



**USAID** | **GHANA**  
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# Year 3 Annual Progress Report (October 2015-September 2016)

FINANCING GHANAIAN AGRICULTURE PROJECT  
(USAID-FinGAP)

**October 2016**

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# YEAR 3 ANNUAL PROGRESS REPORT (OCTOBER 2015-SEPTEMBER 2016)

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(USAID-FinGAP)

OCTOBER 2016

## DISCLAIMER

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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
BOG	Bank of Ghana
CESR	Corporate Environmental and Social Responsibility
CFR	Code of Federal Regulations
COP	Chief of Party
COR	Contracting Officer's Representative
CRB	Credit Reference Bureau
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
FI	Financial Institution
FinGAP	Financing Ghanaian Agriculture Project
FSSU	Financial Sector Support Unit
FtF	Feed the Future
GAX	Ghana Alternative Market
GCAP	Ghana Commercial Agriculture Project
GOG	Government of Ghana
GCX	Ghana Commodity Exchange
GFIM	Ghana Fixed Income Market
IEE	Initial Environmental Examination
IFAD	International Fund for Agricultural Development
IFDC	International Fertilizer Development Center
IP	Implementing (USAID-funded) Partner
LOP	Life of Project
MEO	Mission Environmental Officer
MFA	Ministry of Food and Agriculture
MFI	Micro-Finance Institution
MOU	Memorandum of Understanding
MRS	Maize, Rice, Soy
NBFI	Non-Bank Financial Institution
NPL	Non-Performing Loan
PERSUAP	Pesticide Evaluation Report-Safe Use Action Plan
PFI	Participating Financial Institution
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
RCBs	Rural and Community Banks

RFA	Request for Application
RFP	Request for Proposal
RING	Resiliency in Northern Ghana
RMT	Risk Mitigation Tool
SME	Small and Medium-scale Enterprise
SMiLE	Small and Medium including Large Enterprise
STTA	Short Term Technical Assistance
TA	Technical Assistance
USAID	United States Agency for International Development
WP	Work Plan
ZOI	Zone of Influence

# EXECUTIVE SUMMARY

The USAID Financing Ghanaian Agriculture Project's (USAID-FinGAP's) performance soared in Year 3, exceeding many of the life of project (LOP) targets at the five-year project's midway point. **In Year 3, USAID-FinGAP facilitated financing of over \$65.3 million in private capital to 591 SMiLEs, including 204 female-led businesses and women's groups.** This year's results bring the total amount of private capital deployed into the maize, rice, and soy value chains to \$107,997,704, exceeding the LOP target of \$75 million by 44% and the Y3 financing target of \$36 million by 81%.

Financing disbursed during the reporting year was composed of 78% working capital (\$50,949,607) and 22% fixed capital investment (CAPEX) (\$14,372,394). In total, 42% (\$27,259,268) of the financing was disbursed to the maize value chain, 34% (\$22,202,067) to the soy value chain, and 24% (\$15,860,666) to the rice value chain.

A key driver to the success in financing achieved in Y3 was the 'pay-for-performance' grant incentive program. The first incentive grants made to PFIs closed in April 2016, resulting in 12 PFIs releasing financing of over \$74 million to the maize, rice and soy value chains. Following the success of the first round of grants, the Project rolled out a second pay-for-performance grant window in June 2016, with 33 FIs joining the PFI network. So far these FIs have disbursed \$6.2 million to the target value chains.

As the project hypothesized, success in agricultural lending by first movers (e.g. Barclays) has bred new commercial bank entrants into agricultural lending. Commercial banks are now competing against each other in the agricultural lending space. Rural banks and microfinance institutions have re-entered the agricultural lending space, or expanded their agricultural lending portfolios. The value of agricultural loans by USAID-FinGAP supported banks on a percentage portfolio basis reached 41% in Y3, far exceeding the project's Y1 baseline figure of 6%. This is a significant indication that project services are indeed inducing sustainable change in Ghana's financial sector.

Financing successes can also be attributed to the dynamic network of Business Advisory Service (BAS) providers developed by the Project, which identified financing deals, and trained and supported SMiLEs to access finance and investment. In Year 3, a total of 99 deals for 86 SMiLEs were successfully closed by members of the BAS network, a significant increase from the 21 deals closed during the first two years of the Project. BAS providers had considerable success in expanding financing to female-led SMiLEs through 'bundling' female entrepreneurs involved in value chain activities into groups, thereby making them a more attractive customer of credit. The BAS providers received training and technical assistance from project team members to improve their service delivery. The project team members also played the role of "honest broker," linking BASPs with FIs requiring their services to facilitate loan administration and disbursement.

USAID-FinGAP efforts to train BAS providers on developing public-private-partnerships (PPPs) to attract sustainable financing for value chain actors also yielded fruit this year. Mel Consult, a female-led BAS provider, developed and implemented an innovative PPP between AVNASH Limited, a major rice processor in the Northern Region, 20 rice Farmer Based Organizations (FBOs), and First Allied Savings and Loans Limited (FASL) to increase rice production in the north. This partnership will unlock financing for hundreds of value chain actors.

The Project also supported a partnership between Sinapi Aba Savings and Loans Limited (SASL), a USAID-FinGAP grantee PFI, and John Deere, an agricultural equipment supplier, for the financing and provision of equipment to SMiLEs to mechanize their production activities. At the close of FY3, USAID-FinGAP had facilitated financing of \$1,132,573 from SASL for 56 SMiLEs. These enterprises also benefited from a 4% interest rate reduction to purchase John Deere tractors. In Year 3 alone, SASL disbursed financing for the purchase of 13 out of the 56 tractors sold to SMiLEs in the three value chains.

To address the high cost of debt financing, USAID-FinGAP focused this year on building the capacity of BAS providers to enable them to explore alternative and competitive financing sources for SMiLEs, including listing securities on the GAX and accessing equity and venture capital financing. Four USAID-FinGAP BAS providers were engaged to assist in listing companies on the GAX, and at the close of the year, eight SMEs were at various stages of preparation for listing of securities on the capital market.

The Project also provided support to the Securities and Exchange Commission (SEC), the Ghana Stock Exchange (GSE), and the Central Securities Depository (CSD) to strengthen their institutional capacity and enhance their supervisory role of the capital markets.

USAID-FinGAP continued to build the capacity of FIs in Year 3 through technical assistance, and the delivery of training in areas such as Financial Analysis and Due Diligence. These capacity building programs have enhanced participating FI staff skills in credit appraisal, disbursement and monitoring, contributing to improved agricultural credit delivery and loan recovery.

As USAID-FinGAP enters Year 4, the project will leverage the achievements made in Year 3 to lead the project toward its new vision of Market System Sustainability. We will pursue innovative, high-impact activities that multiply our impact, leverage higher commitments from our partners, and are designed towards building a sustainable market system for agricultural finance to the maize, rice and soy value chains over the long term.

## BACKGROUND AND STRATEGY

The USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) is a five-year (2013-2018) project which addresses a key constraint restricting the development of commercial agriculture in Ghana: access to finance necessary to enable investment in agricultural value chains. Using a combination of technical assistance (TA) and pay-for-performance incentives, USAID-FinGAP is unlocking financing for commercial agriculture development in the maize, rice, and soy value chains in the north of Ghana. The project is contributing to USAID's overall goal of fostering broad-based, sustained, and inclusive economic growth.

Over the five-year project life, USAID-FinGAP was originally expected to achieve the outcomes presented in the table below. As of September 2016, the end of its third year, USAID-FinGAP had exceeded most of the major indicators in its mandate.

Category	LOP Target	Inception to Date	Percent Achieved
# of strategic partnerships developed in target VCs	25	40	160%
# of financial transactions facilitated	250	1125	450%
\$ financing facilitated	\$75,000,000	\$107,997,703	144%
# of SMiLEs receiving financing	90	1093	1214%
# smallholder farmers linked to benefitting SMiLEs	120,000	87,538	73%

To achieve these outcomes and ensure sustainability, USAID-FinGAP employs a value chain approach and partnership-driven model, whereby the project supports the development of a dynamic network of business advisory services (BAS) providers and participating financial institutions (PFIs) servicing the agriculture sector. USAID-FinGAP has built the capacity of over 50 Ghanaian BAS providers offering consulting services to agribusinesses to help them to access affordable options for financing new investments. The Project has also developed a network of PFIs who are committed to supporting the agricultural sector, and it is using smart incentives and trainings to increase their agricultural lending and investment portfolios.

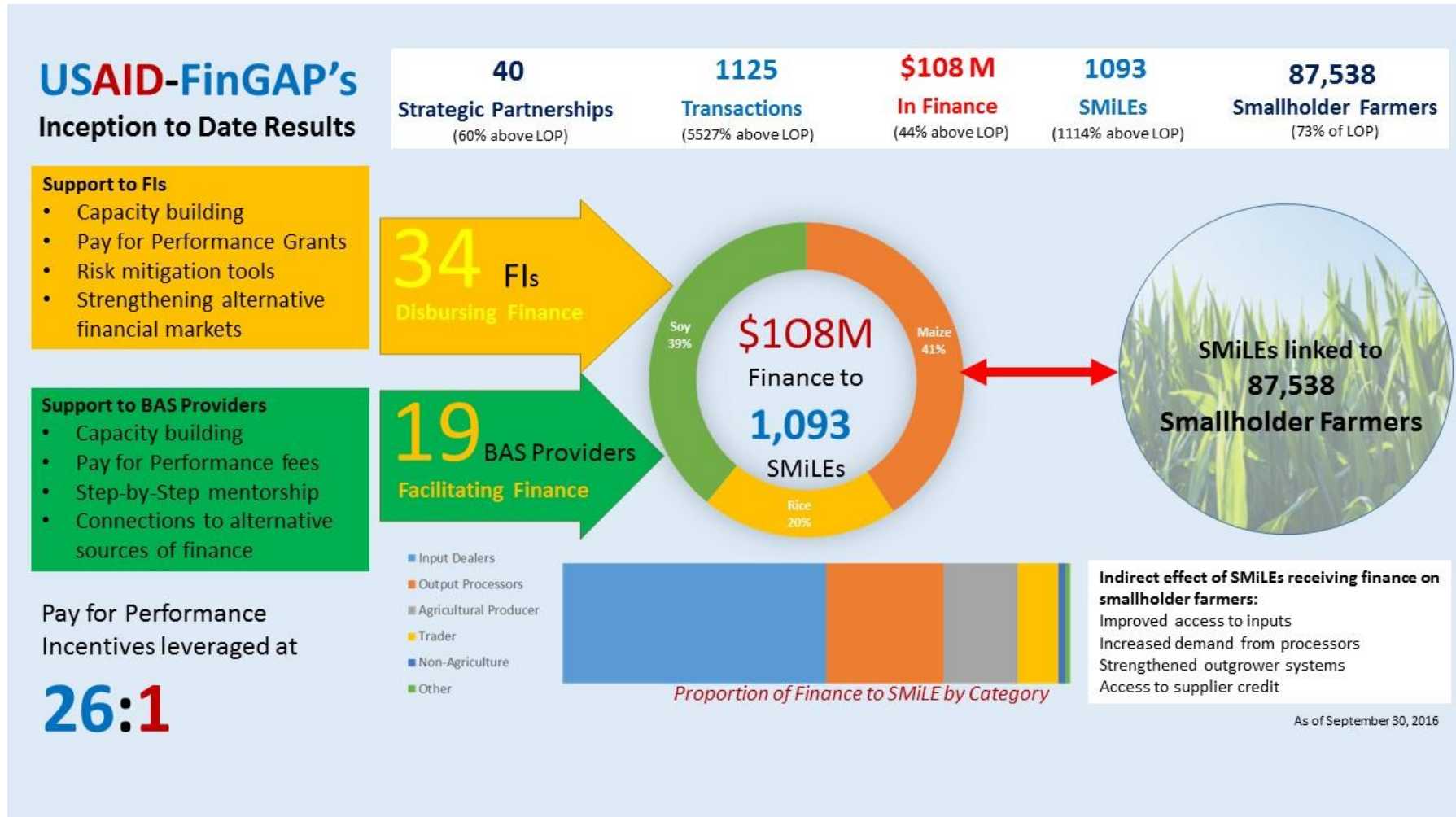
USAID-FinGAP also contributes to the implementation of the Partnership for Growth (PFG) Joint Country Action Plan (JCAP), which is designed to address the major constraints to Ghana's economic growth at the policy level. USAID-FinGAP is deploying demand-driven technical assistance to support the fourth and fifth sub-goals within this plan, namely: a) broadening and deepening the financial sector; and b) encouraging development finance and supporting small and medium enterprises' (SMEs) access to finance. Technical assistance provided under the PFG umbrella supports USAID-FinGAP's broader technical objective of providing capacity building support to the financial sector to expand financing to agribusiness SMEs.

