



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



QUARTERLY REPORT: SECOND QUARTER FY 2021

Feed the Future Ghana
Mobilizing Finance in Agriculture (MFA)

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April 2021



USAID
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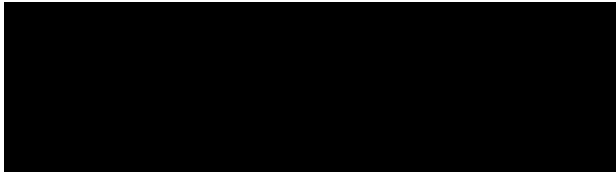


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ACRONYMS AND ABBREVIATIONS

AAT	Agribusiness Assessment Tool
ADVANCE II	FTF Ghana Agricultural Development and Value Chain Enhancement II Project
AMELP	Activity Monitoring, Evaluation, and Learning Plan
BAS	Business Advisory Services
BASP	Business Advisory Service Provider
BAST	Business Assessment and Selection Tool
BDS	Business Development Services
BOP	Bottom of the Pyramid (BOP)
CLIN	Contract Line Item Number
COP	Chief of Party
DCA	Development Credit Authority
DOC	Development Outreach Coordinator
DCOP	Deputy Chief of Party
EAA	Enabling Environment Advisor
EATIH	East Africa Trade and Investment Hub
EMMP	Environmental Mitigation Monitoring Plan
EOI	Expression of Interest
ERF	Environmental Review Forms
FAO	Food and Agriculture Organization
FI	Financial Institution
FinGAP	Financing Ghanaian Agriculture Project
Fintech	Financial Technology
FtF	Feed the Future
GAX	Ghana Alternative Market
GSE	Ghana Stock Exchange
GOG	Government of Ghana
GIRSAL	Ghana Incentive-Based Risk-Sharing System for Agricultural Lending
IEE	Initial Environmental Examination
IFC	International Finance Corporation
ITA	International Transaction Advisor
LOA	Life of the Activity
LTA	Local Transaction Advisor
MFA	Mobilizing Finance in Agriculture
MFI	Microfinance Institution
M-SMiLE	Micro, Small, Medium and Large Enterprise
NEDCo	Northern Electricity Distribution Company
NPL	Non-Performing Loan
OB	Outgrower Business
PPR	Performance Plan and Report
PITT	Performance Indicator Tracking Table
P4P	Pay-for-Performance
PMU	Project Management Unit
PO	Performance Objective
Q	Quarter
RFP	Request for Proposal
RSA	Research Solutions Africa
RMT	Risk Mitigation Tool

RCB	Rural Community Bank
SMiLE	Small, Medium, and Large Enterprise
SOP	Standard Operating Procedures
SOW	Scope of Work
SPSC	Strategic Partnership Selection Criteria
STTA	Short-term Technical Assistance
TA	Technical Assistance
U. S.	United States
USAID/Ghana	U.S. Agency for International Development's Ghana Mission
VC	Value Chain
VSLA	Village Savings and Loan Association
WOCCO	World Council of Credit Unions
WFP	World Food Program
ZOI	Zone of Influence

EXECUTIVE SUMMARY

The Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity is a 4-year, \$19 million USAID Activity that aims to increase the availability of commercial financing for agriculture to facilitate capital investment and promote trade. MFA will leverage financial incentives to spur agricultural finance market behavior change and system reform, leading to more inclusive economic growth through agribusiness development.

During MFA's second quarter, the Activity team undertook a series of rapid technical assessments to kick-start upcoming activities and inform the intervention strategies. These include assessments of the business advisory services (BAS) and financial institution (FI) landscape, which validated that MFA's proposed methodologies would sufficiently motivate expanded engagement with agribusinesses in MFA's target value chains and resulted in recommendations on the pricing of incentives. The findings of these assessments will also be used to guide the development of MFA's capacity building programs for business advisory services providers (BASPs) and FIs.

As a result of MFA's deal identification push this quarter, including publishing an expression of interest (EOI) for firms seeking financing and extensive outreach to enterprises in MFA's network, the Activity has developed a substantial pipeline of opportunities that can be facilitated next quarter as MFA operationalizes its pay-for-performance (P4P) incentive programs for BASPs and FIs. These efforts by the MFA team and its partners, Open Capital Advisors (OCA) and CrossBoundary (CB), resulted in the identification of 154 prospective micro, small, medium including large enterprises (M-SMiLEs) seeking a combined \$220 million in investment. The closure of these deals would impact more than 89,000 smallholder farmers, 80% of whom are in the Zone of Influence (ZOI). A database of M-SMiLEs seeking financing and another database of potential investors were also developed to spur MFA's agriculture lending activities.

Using the inputs obtained through rapid assessments, MFA initiated a series of procurements to onboard local partners. After onboarding international BASPs, OCA and CB in Q2 2021, MFA published a request for proposal (RFP) for the competitive engagement of local BASPs. OCA and CB will support anchor firms and M-SMiLEs to pursue larger sums of financing (averaging \$500,000), as well as more complex transactions to leverage the vast resources for private equity funds, impact funds, and capital markets. The local BASPs will be trained to access such alternative funding for clients, but also be encouraged to service smaller actors, especially those seeking less than \$10,000, and particularly women-led and youth-led M-SMiLEs needing financing to grow their enterprises. Finaskill, a reputed local training firm, was onboarded this quarter and will begin providing demand-driven group and institution-specific training to FIs next quarter to expand agricultural financing into the target value chains (VCs).

Strategic partnerships with large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances, and other private sector actors are a key tool that MFA is leveraging to uncover new business models that significantly expand access to finance for the smallest value chain actors, including smallholder farmers and microenterprises. This quarter, MFA finalized the development of the strategic partnership selection criteria (SPSC) and designed a competitive procurement to solicit concept notes from interested private sector partners that can be incubated and scaled as a part of MFA's activities.

During Q2 2021, MFA continued to partner with other USAID Activities, donor-funded projects, and key stakeholders to foster a holistic agricultural sector intervention that enhances inclusive growth in Ghana. MFA collaborated with USAID ADVANCE II to assist the Activity's outgrower business (OB) networks to access finance for the upcoming 2021 production season. This collaboration resulted in the

development of a strategy to integrate more than 1,500 village savings and loans association (VSLA) groups formed under USAID ADVANCE II into the mainstream financial sector. This activity is expected to benefit 29,741 members of the VSLA groups, comprising of both smallholder farmers and rural enterprises. On the same lines of collaboration, a memorandum of understanding (MoU) was signed with the Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL) to develop financial products and provide training to help mitigate the risks of FIs lending to MFA's target value chains.

