID-supported, Africa LEAD training program, “Champions for Change: Women in Agriculture Leadership Course,” held in Accra. Aba Quainoo of MEL Consulting and Sally Adjetey of MDF West Africa participated in the weeklong program, which provided a platform for networking and collaboration with other female-led entrepreneurs in the rice, maize and soy value chains. In Year 3, the Project plans to host more trainings for women-led BAS providers and create networking platforms between female-led BAS providers and SMiLEs.

Conducted Targeted Outreach to Female-led SMiLEs.

USAID-FinGAP held two Mini-Summits this year to expand the Project’s geographic outreach and overall size of the pipeline of agribusiness financing deals among upstream market actors, principally women. A total of 155 women-led businesses and traders (out of 310 participants) attended the Kumasi and Techiman Agribusiness Investment Summits. Female participants represented aggregators, millers and traders of rice, maize and soy who source their produce from the three Northern regions, and were connected with BAS providers. So far, 15 groups (comprising 71 women) and 20 female traders have registered their businesses and have been linked to various financial institutions for financing assistance from BAS providers. BAS providers are currently negotiating interest rates on behalf of these clients.

ENVIRONMENT

The main focus of USAID-FinGAP's environmental mitigation work in Year 2 was the development of a Safer Use Action Plan (SUAP) in compliance with contract requirements and USAID's environmental policies on pesticide application within agribusiness projects. Following SUAP development and subsequent USAID approval of this plan, the Project hosted trainings in Tamale and Accra for BAS providers and PFIs on environmental screening procedures, and advised PFIs on developing their own internal environmental screening and criteria. In addition, each quarter, CARANA's home office submits packages of Environmental Review Forms to USAID related to each agribusiness financing deal to ensure that these will have no negative impact on the environment.

COLLABORATION WITH FTF IMPLEMENTING PARTNERS

Throughout Year 2, USAID-FinGAP partnered with a number of organizations to realize its goal of increasing access to finance for agribusinesses in target value chains. Under the umbrella of the Collaborative Circles of Chiefs of Parties (CCC), a number of initiatives and events took place:

CCC Meetings of FtF Projects

USAID-FinGAP participated in numerous coordination meetings among FtF projects this year. Meeting topics included:

- Human Network International introduced its new mobile phone information service providing free access to weather, pricing, costs and other information services.
- African LEAD's Champions for Change presented various networks that CCC members may join such as the Agricultural Advisory Services Network, which assists farmers and FBOs, and the Agricultural Financing Network, focused on improving access to financing for VC actors.
- Review of final Feasibility Study developed for the (now defunct) joint CCC project assisting up to 100,000 agricultural actors in the northern Volta region. While the projected impact was notable, due to the region's sparse population the CCC will consider another joint project in a more populous region.

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 conferences in Tamale.

Collaboration with FtF ADVANCE II Project

USAID-FinGAP continues to actively collaborate with the other Feed the Future projects operating in Ghana, 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. In addition, both ADVANCE II and USAID-FinGAP jointly support the Ghana Agricultural Insurance Pool (GAIP) so it can fulfill its mandate to offer and sell agricultural insurance products/risk mitigation tools for FIs and the agriculture sector. The two projects meet at least twice a year along with the GAIP to discuss sales techniques and product offerings.

Collaboration with FtF Agriculture Technology Transfer Project

USAID-FinGAP assigned a BAS provider within the USAID-FinGAP network to assist 54 smallholder farmers to access \$113,000 as their respective total contribution to finance purchase of approximately \$380,000 of agro mechanization equipment under a matching grant facility provided by the USAID Feed the Future Agricultural Technology Transfer Project (USAID/ATTP). Under the grant arrangement, these farmers are making a matching contribution of 30% of the value of mechanization equipment to enable them to access the remaining 70% from USAID/ATTP. The acquisition of this equipment will facilitate reduction of postharvest losses and improve the incomes of farmers, who lose approximately 20% to 35% of their produce to postharvest losses. It will also increase productivity and make some time savings for other productive activities.

USAID-FinGAP also collaborated with USAID/ATTP to initiate a process to develop a PPP in the seed value chain using the existing MoFA seed processing units respectively located in Northern, Upper East and Upper West regions. The prospective investment in these seed processing units will improve access to high quality seed that will facilitate development and growth of the rice, maize and soy value chains in northern Ghana.

Other collaborative activities with Partners outside of FtF

- Of significance is USAID-FinGAP working with Ghana Supply Chain Development Program in Takoradi. USAID-FinGAP shared opportunities to bring additional sources of finance to SMEs under the PFG initiative through the GAX, where SMEs list shares or bonds for equity or debt financing. The response from GSCDP was that this is an efficient and effective option for many of their counterparts, principally oil and gas industry SMEs. The Acting COP of GSCDP invited the top 12 candidates to attend the aforementioned GAX conference in Takoradi with three of these companies actively pursuing GAX listing of their securities through one of the USAID-FinGAP BAS providers. These deals are in various stages of development.
- USAID-FinGAP is working with the Ghana Rural and Agricultural Finance Program (RAFIP, under IFAD) as well as with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in supporting the Ghana Agricultural Insurance Pool (GAIP) with financial and technical assistance.