USAID-FinGAP achieves its objectives through the interaction of two integrated components. The first, the Agribusiness Opportunities Development (AOD) Unit, identifies, develops, and supports agribusinesses for investments through strategic market linkages with investors that integrate SMEs and smallholders to promote equitable participation of farmers in their supply chains. The second component, the Financial Sector Support (FSS) Unit, develops partnerships with financial institutions, providing them with training and capacity building in agricultural financing, and works with financial intermediaries, other donors, and GOG programs to provide affordable and sustainable finance and credit.



The Project contributes to the success of multiple, parallel initiatives financed by USAID in Ghana, such projects as the World Bank/USAID-funded 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 plays a central role in supporting effective utilization of Development Credit Authority (DCA) guarantees that target mitigation of risks associated with lending to agribusiness.

# USAID-FinGAP RESULTS SUMMARY



As illustrated in the above graphic, USAID-FinGAP made substantial progress toward its life of Project (LOP) goals during the third year of implementation. The results obtained to date 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.

USAID-FinGAP's three intermediate results areas (IR 1, IR 2, and IR 3) guided the project in prioritizing interventions in Year 3 which generated significant results, as is described below.

### **IR 1: Improved Access to Business Advisory Services**

Three key indicators show improved enterprise access to BAS and improved quality of services delivered.

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

Target @ Y3: 60  
Total achieved: 380

Agribusiness access to BAS continued to improve in Y3; 205 SMiLEs engaged 26 BAS providers to help them obtain finance. The SMiLEs operate at every stage of the target value chains, including input supply, production, aggregation, and processing. The Y3 result brought the total number of SMiLEs supported by BAS providers to 380 over the past three years.

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

Target @ Y3: 50  
Total achieved: 52

The high number of completed deals this year (99 deals for 86 SMiLEs, up from 21 deals in the project's first two years) is attributed to improvement in the quality of the BAS providers' services as a result of intensive capacity building efforts. USAID-FinGAP provided continuous training to BAS providers in agribusiness opportunity identification and development, and deal initiation and closing mechanisms to meet the requirements of financial institutions. Overall, the Project has trained 52 BAS providers in agriculture deal making, including 43 this year who were trained and assisted in facilitating and closing deals. Training evaluations and financing success rates suggest that the Project is on track in building BAS providers' capacity and meeting the LOP organizational capacity target of 83% (a 10% improvement above the baseline figure).

#### ***Number of clients paying fees for business advisory services (Indicator 3)***

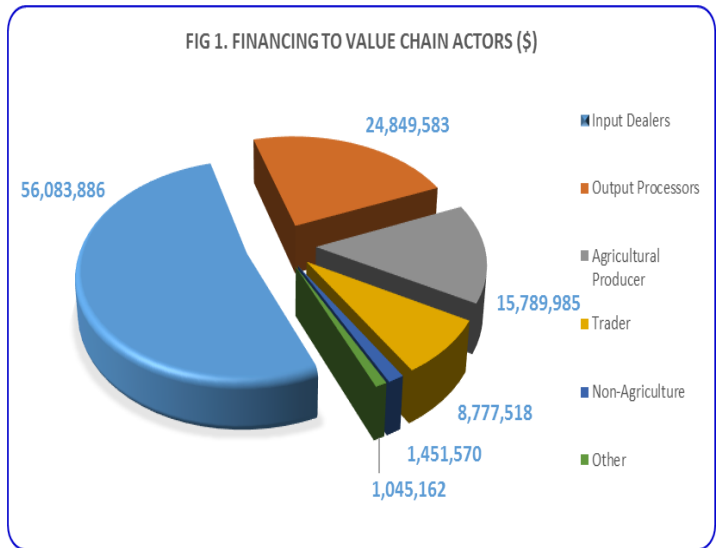
Target @ Y3: 35  
Total achieved: 70

14 SMiLEs paid for services from USAID-FinGAP BAS providers in Y3, bringing the overall total number of paying clients to 70, which is double the three-year target. Client willingness to pay fees reflects the level of satisfaction SMiLEs have with the services provided. BAS providers facilitated multiple deals for some of the SMiLEs, an indication of the enterprises' confidence in the abilities and services provided to them.

### **IR 2: Increased Private Sector investment / Enhanced Agriculture Commerce**

In an economy of competing alternative use of funds, from the lucrative option of banks investing in treasury bills to other growing sectors of the Ghanaian economy, such as the oil and gas sector, it was encouraging to see an increased number of PFIs committing to lending to the agriculture sector.

Grant awards to PFIs increased from 14 in Year 2 to 33 in Year 3. Value Chain Financing trainings helped PFIs broaden their understanding of agricultural finance beyond production, leading to investment in more links along the value chain as illustrated in Figure 1. A number of universal banks provided loans to savings and loans companies, as well as rural and community banks (RCBs) to on-lend to SMiLEs in the target value chains, reducing their risk exposure.

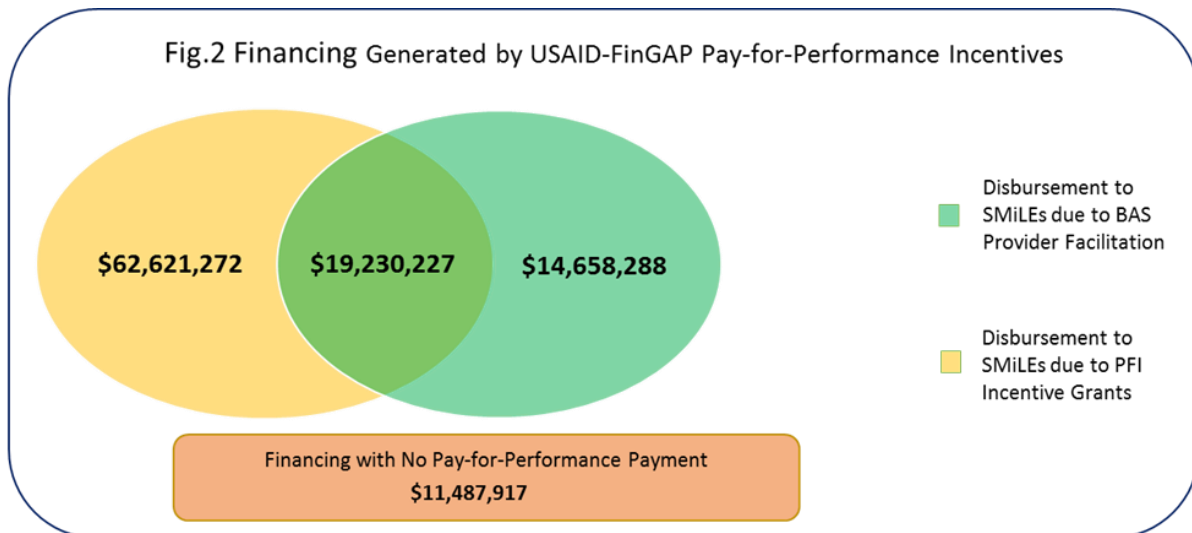


The indicators below reflect additional progress made towards this result area:

**Number of incentive grants disbursed (Indicator 12)**

Target @ Y3: 90  
 Total achieved: 735

USAID-FinGAP facilitated the release of \$94,490,828 in finance and investment between FY1 and FY3 through \$3.6 million in ‘pay-for-performance’ incentives to PFI grantees and BAS providers, thereby unlocking \$26 in financing for every \$1 of project grant funds. In FY3, the Project made 437 incentive payments to 29 BAS providers to identify and package agribusiness investment deals that successfully meet FI requirements. Given the success of these efforts, in Y3 the Project awarded another round of performance-based grants to 33 PFIs to stimulate new financing. USAID-FinGAP will conclude the short-term stimulus program for FIs and will reduce the value of BAS provider incentives in the coming year.



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

Target @ Y3: 100  
Total achieved:  
1,093

In FY3, 780 SMiLEs received US Government (USG) assistance by engaging with BAS providers, FIs, or USAID-FinGAP staff, resulting in 591 of those enterprises receiving financing worth \$65.3 million. The remaining 189 SMiLEs currently have transactions at different stages with FIs. To date, the total number of SMiLEs that have received USG assistance to access finance is 1,093. The Project has exceeded it's LOP target of 250 SMiLEs receiving USG assistance to access financing by 336%.

### Number of successful investment opportunities funded (Indicator 7)

Target @ Y3: 20  
Total achieved:  
1,125

In FY3, 602 agribusiness investment opportunities (from 591 SMiLEs) received financing. A total of 1,125 agribusiness investment opportunities (from 1,093 SMiLEs) have received financing, far exceeding both the cumulative end of FY3 target of 20 and the LOP target of 28. The increase in financing success is a result of BAS providers packaging multiple small-size deals into one financing application. This bundling benefits FIs by reducing transaction costs, and it expands project impact among upstream value chain actors, especially women.

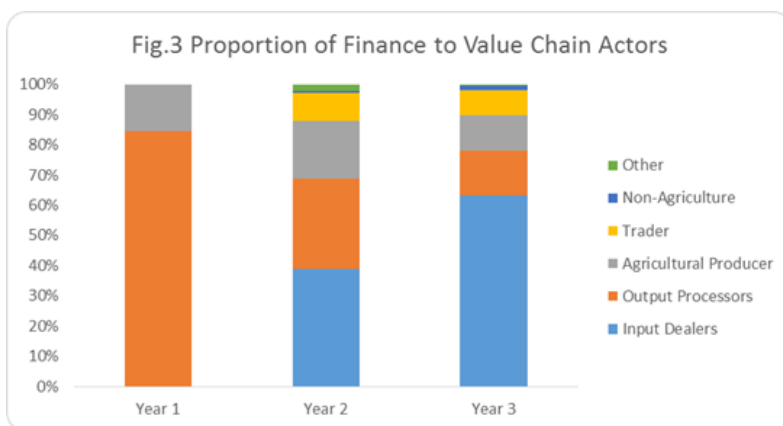
### Total value of private capital deployed to targeted value chains by PFIs with USG assistance (Indicator 6)

Target @ Y3: 36 M  
Total achieved:  
107.9 M

Total capital deployed during the reporting year amounted to \$65,322,001, of which \$27,259,268 (42%) was disbursed to the maize value chain, \$22,202,067 (34%) to the soy value chain and \$15,860,666 (24%) to the rice value chain. Fixed capital investment (CAPEX) totalled \$14,372,394 (22%) across the three value chains, and working capital investment amounted to \$50,949,607 (78%).

This brings the total amount of private capital deployed in the maize, rice and soy value chains to \$107,997,704 over past three years, exceeding LOP target.

Figure 3 shows how financing is being deployed to diversified actors in the value chains as the project has progressed. In Year 1, FIs primarily provided capital to processors. USAID-FinGAP trainings and capacity building have increased investment interest in other segments of the value chain, particularly input dealers. Financing to input dealers has significant impact on smallholders, by improving the quality and quantity of inputs available to farmers, and creating opportunities for on-lending to farmers at affordable rates.