MFA's strategic communications activities in Q2 2021 focused on establishing the Activity's presence in the agricultural financing market. This involved dissemination of the one-page MFA fact sheet, delivery of PowerPoint presentations to inform target audiences of MFA's scope and activities in order to attract new partners and beneficiaries, and preparatory activities for the virtual launch of the MFA Activity, now slated for Q3 2021.

Office space was secured and equipped for operational activities but, due to the COVID-19 pandemic, the MFA team conducted meetings and activities remotely via digital platforms and in outdoor spaces. With operational and technical structures established, MFA is moving into Q3 2021 set to work with partners that have demonstrated the willingness and determination to help to unlock financing to M-SMiLEs in the ZOI.

INTRODUCTION

The Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity is a \$19 million, 4-year contract (2-year base period, with two 1-year option periods and one COVID-19 optional CLIN) that aims to increase the availability of commercial financing for agriculture to facilitate capital investment and promote trade. MFA will leverage financial incentives to spur agricultural finance market behavior change and system reform, leading to more inclusive economic growth through agribusiness development.

Due to the ongoing COVID-19 pandemic, MFA also includes an optional contract line item number (CLIN) to enable Ghana's agricultural financing system to mitigate the impacts of the pandemic to ensure that (1) Ghana's agricultural sector continues on a secure pathway toward inclusive growth and strengthened food security, and (2) when the crisis has passed, Ghana's agricultural finance system remains intact and poised for future growth.

MFA Strategy and Approach

MFA addresses market failures limiting the growth of target agricultural VCs in Ghana: maize, soy, groundnut, cowpea, mango, cashew, shea, and other high-value export crops. M-SMiLEs supported in MFA's target VCs will be located in, or the M-SMiLEs' operations will impact smallholder farmers in, the Feed the Future Zone of Influence (ZOI). The ZOI includes Northern Region (Gushiegu, Karaga, Mion, Sagnerigu, Nanton, and Yendi districts); North East Region (East Mamprusi and Mamprugu Moagduri districts); Upper East Region (Bawku Municipal, Bawku West, Garu, and Tempene districts); and Upper West Region (Daffiama Bussie Issa, Nadowli-Kaleo, Sissala East, Sissala West, and Wa East districts).

MFA's approach is built around three core performance objectives (POs):

- 1. PO1: Mobilize New Sources of Capital:** MFA will leverage performance-based incentives in order to facilitate access to high quality business advisory services (BAS) for M-SMiLEs by encouraging business advisory service providers (BASPs) to serve the target VCs by increasing the financial viability of working with these enterprises.
- 2. PO2: Expand the Supply of Agricultural Finance:** MFA will provide technical assistance (TA) and smart incentives to financial institutions (FIs) to reduce the transaction costs inherent to serving a new sector and enable them to profitably serve enterprises in the target value chains.
- 3. PO3: Form Strategic Partnerships to Expand Access to Finance to the Smallest Actors:** MFA will structure partnerships between FIs, corporations, anchor firms and other actors to facilitate the provision of appropriate agricultural financing products at scale.

A fourth cross-cutting PO, strategic communications, underlies all MFA activities. Successfully communicating MFA's achievements relating to agricultural finance will foster the creation of a positive narrative relating to the viability of agriculture finance, which may crowd-in new financial intermediaries, thereby increasing access to finance in the target VCs.

The interplay between the POs and resulting collaboration between ecosystem actors will catalyze the systems change required to sustain and expand a financial ecosystem serving both M-SMiLEs and small producers, driving sustainable agricultural financing over the long term.

MFA Targets

Over the life of the activity (2020 – 2024), MFA is expected to achieve the following targets:

- \$261 million in agricultural financing (e.g., debt, equity, capital markets) mobilized for the target VCs in priority geographical areas¹
- 81,493 M-SMiLEs directly supported to access financing, business management services, or other TA from program stakeholders
- 10 new loan products developed
- 2% average reduction in agribusiness finance interest rates charged by supported FIs over baseline
- 25% average reduction in agribusiness financing turnaround time for supported FIs over baseline
- 12 months average extension of loan tenor for agribusiness loans over baseline
- 20% increase in M-SMiLEs' income over baseline
- \$500 million in new agricultural sales and exports generated by program activities in target VCs
- 10 FIs directly supported with COVID-19 stimulus incentives²

PROGRESS AND ACCOMPLISHMENTS

This quarter, MFA completed a series of activities that will lay the foundation for technical interventions going forward, including identifying and screening a pipeline of M-SMiLEs seeking financing, conducting rapid assessments to inform delivery strategies, and developing competitive solicitations to identify and onboard BASPs, FIs, and Strategic Partners.

Technical Activities

Performance Objective 1: Mobilize New Sources of Capital

Under Performance Objective 1 (PO1), MFA will support agribusinesses in the target value chains to access financing by stimulating the commercial provision of BAS. Both international and Ghanaian transaction advisors will be tasked with identifying agribusinesses in need of financing, and packaging and closing deals. BAS will include enabling agribusinesses and auxiliary service providers (e.g., logistics companies or rural community banks) to list on the Ghana Alternative Market (GAX) of the Ghana Stock Exchange (GSE), closing transactions with pension fund involvement, closing equity investments, or receiving appropriately-structured financing from multilateral or bilateral development banks (e.g., the United States Development Finance Corporation), foreign direct investors, commercial banks, microfinance institutions, or other financial intermediaries. MFA will also embed advisors within enterprises that are not yet finance ready but that are poised for transformational growth, strengthening systems and processes to enable them to access future investment. All business advisory services will be on a pay-for-performance basis. During Q2 2021, MFA continued to lay the foundation for the provision of BAS and technical assistance (TA) through the following activities.

Activity 1: Deploying the scoring matrix to prioritize business to provide transaction support

In Q2 2021, MFA received approval from USAID to deploy the finalized Business Assessment and Selection Tool (BAST), a tool designed to guide MFA's partners to rank M-SMiLEs in need of support.

¹ This will be made up of finance generated from all activities under the three Performance Objectives.

² Subject to the receipt of funds relating to the COVID-19 contract line item number (CLIN)

The BAST includes higher scores for M-SMiLEs that are led by youth or support youth development, are led by women or support gender inclusion, and have business activities that positively impact smallholder farmers in MFA's ZOI. M-SMiLEs will also be evaluated against sustainability, potential for job creation, and contribution to high-value exports and inclusive growth. The use of the tool by all partners will ensure that MFA achieves its financing targets but does not stray from its development mission with equitable and inclusive market systems change remaining at its core. To date, 36 agribusiness opportunities have been assessed using the matrix. MFA will continue to monitor the use of the matrix and address feedback from partners to improve its usage.