PERFORMANCE INDICATORS

#	Indicator	Unit of Measure	Baseline	Y1	Year 2 (Oct 2014 - Sept 2015)		Y1 + Y2			
				Achieved	Target	Achieved	% Achieved	CUM Target	Cum Achievement	% Achievement
Component I: AOD UNT										
Ia. 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 (\$)	Number of enterprises	0	22	20	162	810%	35	183	526%
	Size									
	Small			19		146				
	Medium			2		15				
	Large			1		1				
	Type: (Small and Medium Enterprises)									
	Agricultural producer			5		88				
	Inputs supplier			1		9				
	Trader			0		9				
	Output processors			14		46				
	Non-agriculture			1		5				
	Other			0		4				
	Type: (Large Enterprises):									
	Agricultural producer			0		0				
	Inputs supplier			0		0				
	Trader			0		0				
	Output processors			1		1				
	Non-agriculture			0		0				
	Other			0		0				
	Gender (Small and Medium Enterprises)									
	Male			20		141				
	Female			1		20				
	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	25	43	172%	40	48	120%
	Gender:									
	Male			26		39				
	Female			1		4				
	Status									
	New			27		21				
	Continuing			0		22				
3	Number of SMiEs paying fees for BAS	Number of enterprises	0	4	10	52	520%	15	56	373%
	Size									
	Small			4		42				
	Medium			0		9				
	Large			0		1				
	Type: (Small and Medium Enterprises)									
	Agricultural producer			0		32				
	Input supplier			0		3				
	Trader			0		4				
	Output processors			4		9				
	Non-agriculture			0		1				
	Other			0		2				
	Type: (Large Enterprises):									
	Agricultural producer			0		0				
	Input supplier			0		0				
	Trader			0		0				
	Output processors			0		1				
	Non-agriculture			0		0				
	Other			0		0				
	Gender (Small and Medium Enterprises)									
	Male			4		44				
Female			0		7					
Gender (Large Enterprises)										
Male			0		1					
Female			0		0					

Tb									
4.5.2-30: Number of SMILEs, including farmers, receiving USG assistance to access loans (\$)	Number of enterprises	0	8	35	526	1503%	50	529	1060%
Size									
Small			4		72				
Medium			3		452				
Large			1		2				
Type: (Small and Medium Enterprises)									
Agricultural producer			4		320				
Input supplier			0		14				
Trader			0		124				
Output processors			3		46				
Non-agriculture			0		1				
Other			0		19				
4 Type: (Large Enterprises):									
Agricultural producer			0		1				
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		425				
Female			0		99				
Gender (Large Enterprises)									
Male			1		2				
Female			0		0				

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	45	659	1464%	75	677	903%	
	Type of entity										
	<i>food security private enterprises (For profit)</i>			28		503					
	<i>Producers organizations</i>			0		156					
	<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		634					
<i>Continuing</i>			0		25						
6	Total value of private capital deployed to targeted value chains by financial institutions with USG assistance	USD	0	\$4,351,745.00	\$ 12,000,000.00	\$38,323,957.00	319%	\$19,500,000.00	\$42,675,703.00	219%	
6	Value Chains										
	<i>Maize</i>			\$2,090,000.00		\$14,397,861.00					
	<i>Rice</i>			\$312,626.45		\$6,169,765.00					
	<i>Soy</i>			\$1,949,118.82		\$17,756,331.00					
	Type of PFI										
	<i>Commercial / Universal Banks</i>			\$3,163,096.45		\$27,550,795.00					
	<i>Rural & Community Banks</i>			\$0.00		\$1,522,617.00					
	<i>Micro Finance (NGOs), S&Ls & Credit Unions</i>			\$90,000.00		\$3,016,861.00					
	<i>Social Impact & Private Equity Funds</i>			\$205,000.00		\$2,403,349.00					
	<i>NBFI</i>			\$241,412.41		\$1,900,967.00					
<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>			\$0.00		\$468,509.00						
<i>Capital Market</i>			\$0.00		\$1,154,468.00						
<i>Other</i>			\$652,236.41		\$306,391.00						

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7	Number of successful investment opportunities (propos als) funded	Number of opportunities	0	8	7	533	7614%	12	539	4492%
	Value Chains									
	Maize			2		102				
	Rice			1		108				
	Soy			5		18				
	Maize & Rice & Soy			0		193				
	Maize & Rice			0		85				
	Maize & Soy			0		25				
	Rice & Soy			0		2				
	Status									
	New			8		531				
	Continuing			0		2				
	Value of agricultural and rural loans	USD	0	\$3,699,509.00	\$8,000,000.00	\$34,701,596.00	434%	\$13,000,000.00	\$38,519,692.00	295%
	Size									
	Small			\$295,000.00		\$14,016,501.00				
	Medium			\$1,344,508.86		\$6,039,636.00				
	Large			\$2,060,000.00		\$14,645,459.00				
	Type: (Small and Medium Enterpris es)									
	Agricultural producer			\$90,000.00		\$7,327,104.00				
	Input s upplier			\$0.00		\$14,871,666.00				
	Trader			\$0.00		\$1,830,817.00				
	Output proces sors			\$1,549,508.86		\$7,609,533.00				
	Non-agriculture			\$0.00		\$305,069.00				
	Other			\$0.00		\$740,324.00				
8	Type: (Large Enterpris es):									
	Agricultural producer			\$0.00		\$0.00				
	Input s upplier			\$0.00		\$0.00				
	Trader			\$0.00		\$1,359,083.00				
	Output proces sors			\$2,060,000.00		\$658,000.00				
	Non-agriculture			\$0.00		\$0.00				
	Other			\$0.00		\$0.00				
	Gender (Small and Medium Enterpris es)									
	Male			\$1,639,508.86		\$32,246,932.00				
	Female			\$0.00		\$437,581.00				
	Gender (Large Enterpris es)									
5	Page									
	Male			\$2,140,000.00		\$2,017,083.00				
	Female			\$0.00		\$0.00				