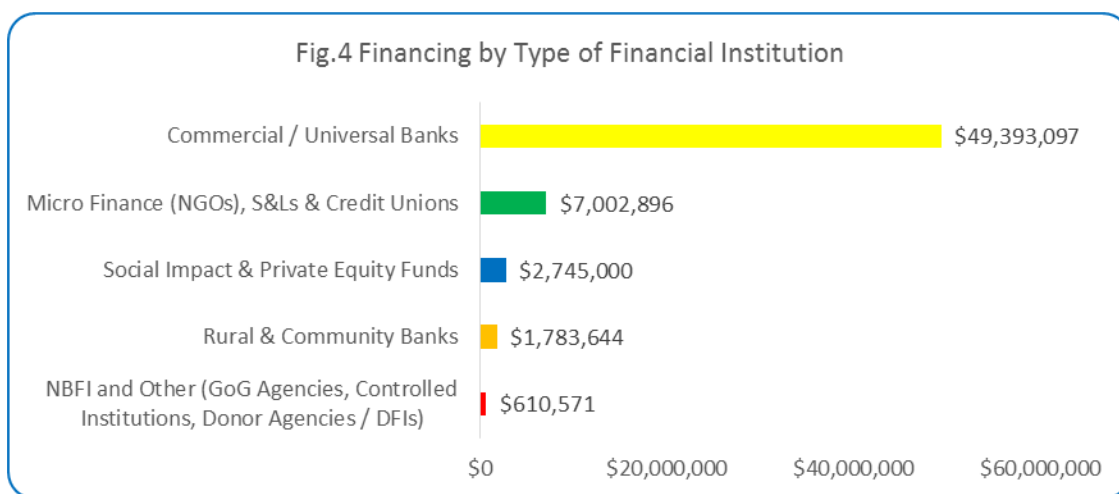
Financing was released by universal banks, RCBs, savings and loan associations, FNGOs, impact investors, grant making institutions, and through the capital markets. Other forms of finance included owner equity investments and suppliers' credits. Figure 4 below details levels of financing released by each type of FI.

### Value of Agricultural and Rural Loans (Indicator 8)

Target @ Y3: 24 M  
Total achieved:  
99.7 M

The cumulative total of agriculture loans facilitated by the Project is \$99,694,900, exceeding the FY3 cumulative target of \$24 million by 315% and exceeding the LOP target of \$50 million by 99%. In Year 3, \$61,535,208 of the \$65,322,001 private capital deployed into the three value chains was disbursed as agricultural loans, and the remaining was disbursed as equity (\$3,000,000), grants (\$760,323), and suppliers' credit (\$26,470).

Financing released in Y3 by type of financial institution is presented in Figure 4 below, with universal banks providing 80.3% (\$49,393,097); microfinance institutions, NGOs, saving & loans, and credit Unions 11.4% (\$7,002,896); social impact and private equity funds 4.5% (\$2,745,000); rural and community banks 2.9% (\$1,783,644); and NBFi and others 1.0% (\$610,571).



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

Target @ Y3: 12 M  
Total achieved:  
27.9 M

In Y3 the project facilitated a total of \$14,372,394 in fixed capital investments into SMiLEs operating in the maize, rice, and soy value chains. This brings the cumulative total fixed capital investment to \$27,879,966, exceeding the cumulative first three-years' target of \$12 million by 132% and the LOP target of \$25 million by 12%.

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

Target @ Y3:  
\$200M  
Total achieved:  
424M

The 1,093 SMiLEs assisted by USAID-FinGAP had aggregate sales of \$423,655,246 during FY3, registering incremental sales of \$223,397,143 with reference to FY1 sales of \$200,258,103. Thus the total investment of \$107,997,703 facilitated by the project led to double the amount of sales in the value chains (every \$1 investment led to \$2 increase in sales).

**Number of public-private partnerships formed as a result of USG assistance (Indicator 13)**

Target @ Y3: 20  
Total achieved: 40

To date, USAID-FinGAP has formed 40 PPPs: 36 PPPs with financial institutions; two PPPs with GAIP and Eximguaranty to provide agriculture production insurance and credit guarantees; and two PPPs with value chain actors to improve the supply of tractors to farmers and the supply of produce to processors.

### **IR 3: Increased capacity of FIs to develop Agriculture Finance Products**

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

Target @ Y3: 20  
Total achieved: 83

Sixty-nine PFIs received capacity building in the form of training in agribusiness financing mechanisms during FY3. PFIs receiving training included 24 universal banks; 16 RCBs; 15 MFIs, savings and loans and credit unions; 5 social impact and private equity funds; 6 NBFIs; 2 insurance/credit guarantee companies; and one GoG funding agency. PFIs participated in joint trainings on topics of financial due diligence, financial analysis for agriculture lending, innovative approaches to deposit mobilization and savings capture and mobilization strategies. Overall, training benefited 144 PFI participants (54 female and 90 male). Cumulatively, 83 PFIs have received capacity building through project activities, exceeding the LOP target by 315%.

#### ***Number of new products offered by PFIs (Indicator 17)***

Target @ Y3: 13  
Total achieved: 15

USAID-FinGAP worked with FIs to develop 13 new financial products during the third year of implementation. The products were developed by three universal banks (using DCA, GAIP and development of Agricultural desk), three Micro Finance (NGOs), S&Ls & Credit Unions (Warehouse Receipt Financing, Assets Finance Loan, Agro Processor Loan, Input Support Loan, DCA, Shinkaafa Buni, Equipment Finance (John Deere), three RCBs (Zaabuni Savings, Abia Dashinsheli Savings and development of Agricultural desk). The Project has achieved 115% of the cumulative three year targets of 15 products developed, bringing it to 50% of the LOP target of 30.

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

Target @ Y3: 9%  
Total achieved:  
41%

The percentage portfolio of agricultural loans by USG supported banks in FY3 was 41%. This exceeds the baseline of figure of 6% at project inception, demonstrating the project's success in motivating increased FI engagement in agricultural finance.

#### ***Financial recovery rates for agriculture sector (Indicator 14)***

Target @ Y3: 85%  
Total achieved:  
94%

Recovery rates on financing to project-supported SMiLEs averaged 94% in FY3, exceeding the project target of 85% for the period. The project has provided training to FI staff and BAS providers and rigorously monitored loan repayment. However, most of the financing for project-supported firms is relatively new, and is not yet due for repayment. Thus ensuring high financial recovery rates will be a priority for USAID-FinGAP in the coming year.

## **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 (Indicator 19)***

Target @ Y3: 8  
Total achieved: 8

In FY3, USAID-FinGAP helped develop the Human Institutional Capacity Building Development (HICD) policy for three regulatory/administrative institutions: the Securities and Exchange Commission (SEC), the Ghana Stock Exchange (GSE), and the Central Securities Depository (CSD). These manuals represent administrative procedures intended to strengthen human resources needed for operations of the SEC, GSE and CSD. From inception to date, eight out of eight targeted policy reforms/laws/regulations/administrative procedures have been developed, achieving 100% of the goal. The Project has achieved 57% of it's LOP target of 14 for this indicator.

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

Target @ Y3: 2628  
Total achieved:  
4,187

During FY3, USAID-FinGAP provided 1,555 hours of technical assistance in financial sector capacity to counterparts and stakeholders. This brings the cumulative total number of hours of technical assistance to 4,187 hours, representing 59% over the cumulative target of 2,628 hours for FYs 1, 2 and 3. Technical assistance was provided to SEC, GSE, CSD in strengthening the capital market and also to BOG to help implement the GIRSAAL.

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

Target @ Y3: 20  
Total achieved: 36

Three financial institutions (regulatory bodies) received assistance to enable them to extend support to FIs servicing micro and small businesses. The focus was on strengthening their institutional operation capacity to enhance their supervisory role on those FIs. The Project in Year 3 achieved 15% of its Year 3 target (3 out of 20). From inception to date, 36 FIs have received assistance, exceeding the LOP target of 20 by 80%.



# ACTIVITIES ACCOMPLISHED

## COMPONENT I: AGRIBUSINESS OPPORTUNITIES DEVELOPMENT UNIT

### CONTEXT AND OVERALL APPROACH

USAID-FinGAP facilitates financing to agribusinesses in the maize, rice, and soy value chains with the goal of improving food security and reducing poverty in the north of Ghana. The AOD Unit, through the USAID-FinGAP network of BAS providers, identifies and facilitates investments that will have transformative impact on the competitiveness of target value chains and the stakeholders that operate within them. To achieve its mandate, the AOD Unit undertakes three interrelated tasks:

- **Task 1: Private Sector Engagement/Market Chain Linkages** leverages the resources and credibility of strategic anchor partners to integrate smallholders and small aggregators into their supply chains. USAID-FinGAP develops partnerships with strategic investors and value chain actors, thereby creating platforms for deployment of financing along the value chains.
- **Task 2: Project Development and Investment Proposals via BAS Providers** involves developing and stimulating a viable BAS ecosystem where business advisory services are in demand by agribusinesses as well as by FIs.
- **Task 3: Business Performance Improvement** works with BAS providers to support agribusinesses that obtain financing to increase their viability, sustainability, and impact through commercialization. The AOD unit also deepens linkages between BAS providers and value chain networks and alliances.

### TASK I ACTIVITIES: PRIVATE SECTOR ENGAGEMENT/MARKET CHAIN LINKAGES

Key activities implemented by the project under this task included efforts to:

- a) Develop public private partnerships (PPP) in rice, maize and soya value chains
- b) Develop global alliances that lead to growth in value chains and new platforms for financing
- c) Intensify collaboration with other USAID IPs to facilitate financing for their SMiLEs
- d) Develop agribusiness opportunities to attract investment into the rice industry in Northern Ghana
- e) Continue to update the IMS, encourage its use, and collect data on usage

#### DEVELOP PUBLIC PRIVATE PARTNERSHIPS (PPP) IN RICE, MAIZE AND SOYA VALUE CHAINS

In Year 3, USAID-FinGAP developed 24 public-private partnerships (PPPs) between strategic investors, suppliers and producers, which were used as platforms for the deployment of financial solutions along the target value chains. A few strategic PPPs developed in Y3 are highlighted below.

**The ‘Shinkaafa Buni’ Project:** MEL Consult, a project-supported BAS provider, developed and structured an innovative partnership between rice producers, AVNASH Ltd., a major rice miller in Tamale, and First Allied Savings and Loans Limited (FASL) that is increasing the production and processing of quality rice for domestic consumption. MEL Consult supported 20 rice Farmer-Based-Organizations (FBOs) in Tamale (consisting of 631 farmers, including 168 women) to form a rice farmers cooperative association named “Shinkaafa Buni,” to supply AVNASH rice for processing. Under the partnership agreement, AVNASH provides input technology and commercial off-take for paddy rice produced by the FBOs, while FASL finances agro-inputs (seed, fertilizer, and weedicide) and tractor services. The Shinkaafa Buni farmers are cultivating 2,540 acres spread across three districts (Savelugu Nanton, Kumbungu, and West Mamprusi) in the Northern Region. MEL Consulting is also facilitating competitive loans from the Outgrower Value Chain Fund (OCVF) to FASL for on-lending to members of Shinkaafa Buni at low interest rates. As of September 2016, FASL had financed agro-inputs worth \$266,891 to these farmers to enable them to increase rice production.

Further details of this PPP can be found in the “Shinkaafa Buni Value Chain Financing Model” in the FSSU section of this report.



Members of Shinkaafa Buni interact with officials of AVNASH.



Officials of FASL gather information from a cross section of members of “Shinkaafa Buni” to receive financing for rice production.

The Shinkaafa Buni PPP is a direct outcome of project efforts to train BAS providers on the process of identifying, structuring, and implementing PPPs using the project’s ‘triangulation’ method. Mel Consult successfully applied this knowledge by recognizing a major opportunity with market potential, and triangulating the needs of strategic investors, producers, and sources of finance to creatively facilitate access to capital and make the partnership work.

**SASL and John Deere Equipment Financing.** USAID-FinGAP developed a partnership between Sinapi Aba Savings and Loans Limited (SASL), a USAID-FinGAP grantee PFI, and John Deere, a private agricultural equipment supplier, for the financing and provision of equipment to SMiLEs seeking to mechanize their production activities. Under the partnership, John Deere buys down the interest rate on loans offered by SASL up to 4% for SMiLEs acquiring tractors. USAID-FinGAP worked with the Danish International Development Agency (DANIDA) to increase the size of loans which could be offered under this scheme. As a USAID/DCA partner, SASL is able to utilize USAID’s partial guarantee as well as a partial guarantee provided by DANIDA to mitigate the bank’s financing risks.