Activity 2: Identifying enterprises in the target value chains that could benefit from MFA support

To kickstart deal pipeline development for BASPs, MFA has created a comprehensive database of M-SMiLEs in the target VCs that require financing support. MFA identified these enterprises by reviewing relevant publications on the target VCs, including the USAID Financing Ghanaian Agriculture Project (USAID FinGAP) beneficiary database, which included enterprises in MFAs target VCs that have new, unmet financing needs. All M-SMiLEs identified will be scored using the BAST prior to the provision of support to access financing to ensure MFA is appropriately reaching its key target beneficiary groups.

Given constraints on movement and limitations on in-person meetings due to COVID-19, MFA also published an EOI designed to enable prospective M-SMiLEs to apply for the Activity's support to access BAS. The EOI, which is ongoing, has attracted applications from 60 M-SMiLEs in the target VCs seeking an estimated \$32.7 million in equity/debt/grants from investors. These M-SMiLEs are linked to an estimated 16,200 smallholder farmers in the ZOI who will benefit indirectly from M-SMiLE financing, for example, through increased volumes of commodities procured as inputs for M-SMiLEs, and from expansion of mechanization services and input suppliers credit provided by M-SMiLEs.

This quarter, MFA also initiated the process to engage a consultant to conduct a business opportunity assessment to identify additional M-SMiLE pipeline with un-met financing needs who could benefit from support. The output of the business opportunity assessment will also inform the development of the *Annual Investment Opportunity Report*, which will be disseminated to BASPs and FIs to direct them towards immediately viable financing opportunities in the market.

Activity 3: Engaging with other stakeholders to identify synergies and opportunities for collaboration

MFA is partnering with other USAID Activities, donor-funded projects, and other stakeholders to foster a holistic agriculture intervention that enhances inclusive growth in Ghana. During the quarter, MFA collaborated with the West Africa Energy Program (WEAP), whose mandate is to expand the supply of and access to affordable and reliable grid-connected electricity services. They are in the process of helping the Northern Electricity Distribution Company (NEDCo) to expand to certain locations in the north, however NEDCo is concerned that there are not enough commercial users for their electricity to justify the investment. Therefore, WEAP is having MFA identify M-SMiLEs to assist with BAS services to access finance to demonstrate the commercial expansion in northern Ghana to NEDCo.



Figure 1. MFA, USAID ADVANCE II and USAID team engage leaders of Outgrower Business Networks on their operations and financing needs for the 2021 financing

MFA is also collaborating with USAID ADVANCE II to assist the Activity's OB Networks to access finance required for the upcoming 2021 production season (Figure 1). Working closely with ADVANCE

II, MFA is leading the process of developing a comprehensive strategy that integrates over 1,500 village savings and loans association (VSLA) groups formed under USAID ADVANCE II, to transition into the mainstream financial sector. The VSLA groups have an estimated membership of 29,741 smallholder farmers and rural enterprises including 67% female participants (9,895 males and 19,846 females).

MFA also engaged with the Tree Crops Development Authority on their requirement for \$100 million in strategic financing to revamp the tree crop sector in Ghana. While the Government of Ghana is committed to providing \$5 million in seed capital, they require BAS support to raise the remaining \$95 million. The financing will be used to access seedlings, planting, training services as well as resources for harvesting and exports. The investment will benefit an estimated one million smallholder farmers and rural enterprises engaged in the cashew, shea, mango, coconut, rubber, oil palm and coffee VCs. The investment will enable the Authority to generate \$2 billion from each of the seven tree crops by 2027.

Activity 4: Negotiating subcontracts with two international business advisory service providers: Open Capital Advisors and CrossBoundary

MFA has contracted two international BASPs, Open Capital Advisors (OCA) and CrossBoundary (CB), as key partners. Collaboration with OCA and CB will enable MFA to support anchor firms and M-SMiLEs pursuing larger sums of financing (averaging \$500,000), as well as more complex transactions to leverage the vast resources for private equity funds, impact funds and capital markets. Under MFA, OCA and CB will steer deals including, but not limited to, listing on the GAX, closing deals with pension fund involvement, equity transactions, multilateral and bilateral investment banks, as well as other foreign direct investors. Since coming on board, the two advisors have jointly reached out to over 107 (OCA 74, CB 33) investors and 154 M-SMiLEs with an estimated financing need of \$220 million. MFA is working closely with the transaction advisors to collect further datapoints on these opportunities to assess the enterprises fit for advisory services support under MFA. The closure of these deals will impact over 89,000 smallholder farmers, 80% of whom are in the ZOI.

Activity 5: Establishing an investor database to drive alternative finance into MFA's target value chains

MFA has developed a comprehensive investor database of potential investors interested in deploying capital to the MFA target VCs. The database currently contains 38 active capital providers including private equity funds, investment firms, and financial institutions (domestic and international), detailing their preferred asset classes, preferred deal sizes, value chains, and other key information. The database will continuously be updated during implementation in order to serve as a live resource for BASPs connecting deals with potential investors.

Activity 6: Conducting a rapid business advisory services assessment to actualize MFA's understanding of the BASP ecosystem and accurately price performance-based incentives

To inform MFA's intervention strategy and accurately price performance-based incentives, a rapid assessment was undertaken to update the understanding of the BAS landscape after the conclusion of USAID FinGAP. In Q2 2021, the Demand Generation Team completed the Rapid BAS Assessment which it began in the previous quarter. The assessment provided valuable insight on how BAS can be made more available and relevant to the needs of M-SMiLEs, including women-led and youth-led enterprises. The assessment found there is an eager community of BASPs poised to join the MFA ecosystem of BASPs and contribute towards achieving the Activity's objectives. Other related findings of the assessment are presented in Table 1.

Table 1. Key findings of the Rapid Business Advisory Services Assessment.

#	Assessment Areas	Key Findings
1.	Strength and skill gaps	BASPs have varied experiences that demonstrate their ability to facilitate access to finance to the MFA target value chains. Many of the BASPs/respondents participated in FinGAP and appreciate the scope of work involved if they are to be engaged. Despite their understanding of the MFA Activity, the BASPs had limited involvement in facilitating financing in tree crops such as mango, cashew, and shea as well as food crops such as cowpea and groundnuts.
2.	Geographic reach	Although a significant number of BASPs/respondents are in southern Ghana (mostly Accra), 69% of them operate nationally irrespective of the location of their clients. About 25% of them have a global presence. The remaining 6% operate specifically in northern Ghana.
3.	Business models	Business planning (100%) and finance facilitation (94%) are the services most frequently delivered by the BASPs to M-SMiLEs, while legal services (19%) and export facilitation (31%) are the least. This implies that with the addition of high value export crops, the gap in export and legal support services will require immediate to short-term programs to address.
4.	Effect of COVID-19 on operations	The COVID-19 pandemic has impacted the operations of BASPs (100%). Restrictions on human movement and gathering necessitated innovations such as the use of virtual platforms. However, the rudimentary level of technology access and usage by M-SMiLEs is affecting the extent to which BASPs can support these businesses.
5.	Gender	The BAS landscape is dominated by male-led firms and within firms more than 94% of the highest decision-makers are male. Female personnel constitute about 33% of the staff of these firms. To address gender disparity in the BAS landscape, a concerted effort will be put in place, which will include measures to request for approval for waivers on the pre-screened selection criteria for BASPs, to encourage and motivate women-led firms to participate.
6.	Pricing of BAS and performance-based incentives	There has been a drastic decline in M-SMiLEs' ability to pay for BAS fees. The assessment revealed that M-SMiLEs were willing to pay, on average, 33% of the amount they paid to BASPs pre-COVID-19. This decline in fees has impacted BASPs operations, resulting in the laying-off of staff during the COVID-19 period to enable them to stay afloat. Follow up discussions with the BASPs indicated a strong potential to re-employ laid-off staff should the fees paid by the M-SMiLEs rise to 80% of the pre-COVID-19 rate.