FINANCING GHANAIA N AGRICULTURE PROJECT
YEAR 2 ANNUAL PROGRESS REPORT OCT 2014-SEPT 2015

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	\$9,658,375.00	241%	6,500,000.00	208%	
	Size									
	Small			195,000.00		\$2,969,879.00				
	Medium			1,514,196.88		\$5,870,496.00				
	Large			2,140,000.00		\$818,000.00				
	Type: (Small and Medium Enterprises)									
	Agricultural producer			571,117.08		\$2,720,353.00				
	Input supplier			-		\$3,269,707.00				
	Trader			-		\$614,738.00				
	Output processors			1,138,079.08		\$1,502,208.00				
	Non-agriculture			-		\$733,369.00				
	Other			-						
	Type: (Large Enterprises):									
	Agricultural producer			-		0.00				
	Input supplier			-		0.00				
	Trader			-		0.00				
	Output processors			2,140,000.00		\$818,000.00				
	Non-agriculture			-		0.00				
	Other			-		0.00				
	Gender (Small and Medium Enterprises)									
Male			1,709,196.16		\$8,764,483.00					
Female			-		75,892.00					
Gender (Large Enterprises)										
Male			2,140,000.00		\$818,000.00					
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	208,843,323		29,048,437	218,031,499	751%
	Value of Sales (SMiLEs receiving less than \$250,000 in finance)			195,517		57,490,553				
	Number of SMiLEs (SMiLEs receiving less than \$250,000 in finance)				3	504				
	Value of Sales (SMiLEs receiving more than \$250,000 in finance)			8,992,659		151,352,770				
	Number of SMiLEs (SMiLEs receiving more than \$250,000 in finance)				5	22				

Component 2: FSS UNT									
11	Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance	0	40	5	30	600%	9	46	511%
	Type of PFI								
	<i>Commercial / Universal Banks</i>		15		15				
	<i>Rural & Community Banks</i>		8		4				
	<i>Micro Finance, S&Ls & Credit Unions</i>		4		5				
	<i>Social Impact & Private Equity Funds</i>		3		0				
	<i>NBFI</i>		6		4				
	<i>Insurance / Credit Guarantee</i>		2		1				
	<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>		2		1				
Status									
<i>First Time</i>		40		6					
<i>Continuing</i>				24					
12	Number of grants disbursed / subsidy disbursed	0	22	30	276	920%	40	298	745%
	Type of recipient								
	<i>BAS Provider</i>		22		262				
	<i>PFI</i>		0		14				
<i>SMiLE</i>		0		0					
13	Number of public-private partnerships formed as a result of U.S. government assistance	0	0	7	16	229%	12	16	133%
	Partnership Focus								
	<i>Agricultural production</i>		0		0				
	<i>Agricultural post-harvest transformation</i>		0		0				
	<i>Nutrition</i>		0		0				
	<i>Multi-focus</i>		0		0				
<i>Other</i>		0		16					

14	Financial recovery rates for agriculture sector		75%		80%	97%	122%	80%	97%	122%
15	Value of agricultural loans by US government supported banks (on a percentage portfolio basis)		6%		8%	6.5		8%	7%	81%
16	Score, in percent, of combined areas of organizational capacity among US government direct and indirect local implementing partners		73%	NA	NA	NA		N/A	N/A	N/A
17	Number of new products offered by FIs (including DCAs)		0	0	4	2	50%	6	2	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 hours of technical assistance in financial sector capacity provided to counterparts or stakeholders		0	356	850	2276	268%	1618	2632	163%

	4.5.1-24. Number of policy reforms /laws / regulations /administrative procedures drafted and presented for public/s takeholder 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	3	100%	5	2	40%
	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		3				
	Stage									
	Analyzed			0		0				
	Drafted			0		2				
	Presented for legislation/decreree			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	34	340%	15	34	227%
	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				
	Institutional Investors			0		30				
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			0		4				

YEAR 3 QUARTER I PLANNED ACTIVITIES (OCTOBER-DECEMBER 2015)

Activity	Time-Line	Responsible Parties
Component I-AOD Unit		
Task 1 Activities – Private Sector Engagement/Market Chain Linkages		
Identify agribusiness opportunities and SMiLEs for PPP formation	Oct 2015 –Sept 2016	AOD Unit, COP, STTA
Identify prospective investors to invest in high-potential but underserved areas of the value chains	Oct. 2015 - Sept. 2016	AOD Unit, COP
Jointly organize value chain development programs with FtF IPs	Oct 2015 – Sept 2016	AOD Unit
Assist FtF IPs SMiLEs to access BAS	Oct 2015 – Sept 2016	AOD Unit
Identify processors, aggregators, farmers in the rice value chain for support	Oct 2015 – Mar 2016	AOD Unit
Assist SMiLEs to adopt the use of improved rice processing technologies through access to finance to invest in them	Oct 2015 –Sept 2016	AOD Unit
Update IMS to ensure accurate and up-to-date information is available for investors	Oct 2015 –Sept 2016	AOD Unit, Communications, M&E, STTA
Collaborate with IPs and DPs to update and promote use of IMS by their actors	Oct 2015 –Sept 2016	AOD Unit, M&E
Task 2 Activities – Project Development and Investment Proposal via BAS providers		
Identify 5 female BAS providers to provide BAS services to female-led SMiLEs.	Oct 2015-Sept 2016	AOD, Grants Unit
Assist BAS providers to facilitate finance to female-led SMiLEs through the mini-summits	Oct. 2015 – Sept 2016	AOD Unit
Build partnerships between BAS/PFIs through ‘team trainings’ in post-financing activities including loan repayment	Ongoing	AODU, FSSU, COP
Encourage BAS providers to support potential investors with feasibility studies for PPPs and other opportunities	Oct. 2015 – Sept. 2016	AOD, Grants, COP
Evaluate BAS providers’ performance to encourage competition	Ongoing	AOD Unit
Support BAS providers to identify and assist SMiLEs to	Oct. 2015- Sept.	AOD Unit, COP,