At the close of Year 3, USAID-FinGAP had facilitated financing of \$1,132,573 from SASL for 56 SMiLEs who benefited from John Deere’s interest buy-down to purchase John Deere tractors. This year alone, SASL disbursed financing for the purchase of 13 out of the 56 tractors bought by SMiLEs in the three value chains. As a result, these SMiLEs were then able to mechanize their operations and provide tractor

services to other FBOs in the Project's zone of influence (ZOI) to increase production and improve food security.

**Seed Production Partnership.** USAID-FinGAP initiated a PPP in collaboration with USAID/ATT between the Ministry of Food and Agriculture (MoFA), seed producers and distributors, and FIs to increase the volume of quality seed available to farmers. This PPP is designed to revamp seed production centers established by MoFA in the three northern regions, which have out-of-date and in some cases, non-functioning, processing equipment. USAID-FinGAP is facilitating PPP arrangements with private sector players to rehabilitate and run the centers. Joint efforts on this partnership will continue through the end of Year 4 to increase the production, storage, and distribution of seed.

#### DEVELOP GLOBAL ALLIANCES THAT LEAD TO GROWTH IN VALUE CHAINS AND NEW PLATFORMS FOR FINANCING

USAID-FinGAP built alliances with global companies that bring competitive offshore funds to agribusinesses that are challenged by high interest debt in the domestic market. One of these companies is the Gulf Fund, partners of Serengeti Capital (a BAS provider), which is currently assessing agribusiness deals developed by BAS providers. Another is Sunita Impex Limited, a global investor from India.

The alliance USAID-FinGAP developed with Sunita Impex Limited this year will give SMiLEs better access to mechanization services to increase rice production. Sunita Impex is looking to expand its investment in agriculture in northern Ghana, specifically via investment in machinery and equipment in the rice value chain. The investor engaged the services of three USAID-FinGAP BAS providers (Project Alternative Limited, Pinnacle Development Alternatives, and MDF West Africa) to identify and package business opportunities for financing. Sunita Impex is working with four SMiLEs (Arima Farms, WAAF Agro, Sustainable Agro, and Kataumi Food Processing) profiled in the project's recent Agribusiness Investment Summit Brochure which require financing for mechanized equipment.

#### INTENSIFY COLLABORATION WITH OTHER USAID IPS TO FACILITATE FINANCING FOR THEIR SMILES

USAID-FinGAP increased its collaboration with other USAID IPs by organizing programs and events to facilitate development and investment in the target value chains, and by making project financial services available to agribusinesses identified and supported by other IPs. By working together, USAID IPs are able to provide more holistic support to beneficiaries and better achieve FtF objectives.

USAID-FinGAP joined forces with the USAID Agricultural Technology Transfer (USAID-ATT) Project and USAID-ADVANCE II Project for the April 2016 and October 2016 Pre-Harvest events held in Tamale, Northern Region. USAID-FinGAP BAS providers and PFIs attended the events and provided advisory services to SMiLEs seeking financing to grow their businesses. Many of these firms were seeking financing to acquire mechanization and processing equipment, and working capital for production and aggregation. As a result of the business-to-business linkages at the April 2016 conference, 4 BAS providers were engaged by 45 SMiLE beneficiaries of the USAD/ADVANCE II and USAID/ATT projects to help them access finance. BAS provider, George Adomako of Project Alternative Limited (PAL) attested to the value of this event in generating new relationships and speeding up transactions: "It was a very good program. I was able to introduce a SMiLE to Barclays Bank and discussions started earnestly. I would have lost the opportunity to meet a prospective client if I had not attended the program." The SMiLE introduced to Barclays Bank by PAL received \$507,543 financing from Barclays to expand its agro-input business.

The Pre-season event also exposed BAS providers to various agricultural technologies, including tractors, sprayers, ridgers, and a new seed planter designed to ensure appropriate spacing during planting, and a variety of agro-inputs, including seeds. Solutions Consulting, another USAID-FinGAP BAS provider, identified and assisted a SMiLE to access \$91,569 to finance a John Deere combine harvester for its 200-acre rice farm as well as to provide services to its 200 outgrowers in the Upper East Region.

USAID-FinGAP also collaborated with the USAID-ATT Project to enable SMiLEs' access to a matching grant facility for the acquisition of maize shellers. Through this collaboration, 52 SMiLEs in northern Ghana accessed a 70% grant to procure equipment to mechanize their operations and increase productivity. Thirty of the SMiLEs that could not raise the remaining 30% were assisted by Solutions Consulting to obtain a total of approximately \$70,000 from FIs. USAID-ATT is also using the services of USAID-FinGAP BAS providers to support SMiLEs in the seed industry to develop practical business plans to present to USAID-ATT grantee PFIs. These loans will be at reduced interest rates for those in the seed value chains to facilitate the production of seed.

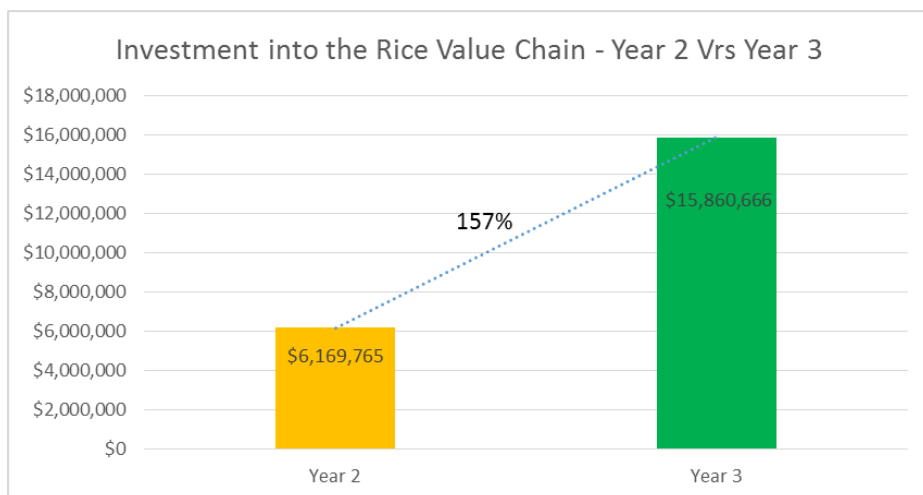
In another collaborative effort, USAID-FinGAP provided a list of BAS providers within its network to the West African Food Market (WAFM) to offer services in due diligence and refining of business plans for agribusinesses. One of the BAS providers assisted a SMiLE to refine its business plan to receive the grant.

#### DEVELOP AGRIBUSINESS OPPORTUNITIES TO ATTRACT INVESTMENT INTO THE RICE INDUSTRY IN NORTHERN GHANA

In Year 3, USAID-FinGAP attracted \$15,860,666 in investment to the rice value chain, a 157% increase over the Year 2 investment of \$6,169,675. To unlock more financing for the rice value chain, which had lagged behind maize and soy in the first two years of the project, USAID-FinGAP ramped up efforts to identify processors, aggregators, and farmers in the rice value chain for support, and generated strategic linkages within the value chain to align actors for financing solutions.

The AVNASH-Shinkaaf Buni FBO-FASL PPP is one such example. MEL Consulting, a female-led USAID-FinGAP BAS provider, successfully formed this partnership between AVNASH, a rice processor in the Northern Region, Farmer Based Organizations (FBOs), and FASL, leading to investment to increase rice production in northern Ghana. MEL also linked female rice aggregators from Akwatialine in the Ashanti Region to FASL and HFC Boafo, a microfinance wing of the HFC Bank, for financing to increase the aggregation of paddy for processing and marketing.

Project efforts to drive investment into the rice value chain also included supporting AVNASH to recruit a Supply Chain Manager who will coordinate procurement of paddy from farmers and aggregators for processing at AVNASH's factory. The Supply Chain Manager received technical support from USAID FinGAP to develop systems and strategies for procurement, as well as pricing mechanisms for a range of quality standards. As a result of the firms' new procurement systems, AVNASH is projected to increase its purchases of paddy from 1,000 MT to 2,500 MT per month, thereby expanding the market for smallholder farmers in northern Ghana.



**Fig. 5 Investment in the Rice Value Chain – Year 2 vs. Year 3**

### CONTINUE TO UPDATE THE IMS, ENCOURAGE ITS USE, AND COLLECT DATA ON USAGE

USAID-FinGAP continued to promote the Investment Mapping System (IMS) to potential users as a tool to help investors make informed decisions and assist project promoters and service providers to develop financing applications, and added new data to the platform to ensure it continues to be a reliable source of up-to-date information. The project integrated production data from the Statistical Research and Information Directorate (SRID) of Ministry of Food and Agriculture (MoFA) from the 2014 cropping season, which was released this year.

To further encourage use of the IMS, the tool was integrated into the Project’s Investment Promotion website ([agrifinanceghana.org](http://agrifinanceghana.org)), along with video tutorials on how to use the system. The website is linked to the websites of the Ghana Investment Promotion Centre, Ministry of Trade and Industry, and the Savannah Accelerated Development Authority (SADA), a major collaborator and player in the Project’s ZOI, to serve as a distribution platform to promote potential investments.

USAID-FinGAP launched the “IMS Crowdsourcing Ambassadors Initiative” during the Third Annual Ghana Agribusiness Investment Summit in April. The initiative was developed to provide a framework for collaboration with implementing partners (IPs) and development partners (DPs) for updating and promoting the use of the IMS. Field visits were conducted to all districts in northern Ghana where MoFA Agricultural Extension Agents were trained on how to crowdsource information onto the IMS and gather data for updates.

To begin the process of handing over the IMS to a sustainable, local entity, at the end of Year 3, USAID-FinGAP conducted an assessment to collect more granular information on who is using the system, what features are most useful to them, and evaluate options for a suitable local hosts. While the report is still being finalized, initial findings indicate that IMS users find it a valuable resource and would like to see it supported and enhanced in the long term. It is clear that the system would benefit from increased marketing and exposure, not only in terms of increasing exposure and promoting use, but also in terms of enhancing the database through crowdsourcing.

The assessment, which covered potential users from different backgrounds (agribusiness firms, BAS providers, IT firms, FIs, government and non-governmental organizations), found that 56% of the 68

respondents visited the IMS site consistently, and 80% of the respondents indicated the tool was easy to use. On how the IMS impacts the work of users: 74% of those who consistently visited the site indicated that the IMS was useful to their work and makes them more efficient and effective, and 97% of respondents said they would be disappointed if the IMS was shut down. It is viewed as particularly useful for individuals and businesses approaching FIs for financing, due to the system data that can be used for loan applications.

*“The IMS is a very important tool for us – we used it to identify land for rice production. Our teams were then able to physically visit the sites where we met the community and promoted contract farming with them. We developed a cooperative to assist smallholder, nucleus farmers, and FBOs to improve their yield, share knowledge, and provide mechanization services. The IMS made it easy for us to find and collate the information remotely, then use the on-site to implement our plans –the IMS is a one-stop information tool.”*

- Jai Mirchandani, CEO, AVNASH Limited

The assessment report, which will be finalized and submitted to USAID next quarter, also includes an evaluation of potential public and private hosts and next steps for moving the IMS to a Ghanaian entity with the capability to continue to maintain the system over time.

## TASK 2 ACTIVITIES: PROJECT DEVELOPMENT AND INVESTMENT PROPOSAL VIA BAS PROVIDERS

Key activities implemented by the project under this task included efforts to:

- a) Create opportunities for BAS providers to facilitate financing to female-led agribusinesses
- b) Develop partnerships between BAS providers and FIs, to encourage sustainability and loan repayment
- c) Encourage BAS providers to support new, potential investors to consider key value chain investments
- d) Host Ghana Agribusiness Investment Summit to link BAS providers to investable deals
- e) Monitor performance of BAS Providers, pre- and post-financing of SMiLEs
- f) Encourage BAS providers to assist SMiLEs to access alternative financing

### CREATE OPPORTUNITIES FOR BAS PROVIDERS TO FACILITATE FINANCING TO FEMALE-LED AGRIBUSINESSES

In Year 3 USAID-FinGAP recorded a significant increase in the number of female-led SMiLEs and women’s groups accessing financing as a result of project strategies to orient BAS to the needs of women-led businesses. A total of 204 female-led SMiLEs including women’s groups accessed working capital of \$1,873,006 to expand their business capacities. This is an improvement compared to an amount of \$464,553 accessed by 100 female-led SMiLEs and women’s groups in Year 2.