Based on the findings, MFA will undertake the following to stimulate M-SMiLEs deal closure at scale:

- Structure the MFA P4P incentives program to attract women-led BASPs into the MFA ecosystem of BASPs.
- Appropriately price the P4P incentives to encourage BASPs to increase the closure of deals for women-led M-SMiLEs.

- Ensure capacity transfer from international advisors OCA and CB to the local BASPs to facilitate complex deals involving bonds, venture capital, equity offerings (GAX), pension fund investments, leasing, and warehouse receipts.
- Mitigate the impact of the COVID-19 pandemic on the activities of BASPs and M-SMiLEs. MFA will make an intentional effort towards their recovery such as supporting M-SMiLEs' payment of BAS fees to facilitate their access to, and injection of, new capital into their operations. This is anticipated to provide BASPs with a guaranteed source of income for services rendered.

Activity 7: Onboarding BASPs to accelerate pipeline development and facilitate agribusiness deal closure at scale

The lack of access to quality BAS at a competitive price remains a major challenge to M-SMiLEs' ability to meet the requirements of FIs and investors. During Q2 2021, MFA initiated a competitive procurement process to onboard 10 to 15 BASPs to facilitate agribusiness deal closure at scale. An RFP was developed to seek qualified BASPs with experience providing financial facilitation services in target VCs and geographies, including for female and youth clients. The fixed price payment incentives that were informed by the Rapid BAS Assessment were included in the RFP. In addition to the incentives based on deal size, there were additional bonuses for BASPs who close deals for female and youth-led M-SMiLEs, those who close transactions from alternative or complex financing sources, and for BASPs that meet a \$2M financing target over the calendar year.

During the proposal review process, preference will be given to onboarding female-led BASPs, as experience has shown this to be an effective strategy for reaching female-led and youth-led M-SMiLEs. Next quarter, MFA will complete the selection of the BASPs and engage them under fixed price subcontracts. MFA will also begin connecting BASPs with the pipeline of deals and M-SMiLEs that it has been gathering over the course of implementation to facilitate quick transaction closures. Quarterly networking events for the BASPs will commence next quarter, creating opportunities for BASPs to meet, share technical advice and lessons learned, and spur partnerships and/or friendly competition.

Activity 8: Structuring agribusiness deals through business advisory services to facilitate deal closure at scale

As we continue to put in place the MFA systems to spur agricultural financing, the MFA technical team directly extended BAS to M-SMiLEs urgently needing assistance to structure their deals to access financing into their operations. This includes support to the Greater Accra Poultry Farmers Association, which requires financing of \$3 million to acquire a feed processing plant, and Agricare Limited, a poultry feed mill which is seeking input credit of \$689,655 for its outgrowers, 90% of whom are in the ZOI. MFA also initiated discussions with Omnifert Limited, an agri-input company, to explore an input credit facility that will enable Agricare to support its maize outgrowers with agricultural inputs in the 2021 planting season. The deal will enable about 1,000 smallholder farmers under Agricare's outgrower business scheme to cultivate an additional 2,000 acres of maize to provide the needed input for the increased production of animal feed for sale locally and in neighboring countries.

Activity 9: Strengthening M-SMiLEs systems and processes to attract financing into their operations

For M-SMiLEs that are not yet finance-ready but have high potential for inclusive growth, MFA will embed an advisor to strengthen systems and processes to enable them to access financing in the future, through an intervention called the Arcadia Model. Following an extensive review this quarter, MFA approved Jetstream Africa Limited, an e-logistics platform that acts as a broker for cross-border trade, for the Arcadia program support. Jetstream works with small transport companies, warehouses, customs, and brokers to facilitate the transportation of agricultural produce such as shea, cashew, and other high-value

export crops (e.g., black soap, moringa, honey) between smallholder farmers and export markets in these value chains.

Performance Objective 2: Expand the Supply of Agricultural Finance

In addition to tackling demand-side barriers to accessing finance, MFA will partner with Ghanaian FIs including, but not limited to, commercial banks, microfinance institutions, RCBs, VSLAs, and fintechs. MFA will encourage partner FIs to increase engagement in MFAs target VCs using smart incentives, small payments designed to de-risk investments and cover part of transaction costs associated with reaching new segments as well as women-led and youth-led M-SMiLEs in MFA’s ZOI. MFA will target and support partner FIs serving a range of financing needs, especially micro enterprises seeking financing below \$10,000, and enterprises in the “missing middle” seeking up to \$500,000. All smart incentives will be paired with demand-driven TA and training to ensure that FIs have the requisite knowledge to structure customer-centric agricultural produce and services for the target VCs.

Activity 1: Creating a framework for the rapid assessment of the financial sector, with a focus on lending in the target value chains

During Q2 2021, MFA’s Better Lending Condition Team completed a rapid FIs assessment to identify opportunities to facilitate expanded lending into the target VCs. The assessment was conducted with 10 FIs comprising three universal commercial banks and seven microfinance institutions. The assessment enabled the MFA team to establish the FIs’ interest in financing M-SMiLEs in the ZOI, identify FI training needs, and obtain input to structure the Activity’s performance-based incentives. The key findings of the assessment are presented in Table 2 below:

Table 2. Preliminary findings of the FIs assessment.