Activity	Time-Line	Responsible Parties
access alternative financing	2016	STTA
Task 3 Activities – Business Performance Improvement		
Organize events and workshops on alternative financing options for BAS providers	Oct 2015 – Sept 2016	COP, AOD Unit, STTA
Support BAS providers to list securities of SMiLEs on the GAX (crosscutting to SME securities for PFG component)	Oct 2015 – Sept 2016	AOD Unit, COP, STTA
Collaborate with Stanford SEED to build capacity of SMiLEs and BAS providers in Business Management	Oct. 2015 – Mar. 2016	AOD Unit
Support BAS providers to provide SMiLEs with post-financing disbursement training	Oct. 2015 – Sept. 2016	AOD Unit
Train BAS providers on deal transaction skills to improve ability to facilitate deals	Oct. 2015 –Sept. 2016	AOD Unit, FSSU, STTA
Train BAS providers on PPP development and facilitation	Oct. 2015 –Sept. 2016	AOD Unit, STTA
Host quarterly workshops to hear from BAS providers on network priorities and evaluate training needs	Dec 2015, Mar/Jun/ Sept 2016	AOD Unit
Support SMiLEs to participate in agribusiness technology events	Oct 2015 – Jun 2016	AOD Units
Component 2: FSS Unit		
Task 4 Activities- Financial Sector Capacity Building		
Tender RFA for FI grants; Evaluate proposals received in response to RFA	Latter part of Dec 2015 and Jan-Feb 2016	Grants Team, FSSU, DCOP, COP
Support grant implementation with training and capacity building assistance	Oct 2015 – Sep 2016	Grants Team, FSSU, COP
Integrate new FIs (including RCBs in our ZOI) into the PFI network to address financing gaps	Oct 2015 – Sep 2016	FSSU, COP
Integrate fund managers & life insurance companies into network to address challenges with short facility tenors	Oct 2015 – Sep 2016	FSSU, COP
Develop case studies to be used in PFI trainings	Oct 2015 – Sep 2016	FSSU, AODU, STTA
Offer gender-sensitive technical assistance to PFIs	Oct 2015-Sept 2016	FSSU
Support RCBs with alternative capitalization strategies, such as concessional capital, hedge fund opportunities to borrow overseas, or improved savings capture strategies	Oct 2015-Sept 2016	FSSU

Activity	Time-Line	Responsible Parties
Deliver demand-driven FI-specific trainings	Oct 2015 – Sep 2016	FSSU, COP
Engage SMiLEs, presenting alternative sources of finance	Oct 2015 – Sep 2016	FSSU, AODU, COP
Assess the impact of the training facilitated	Oct 2015 – Sep 2016	FSSU, COP
Collaborate with DCA Banks and other stakeholders (including Eximguaranty) to offer credit guarantees	Oct 2015 – Sep 2016	FSSU, COP
Collaborate with PFIs to inform USAID-FinGAP's strategic activities and expected results	Oct 2015 – Sep 2016	FSSU, COP
Stakeholder Breakfast Forum for the use of Risk Mitigation and Credit Enhancement Tools	Oct 2015 – Mar 2016	FSSU & COP
Support PFG Access to Finance Component, Joint Committee Action Plan	Oct 2015 – Sep 2016	FSSU, BAS Manager, & COP
Task 5 Activities – Small Grants Facility		
Issue RFAs & grants for FIs	Dec 2015- Sept 2016	Grants Unit, FSSU, COP
Issue/Advertise RFPs & subsidies to BAS providers	Ongoing	Grants Unit, Communications, COP
Review of Grants to GAIP and EXIM	Oct 2015-Mar 2016	Grants Unit, FSSU, COP

ANNEX A – SUCCESS STORIES



Equity Infusion Revives Animal Feed Company

Agricare joins forces with USAID-FinGAP to become beneficiary of Injaro Agricultural Capital Holdings Impact Investment Fund



Courtesy of USAID-FinGAP

Agricare employees load bags of animal feed for distribution.

Since Injaro's equity investment, Agricare has recorded 30% average monthly sales growth and has started rebuilding its supply chain.

For nearly fifty years Agricare Limited stood as a giant in Ghana's animal feed industry. The Kumasi-based company set the benchmark for quality and was the market leader in manufacturing and selling feed to the Ghanaian poultry and fish markets. Its distributor networks extended into Cote d'Ivoire, Togo, and Benin. But with mounting debt, low productivity, and loss of key personnel, Agricare was on the verge of collapse.

"We knew that the most critical constraint to Agricare's operations was access to finance," William Ahiadormey, Managing Director of Agricare, said. "We lost our markets as we could no longer produce, and we lost critical staff due to our inability to meet compensation payments."

Like many agricultural small to medium enterprises (SMEs), Agricare faced difficulties obtaining working capital for inputs and financing for purchasing or upgrading equipment. Agricare's aging 30,000 ton feed production facility was woefully underutilized, producing between 2-3% of installed capacity, and the company's domestic market share had fallen below 10%, while the international market had dried up completely.

"Due to our existing debt burden with its attendant high debt servicing costs, the usual financial institutions were not prepared to support us any further," Ahiadormey, said. "What we needed was patient capital such as debt-equity mix."

Traditional bank loans with high interest rates and short repayment schedules make it challenging for SMEs in Ghana to grow. Recognizing the shortage of long-term investment capital for agribusinesses, the USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) is working on expanding alternative sources of financing, including direct equity investment. Injaro Agricultural Capital Holdings, a \$50 million impact investment fund based in Accra, is one of fourteen financial institutions participating in USAID-FinGAP's performance based challenge grant. These financial institutions committed to provide an estimated \$31.5 million in incremental financing to actors in the maize, soy, and rice value chains, and in exchange, were awarded \$1.3 million in incentive grants. Injaro committed to provide \$4 million in investments under the grant, investing \$50 in financing for every project dollar awarded.



Courtesy of USAID-FinGAP

Jerry Parkes, Managing Director of Injaro, sees equity financing as a way to unlock the potential of agricultural SMEs.

The impact investment fund targets the agricultural value chain in West Africa, offering financing, management advice, and technical assistance to support entrepreneurial companies in this arena. The company believes that providing long-term financing relieves pressure and unlocks the potential of SMEs.