The improved access to finance among female-led SMiLEs is attributed in large part to BAS providers (including 5-female led firms) in our network, who successfully bundled clients and women’s groups with smaller credit needs and provided them with advisory services so these would be more attractive to banks.

MEL Consulting Limited, a female-led BAS provider, trained eight female-led rice aggregation groups, comprised of 43 members at Akwatialine, a suburb of Kumasi in the Ashanti Region, to prepare them to access, manage, and repay loans received to expand their agribusinesses. MEL Consulting helped the aggregators open and operate bank accounts and access working capital from FASL so they can aggregate more produce from Northern Ghana for sale to buyers, including AVNASH. This relationship solidifies efforts to increase investment in the rice value chain as quality and quantity improve.



Aggregators examine varieties of paddy rice and learn about quality specifications required for milling.

During a training, held in collaboration with AVNASH and FASL, the aggregators were introduced to paddy (Jasmine 85 and AGRA rice varieties) quality specifications required for milling. Aggregation and supply of paddy rice to AVNASH is expected to commence in November 2016.

*“We are grateful for the training and market linkage to AVNASH. The training has enlightened us on the financial requirements as well as the quality of rice AVNASH is expecting from us.”*

- Linda Asare, rice aggregator group member

Another BAS provider within the USAID-FinGAP network assisted three other female-led aggregator groups, composed of 340 members in the Northern Region, to access working capital from FASL for the aggregation and marketing of over 43 metric tonnes of paddy rice from smallholder farmers in the three northern regions. FASL also supported 10 female-led aggregator groups in the Upper East Region with working capital for the aggregation of grains from smallholders.

#### DEVELOP PARTNERSHIPS BETWEEN BAS PROVIDERS AND FIS, TO ENCOURAGE SUSTAINABILITY AND LOAN REPAYMENT

In order to build sustainable, long-term relationships between FIs and BAS providers and ensure adequate post-financing follow up, USAID-FinGAP developed partnerships between specific FIs and BAS providers via joint trainings and workshops.

In Year 3 BAS providers were included in FI trainings to give them first-hand knowledge of FI requirements for financing agribusiness deals and how to support loan repayment. Two such activities included trainings on “Financial Analysis for Agricultural Credit” held in Tamale and Accra, and, the “Agribusiness Roundtable Discussions on Access to Finance and Challenges to Small and Medium Enterprises,” held in collaboration with SADA as part of the 20<sup>th</sup> Ghana International Trade in March 2016 in Tamale. By jointly participating in the training, BAS providers and FIs were able to develop stronger working relationships, in addition to building their technical capabilities. One such example is Project Alternatives Limited, a USAID-FinGAP BAS provider, and Barclays Bank whose connection resulted in the approval of a \$507,543 credit facility to an input dealer to supply inputs to farmers in northern Ghana.

#### ENCOURAGE BAS PROVIDERS TO SUPPORT NEW, POTENTIAL INVESTORS TO CONSIDER KEY VALUE CHAIN INVESTMENTS

Due to challenges in raising capital for long-term investment locally, BAS providers were encouraged to build relationships with and target international investors as potential sources of capital for their clients. BAS providers were linked to Deloitte & Touche (Ghana) to submit qualifying SMiLEs to the European Investment Bank for funding. KPMG, a USAID-FinGAP BAS provider, was contracted by Synergy Private Equity Fund in Nigeria to conduct due diligence on a SMiLE which resulted in the approval of a working loan and capex totalling \$3 million for the purchase and installation of a modern feed processing plant, and the SMiLE securing a franchise deal from Ziegler, a feed mill franchiser in Pennsylvania. Another BAS provider, Cornerstone Capital Advisors Limited, carried out feasibility studies for a SMiLE to access financing from the African Development Bank for the production and processing of Soy, and to list shares on the GAX.

### HOST GHANA AGRIBUSINESS INVESTMENT SUMMIT TO LINK BAS PROVIDERS TO INVESTIBLE DEALS

USAID-FinGAP hosted the third annual Ghana Agribusiness Investment Summit on April 26, 2016, at the Movenpick Ambassador Hotel in Accra. The Summit, held under the theme, “Expanding the Frontiers of Agricultural Finance in Ghana,” was opened by Robert P. Jackson, the United States Ambassador to Ghana. It was attended by over 400 participants, including local and international investors, agribusiness owners, farmer-based organizations, development agencies, government and non-governmental organizations, and BAS providers and FIs in the project network.

USAID-FinGAP presented Summit attendees with an investment booklet that included profiles of 30 immediately viable investment opportunities in SMiLEs operating in the maize, rice, and soy value chains. Companies profiled operate at various segments of these value chains, including production, processing, inputs, mechanization, warehousing, and marketing. Financing needs of these companies are diverse, ranging from \$150,000 to as large as \$50 million. To support SMiLEs in attendance to identify sources of quality business advisory services, the booklet also contained profiles for 40 BAS firms in USAID-FinGAP’s network.

A key program at the Summit was the annual Business-to-Business (B2B) session. A total of 105 agribusiness linkages were created between BAS providers and FIs for the initiation of deals for agribusiness financing for SMiLEs. Most of these deals are at different transactions stages with the FIs.



*A participant seeks more information on agribusiness investments during a panel discussion session held at this year’s Ghana Agribusiness Investment Summit.*



*SMiLEs meet with USAID-FinGAP BAS providers at the Investment Summit’s popular B2B session.*



USAID-FinGAP also formally launched its Agribusiness Investment Promotion website at the event ([www.agrifinanceghana.org](http://www.agrifinanceghana.org)), which provides information for investors on finance-ready businesses seeking investments, and a directory of BAS providers and FIs for SMiLEs looking for capital and financial consulting services. Visitors to the site can generate investment leads and develop financing proposals through the IMS, which was integrated into the website this year.

In addition to the project's annual Investment Summit, USAID-FinGAP organized roundtable discussions on access to finance challenges for SMEs in March in Tamale, in partnership with Savannah Accelerated Development Authority (SADA). The round-table discussions were held as a part of the 20th Ghana International Trade Fair, held outside of Accra for the first time, and were attended by over 400 people including 82 SMiLEs, 21 FIs, seven BAS provider firms, IPs, and other development organizations operating in the SADA Zone. Topics discussed included the GAX as a means for SMEs to access alternative finance, as well as long-term or equity financing, risk mitigation schemes, and infrastructure financing. A total of 18 deals were initiated during business-to-business meetings between SMiLEs, BAS providers and FIs. Three female-led FBOs engaged in rice production in the Northern Region were linked to BAS providers - MEL consulting and Tradeline Consulting – to help them access capital to increase production and link them to AVNASH to supply paddy rice. Tradeline Consulting submitted deals from three SMiLEs to SASL for financing.

#### MONITOR PERFORMANCE OF BAS PROVIDERS, PRE- AND POST-FINANCING OF SMILES

To encourage competition and deal closure, USAID-FinGAP instituted performance evaluations of BAS providers. The BAS providers were evaluated on their performance in deal making on a quarterly basis, including the number of deals closed, the amount of financing facilitated, and the number of deals initiated. The results were communicated to the BAS providers, and BAS providers who made significant progress in deal facilitation were recommended to FIs and private organizations looking for services. The BAS leader board as of the end of Y3 is presented below:

Table 1: BAS Performance Rankings

Inception to Date			FY3		
Rank	BAS Provider	Amount	Rank	BAS Provider	Amount
Total financing facilitated to SMiLEs			Total financing facilitated to SMiLEs		
1	Solutions Consulting Limited	\$ 8,603,791	1	Solution Consulting Limited	\$ 3,522,658
2	IESO Agribusiness Consult	\$ 4,759,441	2	KPMG	\$ 3,000,000
3	Pinnacle Development Alternatives	\$ 3,624,489	3	IESO Agribusiness Consult	\$ 1,081,081
Number of closed deals facilitated			Number of closed deals facilitated		
1	Solutions Consulting Limited	36	1	Solution Consulting Limited	28
2	MEL Consulting Limited	22	2	DAB Consult Limited	5
3	Business Finance Consulting Limited & DAB Consult Limited	5 (tie)	3	Business Finance Consulting Limited	3
Number of SMiLEs engaged			Number of SMiLEs engaged		
1	Solutions Consulting Limited	70	1	Nunyuie Brothers Limited	47
2	Nunyuie Brothers Limited	62	2	Solutions Consulting Limited	42
3	MEL Consulting Limited	34	3	MEL Consulting Limited	20

During the year, the project modified its BAS performance-based subcontract structure to facilitate speedy deal closings by BAS providers. In the new subcontract mechanism, BAS providers are paid at the closure of deals and disbursement of funds to SMiLEs. There is now a bullet payment for the three deliverables

instead of three different milestone payments. This has led to closure of more deals than under the previous payment schedule.

Consequently, the leverage ratio for BAS pay-for-performance incentives has increased from \$6.6 in FY1 to \$20.4 in FY3. The amount of financing achieved for every \$1 in USAID-FinGAP BAS incentives is shown in the table below.

Table 2: BAS Providers Leverage

PROJECT YEAR	FY1	FY2	FY3
GRANT INCENTIVE PAYMENTS	\$49,500	\$874,019	\$733,978
VALUE OF FINANCING FACILITATED	\$327,275	\$18,557,575	\$15,003,665
LEVERAGE	6.6	21.2	20.4

### ENCOURAGE BAS PROVIDERS TO ASSIST SMILES TO ACCESS ALTERNATIVE FINANCING

With the cost of debt financing increasing, the Project encouraged BAS providers to identify and assist SMiLEs to access alternative sources of financing, including the Ghana Alternative Market (GAX), equity and venture capital, new value-chain financing products, and suppliers' credit.

USAID-FinGAP exposed BAS providers to the benefits of the Ghana Alternative Market (GAX) via trainings and workshops (further discussed under Task 3 below). Efforts to encourage BAS providers to utilize the GAX began yielding results as 8 SMiLEs, including a rice processing company, a soya processor, two microfinance companies and a commodity distribution company (as well as a manufacturing company and two health service companies under the PFG) initiated the processes to list on the GAX in the upcoming year.

At a Y3 workshop, BAS providers were introduced to additional sources of alternative finance, including the Gulf Fund. The Gulf fund, which is a result of collaboration between Serengeti Capital, a USAID-FinGAP BAS provider, and Gulf Capital, one of the largest alternative investment companies in the Middle East, is worth \$150 million. Part of the fund will be invested into agribusiness and support the growth of companies in countries in sub-Saharan Africa. Two BAS providers presented two agribusiness investment opportunities to the fund coordinators in Ghana for consideration.

FASL presented BAS providers with on-lending opportunities that they can access on behalf of their client SMiLEs. This included DCA credit guarantees and agreements with John Deere and the OCVF, which allows SMiLEs to acquire tractors and other equipment at reduced interest rates.

MEL Consulting, a female-led BAS provider, facilitated approximately \$260,000 suppliers' credit from agro input suppliers for 20 female-dominated FBOs to produce and supply paddy to AVNASH under the Shinkaafa Buni model in northern Ghana.

## TASK 3 ACTIVITIES: BUSINESS PERFORMANCE IMPROVEMENT

Key activities that USAID-FinGAP implemented included efforts to:

- a) Build capacity of BAS providers to facilitate deals using competitive alternate financing
- b) Build capacity of SMiLEs through formal trainings and field visits to improve business management skills
- c) Train BAS providers to provide quality services to SMiLEs and FIs
- d) Support SMiLEs with technological know-how and equipment to improve their efficiency

### BUILD CAPACITY OF BAS PROVIDERS TO FACILITATE DEALS USING COMPETITIVE ALTERNATE FINANCING

USAID-FinGAP took 43 BAS providers through training programs to enable them to prepare eligible SMiLEs for listing securities on the GAX and to access other sources of equity and venture capital. The project also designed and delivered trainings for BAS providers on priority areas identified through the project's Organization Capacity Assessment Tool (OCAT), including equity investment, deal identification, marketing, networking, and quality assurance.