#	Key Findings from the FI Assessment
1.	The FIs reported that they were interested in financing MFA’s target VCs within the ZOI, even though many do not have significant experience doing so. Currently, only 33% of the FIs engaged finance the mango, cashew and shea value chains, while 90% finance the maize and soy value chains. Due to the lack of experience in some of the VCs, specifically groundnut, cowpea, shea, mango and cashew, the FIs requested additional incentives for those deals.
2.	There is a high demand for capacity building and technical assistance to deepen FIs’ skills and knowledge in agricultural lending. They are also willing to pay for the institution-specific or generic trainings offered by MFA.
3.	The FIs engaged all reported high rates of non-performing loans (NPLs) in 2020: an average of 7% of their total portfolio, with 8% and 6% of agriculture and M-SMiLE loans, respectively. The FIs need bankable deals that do not add to its already existing NPLs to facilitate their recovery and confidence in lending to the sector with minimal supervision.
4.	There is a high demand to link FIs to risk mitigation institutions including Ghana Agricultural Insurance Pool (GAIP), Allianz Insurance, the Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL), GCX and Rural Development Fund for insurance and credit guarantees to reduce risks associated with agricultural lending and high interest rates.
5.	Some of the FIs requested assistance with accessing competitive sources of financing including the Rural Development Fund to increase lending and loan tenor to M-SMiLEs in the target VCs.

6.	The FIs were interested in helping to create awareness of MFA’s activities, including sharing their experience with the wider financial services community.
7.	The FIs expressed interest in MFA structuring the P4P/smart incentives to reflect the average FIs loan-to-cost ratios. Hence, microfinance institutions (MFIs) should receive a relatively higher incentives for lending to the target value chains as compared to the incentives to be paid to the universal banks. This will ensure BOP customers are reached by MFAs activities as they tend to be the majority of the customers served by the MFIs.
8.	FIs are interested in using the smart incentives to buy-down operational costs of financing the agriculture sector. The assessment found that on average, commercial banks incur more cost in lending to the target value chains relative to the MFIs (16% and 6.71% respectively on the value of funds disbursed).

The findings will help MFA to structure, price and implement the P4P incentive grant program, and design demand driven training for the FIs.

Activity 2: Identifying criteria for partner financial institutions to participate in the financial incentives program

Findings from the FIs rapid assessment completed in Q2 2021 will enable MFA to identify FIs interested in facilitating expanded lending into the target VC, and to determine the selection criteria. The assessment will also help MFA to better structure the performance-based incentives by highlighting gaps in agricultural lending and assessing what types of incentives will be required to overcome them. FI capacity gaps will be addressed through the design and delivery of generic training programs during Q3 2021.

Activity 3: Release requests for applications for qualified potential grantees

Findings from the assessment will be used in the final design of an RFA that will be shared with FIs willing to partner with MFA to expand lending to the M-SMiLEs in the ZOI. An RFA was drafted this quarter and will be finalized and published in Q3 2021 so that qualified FIs for the MFA P4P incentive grant awards can be on boarded.

Performance Objective 3: Form Strategic Partnerships to Expand Access to Finance for the Smallest Actors

Under PO3, MFA will also structure strategic partnerships with FIs, large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances, smallholders, and microentrepreneurs to uncover new business models that can significantly expand access to finance under \$10,000 at appropriate terms. Forming strategic partnerships with resource partners is another pathway to support many thousands of M-SMiLEs to access needed financing. The partnerships will enable stakeholders to design and scale profitable business models for facilitating the flow of capital to the smallest value chains actors. Within strategic partnerships, financing risk is shared among the participants, so no one actor is not bearing all the cost and risk of piloting a new financing intervention. Each strategic partnership will be led by a firm that is willing to co-invest in the financing solution, and to continue the financing on a profitable basis after USAID funding is no longer available.

Activity 1: Determine criteria to guide the final selection of strategic partnerships that will receive MFA support

In Q2 2021, the MFA team finalized the Strategic Partnership Selection Criteria (SPSC). This consists of a set of indicators and criteria for determining strategic partnership models that can be incubated and

scaled as part of MFA’s activities. These criteria fall under the following three categories: past performance and buy-in of the strategic partner; the business model and its relevance to MFA; and the impact of the partnership on target groups, small borrowers, and Ghana’s growth and development. The SPSC have been incorporated in an Innovative Partnerships Announcement for seeking applications from interested strategic partners and will guide the MFA team in selecting applicants to proceed to the next stage of co-creation for strategic partnerships.

Following engagements initiated with VSLAs, VSLA facilitating agents, and other key stakeholders in Q1, MFA is looking to leverage strategic partnerships as part of MFA’s strategy to integrate VSLAs into the mainstream banking sector and digitize their operations to achieve financial inclusion for members. MFA will share the strategy with USAID for approval before it is operationalized.

MFA also signed a memorandum of understanding (MoU) with GIRSAAL to develop financial products to help mitigate the risks of FIs lending to MFA’s target value chains. The signing of the MoU will enable MFA to refer RCBs and Cooperative Credit Unions to GIRSAAL for support, facilitate the development of specialized training models for RCBs in collaboration with the National Banking College, and provide technical assistance through BASPs to M-SMiLEs referred by GIRSAAL.

Activity 2: Release the RFP for concepts for strategic partnerships to best facilitate access to finance for the smallest value chain actors

In Q2, MFA developed a unique solicitation which will allow MFA to co-create and formalize long term agreements with strategic partners, called an Innovative Partnership Announcement. The announcement invites interested private sector actors to respond with concept notes supportive of MFA’s goal of developing new business models that expand inclusive financing to actors seeking under \$10,000 at appropriate terms. These partnerships will be between commercial firms and other actors, which may include but is not limited to FIs, large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances, smallholders, and micro-entrepreneurs. MFA will provide technical assistance to structure these partnerships, provide co-funding, and oversee implementation of these new ways to profitably lend at scale to an underserved customer base. Next quarter MFA will score the concept notes and invite successful firms to co-creation/co-design meetings to develop a scope of work, identify potential solutions or additional partners to operationalize the partnership and frame a “Partnership Strategy Agreement,” which will be a MOU detailing the activities, roles, and outcomes of the partnership. This process will enable flexibility in the type of support provided by MFA (e.g., grant, subcontract, consultant), based on the outcome of the co-creation process.

Performance Objective 4 (Cross-Cutting): Leverage Strategic Communications to Expand Agricultural Financing

Effective communications give voice to MFA’s activities and catalyze capital mobilization by demonstrating the viability of agricultural finance. For example, when an FI or equity investor is successful in entering a new market and competitors are made aware of the experience, they are more motivated to enter the market themselves. Successfully communicating MFA’s “wins” is therefore paramount to developing a sustainable ecosystem where financial institutions and other investors engage with agribusinesses in the target value chains.

Activity 1: Develop and submit a branding implementation plan and marking plan

A Branding Implementation Plan (BIP) and Marking Plan (MP) was approved by USAID this quarter and provides useful guidance for the alignment of communications materials developed by MFA with Feed the Future requirements as enumerated in USAID Automated Directive Services (ADS) 320.3.4.