Ahiadormey, along with Agricare's other shareholders, showed great foresight in recognizing the need for an equity investor for long-term sustainability. USAID-FinGAP had identified Agricare as a transformative investment opportunity for the maize and soy value chains, given that those are the key ingredients in animal feed and the growing demand for poultry and fish across the region. The project promoted the former market leader at its annual Ghana Agribusiness Investment Summit, and with the help of a participating USAID-FinGAP Business Advisory Service provider, Agricare prepared an appropriately packaged business plan for presentation to financial institutions. After an introduction to Injaro by USAID-FinGAP, Agricare became one of the impact investment fund's West African agriculture investments.

"Investments that Injaro funds must pass two important criteria - making modest returns on the investment while impacting smallholder farmers and low income people in the agricultural sector in Africa," Jerry Parkes, Managing Director of Injaro Agricultural Capital Holdings, said. "We believe that Agricare can regain its market share and play a catalytic role in improving the efficiency of key agricultural value chains whilst generating a commensurate return for our investors."

Injaro's investment in Agricare gives it a 48% stake in the company, making it the only institutional shareholder alongside 78 individual shareholders comprised of current and former employees.

"Having faced significant working capital challenges in the past two years, Agricare has finally found a local partner in Injaro and is now positioned to regain its former market-leader status," Ahiadormey said. "With Injaro, we renew our commitment to sourcing a significant portion of our maize and soy inputs locally through the various farmer cooperatives and aggregators in the space. Further, by providing both equity and debt financing, Injaro provides an effective partnership and resources that will help Agricare become a pivotal player in the animal feed and agriculture value chain in Ghana."

With the capital from Injaro, Agricare intends to recapture lost market share through high quality product availability, increased plant utilization, a cost-effective local supply chain, and expanded reach across West Africa. Agricare's increased operation is anticipated to benefit over 7,000 soy and maize farmers, mostly in Northern Ghana, who supply raw materials to Agricare

With the right support and the right partner, agribusinesses are seeing equity as a desirable financing option that provides them with the type of capital they struggle to obtain in the commercial banking sector. USAID-FinGAP is working on building a stronger, more sustainable agrifinance market through the development of a suite of financing options. With the Agricare and Injaro investment partnership, equity financing has entered the mix.



Successful Agribusiness Initial Public Offering is Groundbreaking Addition to Financing

HORDS lists on Ghana Stock Exchange with Support of USAID-FinGAP



Courtesy of HORDS

Harold Otabil (left) and Sydney Casely-Hayford (right) ring the bell to signify the listing of HORDS Ltd. on the Ghana Alternative Market (GAX).

“I have a different kind of business to run now.”

- Harold Otabil, CEO HORDS, Ltd., after receiving equity financing, relieving his company of debt

Harold Otabil is an award-winning entrepreneur and innovator. His research and creativity led him to launch Harold Otabil Research Systems (HORDS) Ltd., a food and beverage company that sells over twenty products, some of which have become household names in Ghana. Otabil received numerous awards celebrating his work, including the “Dr. Kwame Nkrumah Excellence Award in Enterprise” and the prestigious “GPA Award for Creativity, Innovation, Dedication and Excellence.” His most recent product, Soyabetix, a soy-based supplement for diabetics, won the “Emerging Product of the Year” at the Ghana-Made Products Awards in 2013.

As CEO of HORDS Ltd., Otabil did not spend much time developing his business. He spent his time like most sole owners of small and medium enterprises (SMEs) in Ghana. The typical profile of these SMEs is one of exceptionally high liabilities, extraordinary debt accumulation, and a permanent cash struggle. Most owners, like Otabil, have a daily routine of avoiding phone calls while simultaneously defending their business with banks in court.

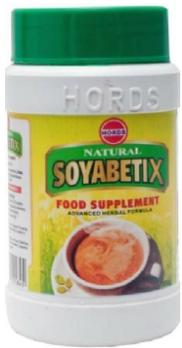
With creditors threatening to turn the factory workers out into the streets and shutdown operations, Otabil turned to TMI Consulting, a Business Advisory Service (BAS) provider in the USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) network. USAID-FinGAP facilitates financing to enterprises along the maize, soy, and rice value chains, and its BAS provider network is the integral link between these agribusinesses and financial institutions to obtain financing.

Since its inception in 2013, USAID-FinGAP has facilitated traditional bank loans for SMEs, securing much-needed finance for growth and development in the agriculture sector. While the project has helped enterprises realize more than \$40 million in private financing and investment, USAID-FinGAP recognizes the importance of flexible, long-term capital for growth without the high interest rates and repayment schedules that accompany many traditional loans. USAID-FinGAP is working with its network BAS providers to look to equity as an alternative source of agribusiness financing for their clients. By expanding its toolbox to include equity, USAID-FinGAP is increasing the scope of available sources of finance for its beneficiaries.



Courtesy of HORDS

Shares of HORDS were made available to the public through an initial public offering on the GAX.



Courtesy of HORDS

Soyabetix, a soy-based health supplement made by HORDS, won “Emerging Product of the Year” at the Ghana-Made Products Awards in 2013.

Sydney Casely-Hayford of TMI Consulting recognized that his client would be an excellent candidate for listing shares on the newly opened Ghana Alternative Market (GAX). This second-tier market of the Ghana Stock Exchange was designed specifically for small and medium enterprises to raise debt free capital or even to issue bonds. While no agribusinesses were yet listed on the GAX, HORDS was in desperate need of equity funding, as taking on any more debt would be further debilitating. Casely-Hayford worked side by side with Otabil and HORDS’ Board of Directors for the next year and a half to develop a prospectus to be approved by the Securities and Exchange Commission of Ghana that would meet regulatory standards and provide factual information about the company to attract investors.