*Rick Dvorin, Chief of Party of USAID-FinGAP, (standing), presents competitive alternative financing sources to BAS providers at the quarterly meeting.*

During quarterly review meetings held in Tamale and Accra in the second quarter of Year 3, 34 BAS providers were taken through the requirements and benefits of SMEs listing their securities on the stock exchange. At the Accra meeting facilitated by Head of Databank Brokerage, Armah Akotey, BAS providers were informed that "SMiLEs could get cheaper rates for their debt when they raise capital from the securities market and a longer repayment period which will allow them to have greater flexibility to grow their businesses." FASL also made a presentation on lending opportunities available to explore.

### SUPPORT BAS PROVIDERS TO LIST SECURITIES OF SMILES ON THE GAX (CROSSCUTTING TO SME SECURITIES FOR PFG COMPONENT)

In Y3 USAID-FinGAP established a subcontract for new financial and legal advisors to list SME securities on the GAX. The project engaged four BAS providers (Databank Brokerage, Bentsi-Enchill, Letsa, and Akomah (BELA) Law, TMI Consulting, and Cornerstone Capital Advisors Limited) who initiated eight deals. We anticipate these deals will be listed in Y4.

Databank Brokerage has a pipeline of over \$100 million from three SMEs being prepared for the GAX and Ghana Fixed Income Markets (GFIM), while the three others are preparing documentation to list debt and equity on the GAX for five SMEs. Cornerstone Capital has submitted documentation for a SMiLE engaged in soy processing to the African Development Bank for partial financing, with the remainder to

be raised on the capital market. TMI Consulting, BELA, and Databank Brokerage have submitted their clients' applications to the Ghana Securities and Exchange Commission (SEC).

The biggest hurdle for SMiLEs preparing for listing securities as well as for applying for bank loans is the record keeping and accounting records requirements. Creditors/purchasers of the securities need and demand sufficient information in order to decide whether to make the loan or buy the securities. USAID-FinGAP BAS providers are assisting SME's in this critical area.

## BUILD CAPACITY OF SMILES THROUGH FORMAL TRAININGS AND FIELD VISITS TO IMPROVE BUSINESS MANAGEMENT SKILLS

USAID-FinGAP worked through its BAS provider network to strengthen SMiLE business management skills. The project facilitated the training of 25 representatives (21 male and 4 female) from 20 BAS provider firms on "The Business Model Canvas to Improve Product - Customer Fit" by a Stanford Seed coach. The training was designed to help BAS providers assess the operations of SMiLEs and better provide their clients with technical advisory support to improve their businesses. Topics covered in the training included knowing your customer; problem solving; choice of the right communication and distribution channels; and how to increase your customer base and deal generation.



*Kweku Fleming, a business coach from Stanford Seed, takes BAS providers through the Business Model Canvas*

*"The meeting provided very useful insight for developing our businesses. I will make use of the two value propositions I learned. Those are solving problems and making clients feel good. I suggest that Stanford Seed be invited to our next meeting to speak about resource mobilization and organizational cost structure."*

- Nana Ama Oppong-Duah, BAS provider, Project Alternatives Limited

*"The training was very useful. It exposed me to the Business Model Canvas and use of social media to improve my firm's visibility and market my services."*

- Winfred Torgby, BAS provider, DAB Consulting

## TRAIN BAS PROVIDERS TO PROVIDE QUALITY SERVICES TO SMILES AND FIS

Y3 BAS capacity building efforts also included trainings on Marketing, Digital Financing, and Financial Analysis for Agriculture Lending. To increase the number of deals closed by BAS providers, 20 BAS provider firms in the project network received practical training on the collection and analysis of financial data from SMiLEs for the preparation of realistic business plans for accessing financing.

The project organized three joint BAS provider and PFI trainings in Y3 which enabled the former to assist PFIs on improving loan recovery. Successful FI-BASP partnerships and quality services delivered to date have made BAS services highly valued by PFIs. As a result, FIs such as Barclays and Ecobank requested BAS

referrals from USAID-FinGAP to facilitate deal identification and loan application preparation. In some cases, FIs are paying BAS providers agency fees or commissions for services provided, including deal identification and training of SMiLEs in business and financial management to ensure loan repayments.

In Q4 USAID FinGAP held trainings in Accra and Tamale for BAS providers on the practical aspects of forming and operationalizing PPPs. The training was delivered by Aba Quainoo of MEL Consulting Limited and was attended by 24 participants in each trainings. The training showcased the AVNASH-Shinkaafa Buni FBO-FASL partnership as a model that can be replicated.

*“The AVNASH-FBO-FASL PPP Model managed by MEL Consulting is a very good one, especially the integrated handholding process of initiating financing, providing technical backstopping, and improving loan repayment. The model has several supply chain linkages which can be transformed into huge business opportunities.”*

- Isaac Asante, Integrated Management Consultants

#### *Quarterly BAS Network Meetings*

In Y3 USAID-FinGAP held four quarterly meetings with the BAS provider network to review BAS performance, discuss network priorities and evaluate training needs. Attendees discussed the role and impact of BAS providers in facilitating credit to SMiLEs, challenges they experience, and strategies to ensure sustainability of their services after the project ends. Strategies formulated by BAS providers include targeting agribusinesses outside the rice, maize and soy value chains to increase deal flow, providing “tailor-made” services to SMiLEs, and promoting risk-mitigation tools.

Also with a view to increase institutional and commercial sustainability, in Y3 USAID-FinGAP and the BAS network decided to formalize the network by creating an association of BAS providers. The goal of this effort will be to help BAS providers differentiate their services from other providers making them more attractive to FIs, and to encourage collaboration between BAS on larger deals and PPPs. As an association, BAS providers will have a formal platform for knowledge sharing and increased credibility among their clients. BAS providers pledged to support the formation of this association, which will initially be comprised of members of the USAID-FinGAP network. Work towards the formation of the Association is expected to commence in Year 4.

*“The formation of an Association of BAS Providers will create a credible and professionally sought after group of experts who will serve all stakeholders in the agribusiness value chains in Ghana.”*

- Christoph Anagbonu, Mensah JB & Associates

*“The formation of the Association of BAS Providers is a good initiative for enhancing the sustainability of the activities of BAS providers. It will increase our credibility with the financial institutions and make it easier for us to access financing for SMiLEs as well as provide a good opportunity to leverage our strengths and improve our competitiveness.”*

- Ernest Antwi-Barimah, Barimens Consulting Limited

**SUPPORT SMILES WITH TECHNOLOGICAL KNOW-HOW AND EQUIPMENT TO IMPROVE THEIR EFFICIENCY**

USAID-FinGAP supported SMiLEs to obtain improved technologies and equipment via targeted partnerships and by introducing SMiLEs to technology-related programs and events and trainings. In the rice value chain, a SMiLE that provides commercial processing services to over 30 women rice processing groups in the Northern Region is being assisted by the Project to access a competitive source of financing to acquire a rice mill with a de-stoner. Access to this technology will enable the women's groups to increase their income by improving the quality of rice they process.

USAID-FinGAP-supported BAS providers and SMiLEs attended the annual pre-season event hosted by the ATT project, which exposed BAS providers to various agricultural technologies, including tractors, sprayers, ridgers, a new seed planter designed to ensure appropriate spacing during planting, and a variety of agro-inputs, including seeds.

BAS providers received training in the use of technological tools to market their services and those of their SMiLE clients. The training, organized by USAID-FinGAP in collaboration with Farmerline, an agricultural technological company, emphasized the use of social media for this purpose.

*"The training was practical and interactive. I will now be able to create an online presence and create a group to disseminate business information for my customers and also promote my services to potential clients."*

- Solomon Mensah-Brown, MEDCO, BAS provider

## COMPONENT 2: FINANCIAL SECTOR SUPPORT UNIT

### CONTEXT AND OVERALL APPROACH

Investment into Ghana's agricultural sector by formal credit institutions over the past three years has remained at 5% of all total lending by these institutions. Financing is provided on short tenors mainly for working capital rather than the medium- to long-term funds required by agribusiness firms to acquire fixed assets for retooling and expanding their production capacities. FIs cite inherent risks (perceived or real) associated with agribusiness lending, especially production, as the reason for demanding high collateral and interest rates from borrowers.

USAID-FinGAP's FSS Unit along with the Grants Facility are addressing this market failure through two activities:

- **Task 4: Financial Sector Capacity Building** to enable FIs to undertake agriculture-related investments through training, technical assistance, and support with new product development specific to agriculture.
- **Task 5: Small Grants Facility to incentivize financing of agribusiness activities**, encourage uptake of risk mitigation tools and support the development of new financial products.

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

## TASK 4 ACTIVITIES: FINANCIAL SECTOR CAPACITY BUILDING

Key activities implemented in Year 3 to achieve results and impact under this task include:

- a. Continue to roll out effective incentives to PFIs for increased lending to the SMiLEs in the maize, rice and soy value chains;
- b. Expand the scope and scale of PFI network to encourage increased financing from current and new PFIs in the network;
- c. Design, develop, deliver, and evaluate demand-driven training to the PFIs, and provide technical support to enhance agribusiness lending;
- d. Assess the impact of FSSU trainings for PFIs;
- e. Identify and recruit local agrifinance training institutions to take over the training of PFIs from USAID-FinGAP;
- f. Collaborate with risk mitigating institutions including GAIP, USAID/DCA partner institutions, and Eximguaranty to offer and utilize insurance and credit guarantees; and
- g. Support SME Access to Finance under the PFG Access to Finance component

### CONTINUE TO ROLL OUT EFFECTIVE INCENTIVES TO PFIS FOR INCREASED LENDING TO THE SMILES IN THE MAIZE, RICE AND SOY VALUE CHAINS

The performance-based incentive grant scheme for FIs launched by the project in Year 1 to stimulate financing to the agriculture sector has significantly contributed in increasing SMiLEs' access to financing. The first incentive grant made to FIs closed in Year 3 (April 2016), resulting in 12 FIs (of the 14 grantees) releasing financing of over \$74 million to the maize, rice and soy value chains. Following the success of the first round of grants, USAID-FinGAP rolled out a second pay-for-performance grant for FIs in June 2016 that 33 FIs are participating in. The 33 FIs in this second round of grants have collectively proposed to disburse over \$23.1 million in new, incremental financing into target value chains against grant payments of \$580,000.

Please refer to Task 5 Small Grants Facility for more information on the outcomes of USAID-FinGAP's PFI incentives in Y3.

### EXPAND THE SCOPE AND SCALE OF PFI NETWORK TO ENCOURAGE INCREASED FINANCING FROM CURRENT AND NEW PFIS IN THE NETWORK

In Year 3, USAID-FinGAP welcomed 22 new FIs, including four Universal Commercial Banks, 10 Rural and Community Banks, five microfinance companies, two Cooperative Credit Unions, and a Savings and Loans company into its PFI grantee program. The FIs joined the second 'pay-for-performance' incentive grant program when it opened in June 2016, bringing the number of PFI grantees from 14 in Year 2 to 33 in Year 3. The new FIs bridge financing gaps to reach more enterprises in the Project's ZOI. GCB, one of the new grantees, has an expansive geographic reach, with 159 branches throughout the country (including the SADA zone). Since joining the PFI grant program, GCB has invested \$1,520,412 into the maize, rice, and soy value chains while another new grantee, Nationwide Microfinance, has disbursed \$193,593.

Like the BAS providers, FIs in USAID-FinGAP's network are evaluated and ranked by their performance in releasing financing in order to encourage competition. The FI leader board from project inception to date (July 2013 to September 2016), and for FY3 (October 1, 2015 to September 30, 2016) is presented in the Table below.