Activity 2: Create business cards, office signs, letterhead, banners for public events, and project report templates

MFA's strategic communications activities in Q2 2021 focused on establishing the Activity's presence in the agricultural financing market. To achieve this, business cards, letterhead and office signs were produced and installed per the MFA Branding Plan and Marking Plan. A report template was also produced for quarterly reports.

Activity 3: Develop a project one-pager, brochures, and PowerPoint presentation

A one-page MFA fact sheet developed during Q1 2021 was approved by USAID this quarter. A PowerPoint template was also developed this quarter for use by the MFA technical team in presentations on the Activity to stakeholders.

Activity 4: Disseminate project materials, per communications strategy

Soft and hard copies of the one-page MFA fact sheet were disseminated to inform target audiences of the MFA's scope and activities in order to attract new partners and activity beneficiaries. The fact sheet was used to disseminate principal messages of the Activity and position MFA as an expert financial facilitator in the target VCs to key stakeholders and audiences including potential BASPs, FIs and strategic partners engaged this quarter.

Activity 5: Develop and submit a social media plan

MFA anticipates using its own social media channels – Twitter, Facebook, LinkedIn, and Flickr – to reach and engage target stakeholders. MFA developed a social media plan alongside a communications and outreach plan and submitted them to USAID for review and approval in Q1 2021. At USAID's request, MFA will be expanding upon these documents to create a more in-depth case for social media, as well as a project website, in Q3. Social media accounts will be created if and when approval is granted by USAID.

Activity 6: Develop quarterly and annual reports

MFA prepared and submitted its first quarterly report for Q1 2021 to USAID in Q2 2021. The report highlighted key activities implemented by MFA including on-boarding of staff, operational and technical activities including the development of tools to engage strategic partners to kick-start the implementation of the Activity since it was awarded in October 2020.

Activity 7: Design event agendas with relevant technical team members

With the MFA launch originally slated for April 20, 2021, the MFA team in collaboration with an STTA, the COR, USAID/Ghana and its Development Outreach and Communications Specialist began preparations during the quarter towards the launch event. This involved the development of an agenda and theme and for the event.

Activity 8: Support procurement of space and provide on-site logistics

Due to the COVID-19 pandemic we did not require the procurement of space and the provision of on-site logistics for MFA activities.

Activity 9: Develop press releases, conduct media outreach, develop talking points

As part of the preparations towards the MFA launch, a press release and talking points were drafted in conjunction with the COR this quarter and submitted to USAID for review and clearance. A concept note about the launch and invitation letters to dignitaries were also drafted. These were submitted to USAID for review and clearance.

Activity 10: Host relevant communications events

MFA did not host any relevant communications event in Q2 2021. However, preparations were started for the launch event next quarter.

Cross-Cutting Priority Area: Environmental Best Practices

Activity 1: Develop the environmental mitigation monitoring plan and the corresponding environmental review form

To ensure MFA's activities does not negatively impact the environment, MFA during the quarter developed and received approval on the Environmental Mitigation Monitoring Plan (EMMP). The MFA EMMP is an important tool for translating applicable Initial Environmental Examination (IEE) conditions and mitigation measures into specific, implementable, and verifiable actions on the Activity. MFA also designed an Environmental Review Form (ERF), submitted for approval in early Q3, which will be used to assess the potential environmental impact of each opportunity that will receive finance facilitation assistance and institute a mitigation plan where a negative determination is made.

Activity 2: Train BASPs and financial institutions to conduct an environmental assessment for all prospective

Subject to the approval of the MFA ERF, MFA will provide training to the BASPs and FIs in using the tool to conduct environmental assessments of all prospective investment opportunities earmarked to receive MFA support.

Cross-Cutting Priority Area: Gender and Youth

Activity 1: Develop a gender analysis and gender implementation strategy and integrate a gender and youth lens across all MFA activities

To ensure that MFA activities incorporate a gender lens, MFA developed and received approval on the MFA gender analysis and implementation strategy. The strategy explores the role of gender in MFA's target value chains (maize, soy, cowpea, groundnut, mango, cashew, shea, and high-value agricultural export commodities) and the resulting disparities in access to finance and BAS that may result in differentiated access to MFA interventions. Based on the analysis, MFA's gender strategy and outlined activities ensures gender equity across MFA activities and position MFA as a lever for expanding women's economic empowerment in Northern Ghana.

Cross-Cutting Priority Areas: Monitoring, Evaluation, and Learning

Activity 1: Drafting the Activity Monitoring, Evaluation, and Learning Plan (AMELP)

The AMELP serves as an important project management tool that can be leveraged to upskill staff and ensure comprehension and compliance with sound performance management practices. MFA received approval on the Activity's AMELP this quarter, which will serve as a living document and will be continually updated as needed.

Activity 2: Developing MFA M&E management information system and data collection tools

To ensure data integrity and integration with existing databases and improve efficiency of use and effectiveness of access to data, MFA will adopt the Structured Query Language (SQL) as the platform to develop its databases. To do this, the MFA team has developed and uploaded the data into Microsoft Excel spreadsheets. The objective of this first step is to take advantage of the flexibility offered by Excel to address any challenges that may arise, including adding or removing columns and changing column names. The team will initiate the migration to SQL once the structures and formats of the databases have been completed in the Excel versions.

MFA has developed six Excel spreadsheets to collect, collate, and analyze data obtained internally and from partners.

In addition, the team has developed 13 forms to collect data from MFA staff and partners. These forms cover all 25 indicators and their disaggregates. Data from these forms will feed into the databases. The MFA team has also developed standard operating procedures (SOPs) for each indicator. The SOP for an indicator provides detailed information on the forms to be used for data collection, a checklist of conditions that should be met for the data to be counted, the supporting documents needed, how the indicator will be estimated (sampling, measurement, and analyses), and the database that hosts the indicator data. All data collection forms will be revised continuously to ensure that they collect comprehensive data and are easy to complete.

Activity 3: Conducting a baseline impact assessment

During the quarter under review, the team developed the baseline impact assessment scope of work (SOW) and the RFP. Both documents are currently being finalized. The RFP will be advertised once it is finalized to ensure that the recruitment of an external firm to conduct the baseline assessment is competitive.

Activity 4: Continuously collecting and verifying MEL data

MFA has shared the data collection forms for M-SMiLEs – embedded in the client engagement letter – with the two on-boarded international transaction advisors, OCA and CB. Currently, MFA is reviewing the client engagement letters received from OCA. The data collected from these two international transaction advisors has been used to revise the database.

The intensity of data collection will increase in Q3 2021 as the BASPs come on board. The EOI published this quarter to enable M-SMiLEs operating within the target value chains who require business advisory services to access finance (e.g., debt, equity and capital market, and/or grants) has received responses from 50 potential businesses.