After many meetings and presentations, Gold Coast Brokerage offered to fully underwrite the IPO with funding through their sister company, the Ghana Growth Fund, and a valuation was set. The parties were confident that there would be a vibrant, public market willing to buy shares of this well-known company.

“With great products like Brown Gold, Cocobetix, and Soyabetix, we all knew HORDS would list successfully,” Casely-Hayford said.

HORDS listed 80,000 shares in its initial public offering in August 2015, raising over \$1.1 million in equity. This permanent influx of capital will be used to pay off existing debt, invest in a new factory, and increase working capital. Now Otabil can finally focus on expanding his business within Ghana and beyond and bring more Ghana-made products to market.

"It never seemed like reality until we got the final approval letter from the Securities and Exchange Commission," Otabil said. "We reacted quickly to all the challenges, and the adrenalin rush after ringing the bell on the first day of listing couldn't have climaxed the nearly two years of persistence any better. I have a different kind of business to run now."

HORDS’ successful listing on the GAX is a groundbreaking development for both USAID-FinGAP and Ghanaian agribusinesses. The company is the first SME assisted by USAID-FinGAP to list on the GAX, and its success will serve as a model for future listings.

"Listing a company on a brand new exchange has been more rewarding than I thought," Casely-Hayford said. "Every step was a challenge and a thrill to resolve. I am emboldened and looking forward to many more IPOs in the next few months."



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.



USAID
FROM THE AMERICAN PEOPLE

GHANA

Business Advisory Service Provider Revives Milling Enterprise to Benefit Women Sellers

Kpalsipaga Enterprises' new rice processing equipment brings milling and higher incomes to local sellers



Photo courtesy of USAID-FinGAP

One of Kpalsipaga Enterprises' most reliable customers is happy with the new mill.

"I can now compete favourably with my competitors in the market, and I have better prices with improved sales and income."

- Zuwera Mahama, Kpalsipaga Customer

For more than thirty-five years, women rice sellers from around Kpalsi, a suburb of Tamale, processed their raw materials at Kpalsipaga Enterprises, then sold the milled product at the large grain markets in Tamale, Techiman, and Ejura. However, two years ago, the two old milling machines had become so inefficient and thus the quality of the output so poor, that Kpalsipaga ceased its rice processing operation completely. Suddenly, customers had to walk long distances to other mills and wait up to two days for their turn to process their goods.

Owner Abdulia Issahaku, who inherited the family business, knew it was time to modernize his equipment, but despite his successful businesses in other areas, he had difficulty obtaining a bank loan to procure a new milling machine.

"We tried to get loans from other banks and went as far as opening and operating our accounts with them," Issahaku said, "but we were usually disappointed. You either don't get the loan or you get less financing than you requested."

That was until USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) came along. The USAID/Ghana project is building an ecosystem of Business Advisory Service (BAS) providers to help enterprises like this one move their business forward. USAID-FinGAP connected Kpalsipaga with MEDCO, a participating BAS provider, to advise the company on how to rebuild its rice milling business.

The first step was to obtain financing for new equipment and to rebuild the customer base. MEDCO introduced Kpalsipaga to the Tamale branch of Sinapi Aba Savings and Loans, a USAID-FinGAP partner financial institution, and assisted the company with all aspects of applying for and structuring a loan and negotiating with the supplier for the new equipment.

In December 2014, Issahaku installed a new 1.5 ton rice mill at Kpalsipaga, complete with de-stoner, rice grader, and elevators. The de-stoner removes stones and chaff making the rice debris free and producing high quality milled rice. Although Kpalsipaga now charges GH¢2 more per 76 kg bag, the women sellers make a generous profit, selling the higher quality output for a GH¢32 premium.



Photo courtesy of USAID-FinGAP

A Kpalsipaga employee easily mills rice with the new processing equipment, purchased after following advice from MEDCO, a USAID-FinGAP business advisory service provider.

Zuwera Mahama, a seasoned processed rice seller and mother of six, is one of Kpalsipaga's customers. She previously lost buyers to competitors when trying to sell the poor quality rice processed with the old equipment, which negatively impacted her bottom line. Her situation has changed now that she is milling with Kpalsipaga's new equipment. "I can now compete favorably with my competitors in the market," Mahama said. "I now have better prices with improved sales and income. I am very happy working with Kpalsipaga."

Word of mouth is bringing business back to Kpalsipaga. Currently 40 women, including one from as far away as Kumbungu, use the new milling machine. Besides the improved quality, the machine is much more efficient, milling 80 bags per day versus 40 from the two old machines combined.

Market sales have picked up as sellers get to the market more quickly, successfully sell their product, and buy more paddy for processing. The women are now selling 5 bags of milled rice, compared to only one bag previously. More buyers are coming to the market at Tamale for the Kpalsipaga product, saving the women from traveling to markets further away.

Additionally, with the new machine bringing in sales of up to USD\$110 per day, Kpalsipaga was able to hire two unskilled, previously unemployed men to run the mill plus six women to work the two shifts.

Solomon Tachie Obeng, Sinapi Aba Tamale Branch Manager, appreciates MEDCO's financial facilitation. "We became engaged with Kpalsipaga through USAID-FinGAP," said Sinapi Aba. "We saw an opportunity to help a business that was impacting the lives of deprived women in the community."

Through capacity building, USAID-FinGAP is establishing relationships for BAS providers with a network of financial institutions and linking them with agribusinesses in need. The resulting market of competent BAS providers is a major step towards bridging the agrifinance gap in Northern Ghana.



Barclays Bank Ghana Far Surpasses its Initial Commitment to Agricultural Financing

Banks enter agriculture sector due to incentive grants and consulting services from USAID-FinGAP



Photo courtesy of USAID-FinGAP

Headed by Andrew Ahiaku, Barclays' Agribusiness Desk runs a program called *My Shoes Are My Office*, aimed at reaching 300 clients per week, a third of which are agribusinesses in maize, soybeans, and rice. The cost is partly covered by the incentive grant received from USAID-FinGAP.