Table 3: FI Performance Rankings

Inception to Date			FY3		
Rank	FI	Amount	Rank	FI	Amount
Financing disbursed to SMiLEs			Financing disbursed to SMiLEs		
1	Barclays Bank Ghana	\$ 52,729,563	1	Barclays Bank Ghana	\$ 33,933,756
2	Ecobank Ghana	\$ 14,747,769	2	Ecobank Ghana	\$ 9,438,448
3	adb Bank	\$ 4,852,161	3	Tumu Cooperative Credit Union	\$ 3,315,974
4	Tumu Cooperative Credit Union	\$ 4,085,031	4	Synergy Capital	\$ 3,000,000
5	Injaro Agriculture Investments	\$ 4,068,962	5	Injaro Agriculture Investments	\$ 2,345,000
Number of SMiLEs financed			Number of SMiLEs financed		
1	Builsa Community Bank	367	1	Builsa Community Bank	209
2	CARD-FNGO	198	2	Bonzali Rural Bank	89
3	Sinapi Aba Savings & Loans	132	3	First Allied Savings & Loans	76
4	Bonzali Rural Bank	116	4	Tumu Cooperative Credit Union	62
5	Tumu Cooperative Credit Union	84	5	CARD-FNGO	47

**DESIGN, DEVELOP, DELIVER, AND EVALUATE DEMAND-DRIVEN TRAINING TO THE PFIS, AND PROVIDE TECHNICAL SUPPORT TO ENHANCE AGRIBUSINESS LENDING**

Three specialized financial training programs were designed and delivered to FIs in response to their requests for assistance in agribusiness financing. The topics were “Financial Analysis for Agricultural Credit,” “Agricultural Investment Due Diligence,” and “Savings Capture Strategies.” The trainings were held in Accra and Tamale and attended by 128 participants (77 males and 51 females) from FIs.

The training on “Financial Analysis for Agricultural Credit” and “Agricultural Investment Due Diligence” helped to build the capacity of FIs to conduct proper credit appraisal and due diligence for management of quality agribusiness financing portfolios. Topics included understanding the context of agricultural markets and investments, assessment of clients for debt or equity investments based on business models, and analysis of financial statements and prioritization of risks identified through the due diligence process. The training included field trips to help the participants get hands-on experience outside the classroom.



*For training in due diligence, the STTA trainer first discussed the process with FI participants in the classroom.*



*Participants were taken on field trip (here to SAVBAN Processing and Marketing Limited's Processing Facility in Tamale) to relate the classroom theory to the field.*



The third training program on “Savings Capture Strategies” was organized for board members, senior managers, and managers of RCBs and other FIs within the project’s ZOI in Tamale. The training was intended to enable FIs to raise more stable and low cost funds for lending at medium- to long-term tenors at reduced interest rates. The training was attended by 38 people (34 male and 4 female) from 22 institutions, including 15 FIs and 7 BAS provider firms. It focused on “Innovative Approaches to Mobilizing Deposits with an Emphasis on Longer-term (12+ months) Deposits” as well as “Outreach and Delivery Mechanisms for Mobilizing Cheap Funds within the Catchment Area” for lending to SMiLEs at competitive interest rates.

Other topics covered included “Exploration of Opportunities Offered by Inclusive Banking Products and Delivery Channels/Mechanisms” and “Understanding Gender and Demographic Issues Relating to Successful Deposit Mobilization for On-Lending” to SMiLEs in agricultural value chains, especially related to maize, rice, and soy.

USAID-FinGAP BAS providers who participated in the FI training programs learned techniques they can introduce to their clients to increase their likelihood of obtaining financing. They learned how to conduct due diligence for agribusiness finance facilitation, and they interacted with FIs to develop relationships and strengthen their ability to access finance for their clients.



*H. Habib, Branch Manager of Tizaa Rural Bank at Gushegu in the Northern Region (standing left), presents on savings capture opportunities at the workshop held in Tamale on August 23, 2016.*

*“Currently, my bank depends on Susu [collectors], microfinance groups, and market women as our sources of deposits. The training has revealed several sources of deposit mobilization that we will tap into for competitively priced funds for investments into the agriculture value chains at lower interest rates.”*

*- Justin Ayaribisa, Credit Manager, Bucobank*

*“The workshop has effectively combined theory with practice and allowed sharing of field experiences which has opened my eyes to issues that had not been considered serious prior to this training. Our management team will strategize and implement the new tools and techniques learnt at this workshop to mobilize deposits for profitable operations.”*

*- Dan Tia Sandow, Board Chairman, Bangmarigu Community Bank*

Table 4: Year-on-Year Training Statistics

Y2				Y3			
No.	Training Topic	# of Women	# of Men	No.	Training Topic	# of Women	# of Men
1	Agricultural Credit Risk and Loan Portfolio	11	28	1	Financial Analysis for Agricultural Credit	31	31
2	Agricultural Value Chain Financing	10	51	2	Agricultural Due Diligence	17	20
3	Environmental Due Diligence	8	30	3	Saving Capture Strategies (RCBs)	3	26
4	New Product Development	11	28				
	<b>Total</b>	<b>40</b>	<b>137</b>		<b>Total</b>	<b>51</b>	<b>77</b>

Female participation in USAID-FinGAP training programs recorded a 28% increase in Year 3 over Year 2 as a result of the Project’s strategy of encouraging PFI’s to send up to three staff for a training program as long as at least one was female.

*Tailored trainings for specific FIs*

Following a request from First Allied Savings and Loans (FASL) to USAID-FinGAP to help bridge skills gaps in credit delivery among staff at its branches, an institution-specific training on “Agricultural Credit Risk Appraisal Techniques” was held for the bank’s Credit, Risk and Business Development staff. Key topics covered in the two-day training program were “An Overview of Credit Appraisal Techniques,” “Risks in Agricultural Lending,” “Four C’s (Character, Capital, Capacity and Collateral) in Agricultural Lending,” “Financial Statements Preparation, Analysis and Interpretation,” “Cash Flow Projections,” and “Early Warning Signals.” The training helped to build the capacity of 18 FASL staff (15 males and 3 females) to conduct proper credit appraisal to improve the delivery of credit to SMiLEs and ensure overall loan portfolio quality.

*Capacity building to FIs*

During the year under review, USAID-FinGAP provided technical assistance to 10 FIs to help them implement learnings from trainings. The FIs, namely, Success For People Microfinance Company, IFS Financial Services Limited, Nationwide Microfinance Company Limited, Fidelity Bank, Stanbic Bank, Tumu Cooperative Credit Union, CARD FNGO, and Sinapi Aba Savings and Loans Limited, received technical assistance on the use of risk mitigation tools to reduce interest rates on credit to SMiLEs.

Issues addressed included the lack of internal policies specific to agricultural lending; lack of in-house technical capacity for appraisal of agribusiness credit proposals; inadequate liquidity for lending by FIs, especially RCBs; and the need to link up with risk mitigation institutions.

The project enlisted a consultant to conduct an institutional assessment of RCBs within the Project's PFI network to determine their liquidity reserve levels. The assessment found that a majority of RCBs in northern Ghana faced liquidity challenges and needed assistance to build capacity to improve their liquidity. The assessment involved interviews and focus group discussions with over 60 depositors (90% of whom were representatives of women's groups) to understand their needs and preferences as input for the development of long-term savings products for SMiLEs.



*Finance Specialist, Stephanie Charitonenko meets with female clients of Bongo Rural Bank as part of FGDs.*

USAID-FinGAP provided technical assistance at the institution level to address the issue of inadequate liquidity for lending. The project also delivered a training on "Innovative Approaches to Mobilizing Deposits" for 40 people from 15 FIs composed of 13 RCBs, two credit unions, and 7 BAS providers.

#### ASSESS THE IMPACT OF FSSU TRAININGS FOR PFIS

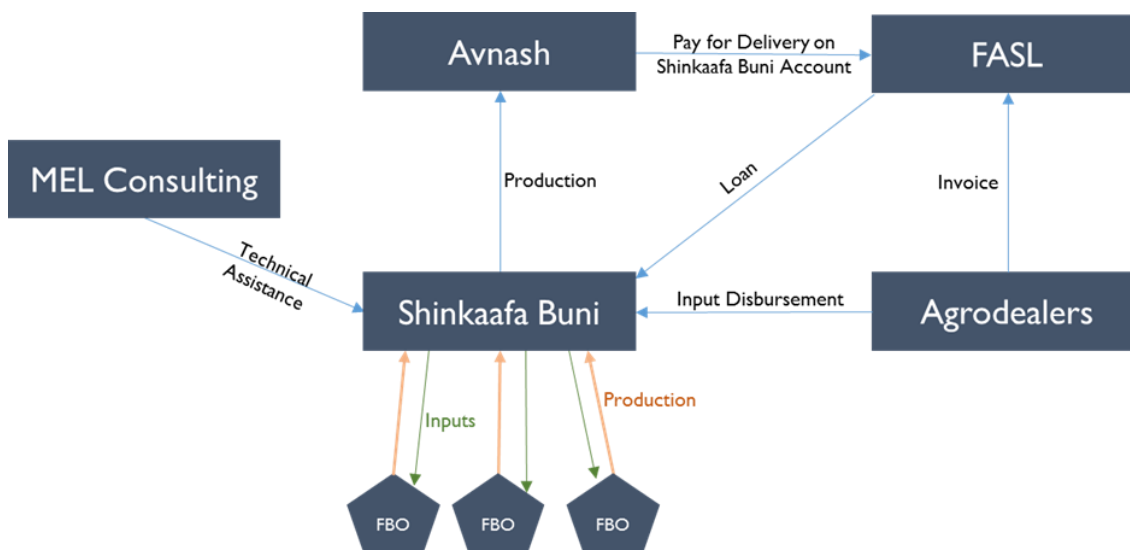
In Y3 the project conducted an assessment on the impact of project trainings on PFI and BAS providers' operations. A total of 57 representatives from 29 PFIs and 5 BAS provider firms were interviewed. The FIs indicated that the training and technical assistance programs have enabled them to develop tools to enhance their agribusiness operations. Some of the key innovations developed and learnings implemented by partner FIs are highlighted below.

- Sinapi Aba Savings and Loans (SASL) developed an Agricultural Focus Cash Flow Tool which aligns a crop budget alongside the annual calendar to help them better analyze borrowers' cash flow forecasts and needs.
- Bonzali Rural Bank started using crop calendars and budgets for analyzing credit requests from agribusiness SMiLEs. This practice has helped the bank disburse loans according to the crop calendar for better impact and repayment.
- Following the project's "Agricultural Investment Due Diligence" training, TCCU and FASL requested technical assistance to develop new agricultural finance products and delivery mechanisms to sustainably meet the needs of their customers, including SMiLEs. The FIs have identified the need to finance multiple farmers (primarily small agribusiness firms) to meet the supply needs of larger off-takers. They are now seeking to develop value chain finance products to facilitate smallholder farmers in maize, rice, and soy to obtain finance in a cost-effective way.
- Technical assistance provided to TCCU enabled them to design a "Direct-to-Farmer" seasonal lending product tailored to the financial needs of maize producers in northern Ghana. The product includes an adjustable cash flow tool that determines different price and input scenarios that will enable the FI to deliver specialized agriculture financing products and services to agribusiness customers. For FASL, which is expanding financial services to northern Ghana, the assistance enabled them to develop a pilot "Value Chain Finance" product based on the crop calendar for smallholder rice farmers in the Tamale area. The FASL product was developed as a business financing model linking three parties, namely FASL (FI), AVNASH Limited (rice processor) and Shinkaafa Buni (Association of FBOs) and facilitated by MEL Consulting Limited, a BAS provider within the USAID-FinGAP network. The pilot, if successful, will be rolled-out to cover more

SMiLEs including smallholder farmers and will also be introduced to other FASL branches within the Project's ZOI.

The figure below is a graphic representation of the Shinkaafa Buni financing model, which can be replicated by actors in other value chains.

**Figure 6. Shinkaafa Buni Value Chain Financing Model**



Partners of the Shinkaafa Buni model are working to secure a stable financing arrangement for a pilot group of over 600 farmers cultivating approximately two acres of rice each under management. Under the model, input financing is provided by FASL to members of Shinkaafa Buni FBO through an arrangement made with local agro dealers and tractor service operations. Paddy produced by the smallholder farmers is delivered via Shinkaafa Buni to AVNASH. Payment for the production is forwarded to FASL and any loan and interest is deducted from these payments. MEL Consulting Ltd provides technical support to the institutional development of the union and also coordinates with AVNASH to provide production and post production support to the farmers.