Activity 5: Analyzing data to glean key learnings

To develop appropriate incentive mechanisms, two assessments – BASPs and FIs – were conducted during the quarter under review. The M&E team has been involved in the analyses of the data for both assessments. The BASPs assessment has been completed and the report finalized. The team is currently analyzing the responses to the FI assessment and the report will be finalized in Q3 2021.

Activity 6: Identifying lessons learned and best practices

This activity will be initiated in the latter part of Q3 2021 into Q4 2021 when sufficient data has been collected to permit robust analyses.

Operational Activities

MFA has secured office space in Cantonments, Accra that is ready to be occupied, along with furniture, equipment, and a vehicle. For the time being, the MFA team continues to work remotely, however we have activated COVID-19 prevention protocols and are planning to gradually open the office with strict adherence to these next quarter. This will include only 30% of the staff working from the office each day and rotating throughout the week.

With the ongoing COVID-19 pandemic, MFA activities and operations will continue to be carried out in strict adherence with public health standards. The MFA team will continue to adhere to guidance from USAID, the World Health Organization (WHO), and the Government of Ghana (GOG) to ensure the health and safety of MFA staff, partners, and beneficiaries. As such, most activities with partners and M-SMiLEs, including meetings, trainings, and events, will continue to be conducted remotely in Q3 2021.

Human Resources

All staff recruited for the MFA project have officially started work and are at post. Staff have completed the necessary corporate training and on-boarding activities and continue to be guided by the *MFA Activity Management Manual* which details the procurement processes, HR policies and other guidelines necessary to ensure compliant operations in the field.

Security and Public Health

The MFA office has been set up in line with Palladium’s safety and security policies which have been adapted to the local conditions in Ghana and are based on the current risk assessments and programmatic needs. With guidance and support from Palladium’s Global Safety and Security team, the MFA office set up has considered measures necessary to ensure the safety and security of all MFA staff and assets. This includes the development of relevant documents such as a contact card, emergency phone tree, and a project management manual that incorporates operational safety and security guidelines for Ghana. An international security services company, G4S, has been engaged to provide day and night security and panic alarm monitoring and remote services.

Financial Management

Palladium continues to roll out the financial management systems required to accurately capture and monitor all costs during activity implementation. Forecasting occurs monthly to incorporate actual costs and adjustments to planned activities. Accruals are being documented monthly and this information will be provided to USAID upon request. Monitoring of expenditures against the current obligation and the contract ceiling occurs simultaneously.

Robust financial and accounting systems have been put in place to ensure ongoing and appropriate cost controls and financial management by MFA staff. These include adherence to detailed procurement procedures, use of prescribed accounting templates, and registration of assets. Expenses are reconciled bi-monthly in the field by the MFA Accountant, reviewed by the Director of Finance and Administration and approved by the PMU.

RESULTS

Draft³ Results Table:

#	Indicator	Q2 2021	Cumulative Results	Year 1 Target	LOA Target
1	EG 3.2-27 Value of agriculture-related financing accessed because of USG assistance	0	0	\$18.7M	US\$ 261M
2	EG 3.1-14 Value of new USG commitments and private sector investment leveraged by the USG to support food security and nutrition	0	0	US\$ 14.96M	US\$ 208.8M
3	Number of actors in the targeted VCs that have received support accessing finance, business	0	0	584	81,493

³ Based on the current Activity, Monitoring, Evaluation, and Learning Plan (AMELP), which is subject to revision.

#	Indicator	Q2 2021	Cumulative Results	Year 1 Target	LOA Target
	management services, or other technical assistance				
4	Number of transaction advisors and BASP contracted by MFA to provide services to value chain actors	2	2	22	22
5a	Number of M-SMiLEs and RCBs receiving assistance to list on Ghana Alternative Market	0	0	3	14
5b	Number of M-SMiLEs and RCBs listed on the Ghana Alternative Market	0	0	0	5
6	Number of deals with pension fund involvement	0	0	0	5
7	Number of deals completed with involving equity	0	0	0	20
8	Number of knowledge-sharing events organized by international transaction advisors for BASPs	0	0	2	16
9	Total value of fees generated from M-SMiLEs accessing business advisory services	0	0	0.05% of fees generated	1% of fees generated
10	Number of FIs participating in capacity building programs	0	0	20	80
11	Number of FIs receiving smart incentives	0	0	15	15
12	Number of FIs that have set up new internal structures to support lending to targeted VCs	0	0	0	10
13	Percentage of partner FIs with improved performance	0	0	N/A	80% of financial institutions
14	Percentage increase in capacity assessment score of partner FIs over the baseline	0	0	N/A	10% over baseline
15	Number of new loan products developed	0	0	0	10
16	Average reduction in agribusiness finance interest rates charged by partner FIs over baseline	0	0	N/A	2%
17	Average extension of tenor for agribusiness loans over baseline	0	0	N/A	12 months
18	Average reduction in agribusiness financing turnaround time for supported FIs over baseline	0	0	0	25%
19	Number of FIs directly supported with COVID-19 stimulus incentives	N/A	N/A	10	10
20	Number of strategic partnerships developed	0	0	1	5
21	EG.4.2-7 Number of individuals participating in USG-assisted group-based savings, micro-finance or lending programs	0	0	500	78,500
22	EG.3.2-26 Value of annual sales of producers receiving USG assistance [IM-level]	0	0	N/A	US\$ 500M

#	Indicator	Q2 2021	Cumulative Results	Year 1 Target	LOA Target
23	Income increases of smallholder farmers and small-scale enterprises over baseline as a result of strategic partnerships	0	0	0	20% over baseline
24	GENDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources [IM-level]	0	0	20%	40%
25	YOUTH-3 Percentage of participants in USG-assisted programs designed to increase access to productive economic resources who are youth (15-29) [IM-level]	0	0	10%	20%

LESSONS LEARNED, GOOD PRACTICES, AND SUCCESS STORIES

Low appetite for equity financing for M-SMiLEs in Ghana

Traditional forms of financing, including family, friends, and banks have failed to address the mistrust between lenders and borrowers. A few M-SMiLEs who historically opted for equity financing are looking to exit with buy-out options. The apparent mistrust, if not tackled holistically, could have greater impact on large ticket transactions. MFA will work with our international transaction advisors to educate stakeholders particularly M-SMiLEs with greater prospects for accessing long-term financing through equity. Successful equity transactions will be showcased as part of our success stories.

Emerging trends in access and reliability of raw materials for agricultural processing companies in Ghana

COVID-19 has impacted the overall performance of businesses globally including Ghana where M-SMiLEs have suffered from the limited flow of raw materials required for production. Whereas COVID-19 brought a great deal of opportunity for M-SMiLEs to penetrate the local market, the unreliable supply of raw materials inhibited the M-SMiLEs' ability to use the opportunity to gain market share. MFA is working with OB networks established by USAID/ADVANCE II for sustainable development of raw material bases and linkages between producers and processors through a model that will be beneficial to these actors operating along the target value chains.