“Our agribusiness loan portfolio was GH¢3 million. Currently, it stands at GH¢54.6 million, thanks to our relationship with USAID-FinGAP.”

-Andrew Ahiaku, Head of Barclays Agribusiness Desk

Barclays Bank Ghana, one of the oldest banks in Ghana, decided that to become a “bank of the future” it needed to invest in agriculture. Currently, the agriculture sector is contributing to approximately 22% of Ghana’s Gross Domestic Product, and continues to grow as demand for staple food products steadily increases. In January of 2014, Barclays established an agricultural desk, but only saw its agribusiness lending within the maize, soybeans, and rice value chains grow to a mere \$937,485.

Andrew Ahiaku, Head of the Agribusiness Desk at Barclays Bank, explains the low lending rate in agriculture was due to “the time and risk involved in generating financing; credit and relationship managers were not enthused to do agribusiness deals.” Barclays realized that to seriously establish itself in the sector, it needed to radically change the way it was doing business with the agriculture sector.

When Barclays entered into a relationship with USAID’s Financing Ghanaian Agriculture Project (USAID-FinGAP), the bank’s agribusiness portfolio began to flourish. In the past six months alone, Barclays has loaned over US \$17 million to nine Small to Medium, including Large, Enterprises (SMiLEs) in Ghana’s maize, soybeans, and rice value chains. The funds are stimulating investment along the supply chain and growing the country’s staple food supply.

USAID-FinGAP, established to help facilitate this type of financing in northern Ghana, supported Barclays with three distinctive programs. USAID-FinGAP introduced the bank to its network of 41 Business Advisory Service (BAS) providers who identify agribusinesses with solid investment opportunities, help the enterprises articulate their plans, and seek out appropriate sources of financing.

Site visits and information collection make appraising agribusiness deals costly and time consuming for financial institutions. BAS providers do the legwork for the banks, bringing the deals directly to them in nicely packaged proposals that make it easy for banks to assess the opportunity and see the potential for returns on their investments.

“Our pipeline of agribusiness deals have mostly come from USAID-FinGAP BAS providers,” Barclays’ Ahiaku said. “At the start of our relationship with the project, our agribusiness loan portfolio was GH¢3 million. Currently, it stands at GH¢54.6 million, thanks to our relationship with USAID-FinGAP.”

Smallholder farmers in Northern Ghana who supply raw materials to these agribusinesses are also benefiting from Barclays financing. Solutions Consulting Limited, a USAID-FinGAP BAS provider, secured a \$2.5 million loan for a large-scale poultry farm based in Kumasi. Although a Barclays client since 2003, this SMiLE had a limited loan facility of under \$700,000. With Solutions Consulting support in preparing and presenting the financing documentation, the enterprise

How Barclays Bank's Investments Strengthen the Supply Chain to Improve Food Security in Northern Ghana

After working with USAID-FinGAP, Barclays' agribusiness lending portfolio includes:

- \$4.1 million in working capital for agro input dealer to increase inventory and meet growing demand from maize, soybeans, and rice farmers for increased productivity
- \$3.8 million in working and fixed capital for agro mechanization equipment producer to improve access to farming tools for staple food farmers, predominantly women
- \$3.5 million in working capital for two fertilizer dealers and an agro equipment dealer to increase stocks to meet growing demand for maize, soybeans, and rice
- \$2.0 million for two SMiLEs to finance agribusiness investments in maize and soy
- \$1.7 million in working capital for poultry feed and supplies company to buy more raw materials from farmers for processing
- \$1.0 million in working capital for poultry farm to purchase feed and finance increased farming of raw materials of maize and soy
- \$500,000 in capital investment for warehouse management company to improve services for maize and rice clients
- \$450,000 in working capital for poultry feed company to increase production capacity, thereby increasing demand for maize and soy

received capital investment funds to purchase expanded housing storage, a feed truck, and a generator. These investments will allow the poultry farm to expand its egg producing poultry population from 600,000 birds to over one million, driving up the company's demand for feed. The loan also covers working capital to purchase feed (maize and soy) from aggregators as well as pre-finance approximately 650 smallholder farmers, 20% of which are female farmers, to produce maize for feed production.

The second source of USAID-FinGAP support for financial institutions is training. Barclays had been out of the agriculture lending business for over two decades since Ghana's government stopped intervening in banking. During that time Barclays and other banks invested in larger, more secure markets such as extractive industries (gold and oil), cocoa, and T-bills. Smaller enterprises, particularly those in agribusiness, were ignored.

USAID-FinGAP provided in-country capacity building programs with training materials full of localized context and case studies. Barclays no longer had to send its employees to South Africa for more generalized and more costly training. The staff gained a better understanding of local investment opportunities in maize, soybeans, and rice, strengthening their relationship with the BAS providers in pursuing deals. Barclays appreciates that lucrative agribusiness opportunities exist in Ghana and can be valuable assets within their portfolio while mitigating the risks.

According to Philip Sarpong, Managing Partner of Pinnacle Development Alternatives, a BAS Provider which facilitated \$1.7 million for a poultry feed SMiLE, "It was relatively easier and faster to get the financing for my client from Barclays Bank since they seem to have better understanding of agribusiness financing. We withdrew four such applications from other banks and redirected them to Barclays where they are now receiving favorable attention."

USAID-FinGAP's third program is a targeted, performance-based challenge grant. After a rigorous evaluation process, Barclays was selected as one of fourteen financial institutions to receive funds in exchange for a commitment to agricultural investment. The grants support the financial institutions in setting up agricultural desks, buying office equipment, providing additional training, and motivating staff. Barclays sent two agri-bankers into the field - one to the branch in Tamale and one to the branch in Kumasi - to drive sales along the target value chains.

"Due to the incentive grant, relationship managers are motivated to see agribusiness deals through since they are paid a cash/in-kind bonus on the completion of the deals," Ahiaku said.