Packaging Bottom of the Pyramid (BOP) deals with similar characteristics in groups is key to facilitating their access to business advisory services to unlock financing into their operations

Engagement with BASPs has underscored the cost concerns in providing advisory services to BOP customers. BASPs argue it is not operationally feasible to provide these services to the BOP customers individually as the returns do not justify the investment required to close the value of deals often required by these customers. An approach that has proven to be successful and financially justifiable for the BASPs operational cost is to package these deals in groups. In this case, the cost is spread across the BOP customers and the returns on investment amplified by the collective revenue from the BOP customers. MFA's P4P program will allow for such transactions where feasible, to ensure BOP customers are able to access business advisory services from the Activity.

Emerging agritech companies are powering the agricultural value chains

The various resources used for pipeline development have exposed the MFA team to a surprising number of technology companies powering the Ghanaian agribusiness sector. These companies cover satellite imagery to inform crop production, technology to facilitate grain storage, access to market, and more. While this is a nascent segment of the agricultural VC in Ghana, it presents an enormous investment perspective in the coming years.

Training of partners on data collection forms is key to collecting quality and uniform data for reporting on activity implementation and performance

MFA has a collection of tools that could be used by its partners. One of the findings from the rapid assessments highlights the differences between terminologies used by USAID and MFA's partners. Consequently, MFA will conduct training on its data collection tools for its partners once they come on board. As part of ensuring uniform understanding and conformity to USAID's definitions, specific terminologies like type of ownership (e.g., female-owned, male-owned, mixed), business size (e.g., microenterprises, smallholder, M-SMiLEs) and groups (e.g., youth representing 15- to 29-year-olds) will be provided in every data collection form.

FIs indicate an eager interest in financing MFA's target VCs and the agriculture sector

Findings from the rapid FIs assessment has confirmed their eagerness to partner MFA to increase lending to MFA target VCs and the agricultural sector as a whole. However, given the impact of the COVID-19 pandemic and existing concerns regarding risk for the agricultural sector in general, FIs indicated a strong need for support to recover and re-engage actors in the agricultural space. This will require the design of MFA incentives to augment already existing efforts towards recovery from the pandemic and provide incentives that enable FIs to adapt and enhance their operations in the MFA target VCs. The assessment also points toward the need to support FIs to design products that integrate risk mitigation tools in lending to the agricultural sector and, most importantly, the MFA target VCs.

NEXT STEPS

Having completed processes in Q2 2021 to actualize its understanding of the BAS ecosystem and financing landscape, MFA will in the coming quarter initiate the competitive engagement BASPs and FIs to meet the financing needs of M-SMiLEs and smallholder farmers linked to them.

Performance Objective I: Mobilize New Sources of Capital

In Q3 2021, MFA will engage an STTA for the agribusiness opportunity assessment and commence the development of the *Annual Investment Opportunity Report* to pave the way for the Agribusiness Investment Summit. The Demand Generation team will continue to provide virtual BAS to OB Networks referred by USAID ADVANCE II to facilitate the access of over 100,000 smallholder farmers linked to them to financing. To expedite the process of unlocking the needed finance, MFA will recruit an STTA to lead in assisting the OB Networks development of business plans and capacity building activities to improve their attractiveness to the banks/investors. Also, an RFP will be published to identify and engage 20 BASPs to partner with MFA to support M-SMiLEs in the target VC to access financing.

Performance Objective 2: Expand the Supply of Agricultural Finance

To prepare partner FIs to expand the supply of agricultural finance to M-SMiLEs, MFA in collaboration with the subcontractor, Finaskill, will design and deliver demand-driven training and TA to FIs based on the capacity building requests emanating from the rapid FIs assessment. Due to COVID-19, training will be held **virtually** and in-person. Training programs and the provision of TA are expected to start in May for southern sector FIs in Accra and northern sector FIs in Tamale.

Performance Objective 3: Form Strategic Partnerships to Expand Access to Finance for the Smallest Actors

In the next quarter, MFA will launch an RFP for concepts for strategic partnerships to best facilitate access to finance for the smallest value chain actors in its target VCs. Selection of strategic partners will focus on their ability to deliver financing sustainably to a sizeable number of M-SMiLEs particularly to the smallest actors including women-led and youth-led enterprises. Potential partners should also be willing to leverage their own funds for financing.

Performance Objective 4 (Cross-Cutting): Leverage Strategic Communications to Expand Agricultural Financing

In Q3 2021, MFA's strategic communications efforts will continue to focus on establishing the Activity's presence in the agribusiness financing market. This will be achieved mainly through the MFA launch in May and the dissemination of communication materials developed during this quarter to inform target audiences of the MFA's scope and activities in order to attract new partners and M-SMiLEs for support.

Upcoming Meetings and Events				
Title of Event	Description	Tentative Date	Location / Format	Attendees
MFA Launch	The launch commemorates the start of USAID/Ghana-managed Global Food Security Strategy (GFSS) activities in Ghana. The launch will officially introduce the MFA, build awareness of its goals, approach, and expected outcomes among stakeholders, highlight the MFA's importance and contributions to the mutual interests of Ghana and the United States, and encourage interested parties to get involved.	May 6, 2021	Virtual	M-SMiLEs; Investors; FIs, BASPs; fund managers; policy-makers; regulatory bodies; development partners; civil society representatives; research institutions; academia; and the media
Baseline Impact Assessment	The baseline impact assessment will collect data necessary for MFA's research question, to capture the status of the agribusiness sector in relation to access to finance, access to BAS, sales, and the effect of COVID-19 on M-SMiLEs' activities and household assets of the micro enterprises and smallholder farmers within the ZOI.	May 13, 2021 (start date)	ZOI	External Expert/Firm and activity partners and beneficiaries

Upcoming Meetings and Events				
Title of Event	Description	Tentative Date	Location / Format	Attendees
Agribusiness Investment Opportunities Summit	The event will present information and analysis about agribusiness investment opportunities in the MFA target value chains to stakeholders in the agricultural sector as well as connect investors, FIs, BASPs and MSMEs for deal identification and financing.	June 2021 (Exact date TBD)	Virtual	M-SMiLEs; Investors; FIs, BASPs; fund managers; policy-makers; regulatory bodies; development partners; civil society representatives; research institutions; academia; and the media
FI Training by Finaskill	FI generic training on Agricultural VCs Financing	May 2021 (Exact date TBD)	Virtual/Accra/Tamale	FIs; BASPs