The 14 selected financial institutions originally committed to provide an estimated US\$31.5 million in incremental financing to SMiLEs in the maize, soy, and rice value chains in exchange for a total incentive grant of over \$1.3 million. For every dollar invested in the grant program, agricultural financing will increase by over \$23. That ROI will likely prove to be a lot higher. On its own, Barclays' \$17 million in agriculture investment well exceeds its original \$2.36 million commitment.

"There is no way we will turn away from financing agribusinesses in the target value chain," Ahiaku concluded, confirming the bank's strategic slant in Africa towards this type of lending. "Moreover, we have established relationships now with agribusinesses and farmer groups all over the country. Even without the grant from USAID-FinGAP, our agribusiness desk will continue."



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.



Small Rural Agribusinesses Expand as Bonzali Rural Bank Resumes Lending

Incentive grant and technical assistance from USAID-FinGAP puts agricultural financing back in business



Photo courtesy of Bonzali Rural Bank

Bonzali banker speaks to a women's group about microfinance after launching its renewed agricultural lending program.

“USAID-FinGAP training programs have helped to change our perspective towards agricultural lending.”

***-Samuel Yergome,
Special Purpose Microfinance
Coordinator for Bonzali Rural Bank***

Last year when Bonzali Rural Bank closed down its agricultural lending program, the leading rural bank in Ghana's northern region felt a gaping hole. The bank was founded on providing a comprehensive range of financial services to poor, rural communities, as well as small-scale enterprises, to enhance the standard of living in the region. Ignoring the agriculture sector meant the bank was ignoring a large, critical part of its market and falling short of its mission. Yet with over 15% of the agribusiness portfolio at risk for default and with the liquidity challenges facing the bank, Bonzali was forced to cease this type of risky lending.

To address this issue, in September 2014, Bonzali joined USAID's Financing Ghanaian Agriculture Project (USAID-FinGAP) as one of 14 selected Participating Financial Institutions (PFIs). USAID-FinGAP offered performance-based incentive grants and technical assistance to financial institutions willing to commit to lending to agribusinesses in the maize, soybeans, and rice value chains in Northern Ghana. Bonzali committed to incremental financing of \$250,000 for a grant award of \$25,000. The grant was used for internal financial literacy training, procurement of a motorbike for loan monitoring and recovery, and the purchase of a laptop for data capturing and analysis.

“Last year we stopped agriculture loans and only started again this year because of USAID-FinGAP's interventions such as capacity building, grants, and exposure to risk mitigation instruments,” Samuel Yergome, Special Purpose Microfinance Coordinator for Bonzali Rural Bank, said. “We have increased the number of loans to small enterprises, especially lending to groups.”

Now Bonzali Rural Bank is back in the business of agricultural lending – this time with a quality portfolio that will be sustainable. USAID-FinGAP training programs taught Bonzali staff proper due diligence strategies to find more secure financing opportunities and showed them how to protect their loan portfolio with risk mitigation tools. Technical assistance from the project helped the bank develop products to meet the needs of their target market and increase deposits. Staff also developed skills on cash flow lending in order to understand which enterprises will meet regular repayment.

“USAID-FinGAP training programs have helped to change our perspective towards agricultural lending,” Yergome said. “It has also broadened our knowledge on risk mitigation instruments and due diligence processes to ensure and maintain a quality loan portfolio. Repayment is now almost 100%.”

Through USAID-FinGAP's subsidy program, Bonzali is working to overcome its liquidity problem. Nunyuei Brothers Limited, a Business Advisory Service (BAS) provider within USAID-FinGAP's network, helped the bank secure close to



Photo courtesy of USAID-FinGAP

Ayishetu Adama, an aggregator in Tamale, used a loan from Bonzali Rural Bank to buy more grains from farmers and significantly increase her weekly sales of rice, maize, and soy.

\$900,000 from Ecobank Ghana for on-lending to Bonzali clients, primarily in the targeted maize, soy, and rice value chains.

“Nunyuei Brothers negotiated with Ecobank on our behalf for a lower interest rate, reduced processing and commitment fees, as well as other crucial terms and conditions that our bank would have found difficult to overcome,” Paul Atsu Fiawoo, Bonzali Rural Bank’s General Manager, said.

“It was quite challenging to raise funds for such a rural bank since the requirements were quite stringent,” Prince Akoto-Adepa, Managing Partner at Nunyuei Brothers, said. “We, however, pursued it with the technical support from USAID-FinGAP and achieved it. We hope to do that for other rural and community banks because we believe such loans will facilitate food security in Northern Ghana since most of these funds will be on-lend to support agribusiness investments by farmers.”

Ecobank echoed Akoto-Adepa’s sentiment and is excited to provide Bonzali with the loan. “Rural banks are closer to smallholder farmers who are the base and source of raw materials for most of the agribusiness processors that our bank supports,” Kingsley Adofo-Addo, Ecobank’s Account and Senior Relationship Manager, said.

So far Bonzali has released over \$140,000 in agribusiness loans to mostly female-dominated farmer-based organizations in the maize, soybeans, and rice value chains. Over 400 women from 28 different women’s groups expanded their agribusinesses in Northern Ghana because of these individual and group loans. Fifty-five farmer associations, six nucleus farmers, input dealers, aggregators, agricultural mechanization service providers, and processors have also received funding.

Ayishetu Adama, a rice, maize, and soy aggregator, used the loan to buy more grains from farmers. On her own, Adama was selling 10-15 bags per week in open market space in Tamale. Now with the support of loans from Bonzali, Adama is aggregating 50-80 bags per week.

“Since joining the bank, I have been able to increase the number of bags I sell,” Adama said. “I now operate from my own shop at Aboabo Market.”

With the support of USAID-FinGAP, Bonzali Rural Bank is once again following 100% of its mission.