**SUMMARY OF NEW PRODUCTS DEVELOPED BY FIS**

**Table 5: New Products Results and Impact**

No.	Name of FI	Name/Type of Product	Amount Financed (GHS)	No. of SMiLEs Reached	No. of Smallholders Reached
1	Success for People	Input Finance Warehouse Receipt Finance Agro processing Finance Asset Finance	11,124,113	26	14,169
2	Builsa Community Bank	Agriculture Desk	4,200,000	312	5,322
3	Bonzali Rural Bank	Zaabuni Savings Abia Dashinsheli (Youth Savings)	These are savings products targeting SMiLEs and the youth in the target value chains. GHs 17,003 have so		

			far been mobilized from 53 SMiLEs and GHs 7,307 from 21 youth savers.		
4	Tumu Community Cooperative Credit Union	Paarinchining (Farming Loan) Chiemingwia (Future Savings) Biiirinwia (Youth Savings) Bayalinwia (Traders/Purpose Loan)	2,730,200	50	1,465
5	First Allied Savings & Loans	Shinkaafa Buni (Tripartite Financing Model)	1,041,000	20	631
6	Wa Community Cooperative Credit Union	Agriculture Loan	800,000	20	500
7	CARD FNGO	Future Financing	3,867,290	175	6,923
8	Zenith Bank	Tripartite Financing			
9	Fidelity Bank	DCA	250,000	1	6
10	Barclays Bank	Agriculture Desk	\$52,729,563	16	23,563

To date, USAID-FinGAP has supported 10 FIs to develop and/or refine 17 new products and services to meet the financial needs of their target markets including SMiLEs in the maize, rice, and soy value chains.

#### IDENTIFY AND RECRUIT LOCAL AGRIFINANCE TRAINING INSTITUTIONS TO TAKE OVER THE TRAINING OF PFIS FROM USAID-FINGAP

In Year 3 USAID-FinGAP initiated efforts to transition the delivery of agrifinance trainings to a local partner. After evaluating proposals from three BAS provider firms, the project deemed Mel Consulting most capable of delivering financial services trainings on a commercial basis. The firm has offices in Accra and Tamale, vast experience in using participatory adult-learning methodologies, and already works with a variety of clients from small microfinance institutions to large commercial banks and development partners, including the World Bank. MEL Consulting also offers fee-for-service trainings and technical assistance to FIs on a sliding scale basis. The firm will gradually take the role of the local training partner over the next year.

#### COLLABORATE WITH RISK MITIGATING INSTITUTIONS INCLUDING GAIP, USAID/DCA PARTNER INSTITUTIONS, AND EXIMGUARANTY TO OFFER AND UTILIZE INSURANCE AND CREDIT GUARANTEES

The FSS Unit continued to support GAIP and Exim guaranty to boost their sales and marketing efforts for risk mitigation tools (RMTs) in USAID-FinGAP's ZOI, since uptake in the use of these tools by PFIs has been slow. The Project implemented a joint outreach program with Exim guaranty to encourage the use of credit guarantees, stressing their importance since usage should lead to lower interest rates for SMiLEs (in line with the risk/reward matrix used by the PFIs in the determination of their interest rates) as the added risk premiums would be reduced.

USAID-FinGAP and Exim guaranty organized two breakfast meetings on "The Use of Risk Mitigation Tools in Agribusiness Lending," one in Accra in June and the other in Tamale in July 2016. The meetings were attended by a total of 95 people (75 males and 20 females) from a total of 57 institutions, representing 42 FIs, 11 BAS provider firms, 2 GoG organizations, 1 NGO, and 1 SMiLE. There were presentations on "Credit Risks in Agriculture Value Chains" and panel discussions on "The Use of RMTs - Opportunities and Challenges" by representatives of Exim guaranty, GAIP, and Ecobank Ghana. The First Deputy

Governor of the Bank of Ghana, Millison Narh, who was the guest speaker at the Accra meeting, reiterated the need to mitigate agricultural risk since it is one of the major bottlenecks of financing food production. He indicated that “uncertainty and risks in agriculture affect production decisions, on-farm risk management strategies, long-term investments, and access to financial services.”

Exim guaranty has since introduced a “Letter of Intent” to address the challenge of inadequate collateral faced by clients, including SMiLEs, seeking to access credit facilities from banks and needing to readily



Attendees at the Risk Mitigation Tools breakfast meeting listened to a presentation on credit risks in agricultural value chains.



Millison Narh, Deputy Governor of the Bank of Ghana, delivered the keynote address at the breakfast meeting held in Accra, reiterating the need to mitigate agricultural financing risk.

provide a reliable source of security or collateral to augment what they have. Follow up meetings were also held with universal banks to give them a deeper appreciation of the credit guaranty facility and its utilization in their agribusiness lending activities to expand credit to SMiLEs in the target value chains.

## SUPPORT SME ACCESS TO FINANCE UNDER THE PFG ACCESS TO FINANCE COMPONENT

To address the major constraint of access to finance, the Joint Country Action Plan (as per the PFG, JCAP February 1, 2013) has activities that are aimed at enabling “the increased efficiency, expansion and diversification of the Ghanaian financial sector to support increased growth in lending to (i.e., financing) the private sector, with particular focus on small and medium enterprises.”

Thus, five key areas of activity were set up under the PFG to meet this goal:

1. Reducing government engagement in the banking sector
2. Strengthening regulation and supervision within the financial sector
3. Strengthening financial sector infrastructure
4. Broadening and deepening the financial sector and
5. Supporting SME capacity to access credit

For activities 2-5, in Year 3, USAID-FinGAP engaged three STTA capital markets experts, collaborated with other donor organizations, and introduced a ‘pay-for-performance’ grant scheme to list SME securities on the Ghana Alternative Market (GAX).

The capital market experts focused on three areas of expertise: Capital Markets Supervision and Regulation, Information Technology (IT), and Human and Institutional Capacity Development (HICD). They worked with the three key institutions of the capital market - the Securities and Exchange Commission (SEC) Ghana, Ghana Stock Exchange (GSE)/GAX, and Central Securities Depository (CSD) to strengthen the supervision and infrastructure of the capital markets.

The Project also contributed to broadening the financial sector and assisting SMEs/SMiLEs to gain access to financing from the capital markets through the listing of debt and/or equity securities. The Project collaborated with the African Development Bank (AfDB) and the British High Commission (BHC) to attract issuers to the GAX, as well as engaged advisors to assist issuers with listing their securities on the GAX, for equities, and the Ghana Fixed Income Market (GFIM), for debt. Both the GAX and the GFIM are extensions under the GSE.

In response to the SEC's request, USAID-FinGAP engaged the Capital Markets Advisor to commence Phase II of work with the SEC to implement the recommendations included in USAID-FinGAP's 2015 reports on Risk Based Supervision (RBS), Anti-Money Laundering, Surveillance, and Inspections. The Capital Markets Advisor also supported and coordinated STTA work performed by the STTA Capital Markets IT and the Human and Institutional Capacity Development (HICD) Advisors. With the support of the Capital Markets Advisor, USAID-FinGAP revamped the SEC's framework for the procurement of local Ghana IT services for the development of a new, multi-purpose SEC website. Hands-on collaboration resulted in the development of new documentation for the solicitation of vendor expressions of interest and new documentation and contractual forms for the use of a "Quality-Cost-Based" framework for soliciting requests for proposals.

The IT Advisor assessed the feasibility of various low-cost methods to electronically collect RBS-related data metrics from SEC-licensed broker-dealers and investment advisors and from the new GSE trading and CSD depository systems. This assessment resulted in a recommendation for the development of a new, low-cost data collection framework that would substantially benefit the implementation of risk-based supervisory processes for the SEC, GSE and CSD.

The HICD Advisor collected quantitative and qualitative data (based on the USAID-HICD model) from the SEC, GSE, and CSD in June, 2016. During the same period, USAID-FinGAP conducted 32 individual management and staff focus group meetings and administered institutional competency and capacity assessment surveys to 138 employees from the SEC, GSE and CSD. The HICD assessment identified the fundamental causes of management and organizational performance gaps in these key capital markets institutions, leading to several key recommendations in a range of appropriate performance solutions for future implementation.

USAID-FinGAP rolled out a pay-for-performance program to engage legal, financial, and accounting BAS providers in supporting the listing of SME/SMiLE securities on the GAX (for equity securities) or the newly formed GIFM (for debt securities). To date, six subcontracts have been signed with eight securities in the pipeline for listing. These listings, expected in the fourth quarter of 2016 and first quarter of 2017, will result in lower cost and longer term financing for the SMEs and SMiLEs, relative to traditional bank financing.

USAID-FinGAP initiated collaborative activities with the AfDB (Y3Q2) and the British High Commission (Y3Q3) to support SME listings on the GAX. AfDB and USAID-FinGAP share the common goal of increasing listings on the GAX and providing access to finance at reasonable rates for SMEs. The AfDB has initiated its Listing Support Fund in order to 'front' the money paid to Advisors listing SMEs' securities on the GAX. The Project and the AfDB agreed that the AfDB will update its list of Advisors and will communicate with USAID-FinGAP on its updates, while USAID-FinGAP agreed to inform the AfDB when engaging one of these Advisors to avoid the duplication of efforts and payments.

USAID-FinGAP called for a meeting with the BHC shortly after learning of the latter's roll-out of its web site, [www.capitalsme.com.gh](http://www.capitalsme.com.gh) which provides information for Issuers and Advisors for listing securities on

the GAX. This educational website has been promoted by USAID-FinGAP through its BAS provider network to assist the SMiLEs in making informed decisions on its financing alternatives, while the Project has also provided key advisors' contacts to the BHC for assistance to SMEs making inquiries to the BHC.

The Project expects to the Capital Markets and IT experts to complete the work at the SEC in Year 4, rolling out a pilot program for electronic filing of documents by the players, e.g., securities firms, investment advisors, and mutual funds, to file with the three institutions, relating to implementation of electronic Risk Based Supervision and Surveillance programs. In addition, USAID-FinGAP expects to deploy another technical expert, with USAID/Ghana approval, for investor marketing and educational efforts to grow the demand for securities listed on the GAX, GFIM, and the GSE, as well as adding new instruments to the listings.

## TASK 5 ACTIVITIES: SMALL GRANTS FACILITY

### CONTINUE TO ROLL OUT EFFECTIVE INCENTIVES TO PFIS FOR INCREASED LENDING TO SMILES IN THE MAIZE, RICE, AND SOY VALUE CHAINS

USAID-FinGAP's performance-based incentive grant scheme for FIs closed in Year 3, with financing results that far surpassed expectations. The program brought in over \$74 million in new, incremental financing to actors in the maize, rice, and soy value chains by 12 PFIs. A number of PFIs exceeded their financing pledges and began competing against each other in the agricultural lending space. Barclays Bank, the lead PFI grantee, exceeded its initial commitment to lend \$2.36 million in December 2014 by over \$45 million, bringing its total financing to the rice, maize and soy value chains to over \$47.5 million. USAID-FinGAP's \$1.8 million investment in the grant program resulted in \$41 dollars in financing for every dollar of grant funds.

Following the success of the project's first round of pay-for-performance incentive grants, the Project rolled out a second grant window in June 2016 with 33 PFIs. The 33 PFIs had collectively pledged to disburse over \$23.1 million over a 12-month period, with an overall leverage factor of 40:1. The second grant window was designed to encourage PFIs to reduce interest rates on loans to SMiLEs.

To ensure adherence to grant guidelines and institutionalize PFI environmental review procedures, the Project organized three orientation programs for the grantees in July 2016 in Accra, Kumasi, and Tamale. The orientation focused on how to screen projects to ensure no negative environmental impacts and implement mitigation measures. Other topics covered included Grant Request Processes and Deliverables; Responsibilities under the Grants Agreements and Reporting Requirements; Use of Grant Funds; Marking & Branding; How to Integrate Environmental Considerations into Loan Appraisals and Conduct of Environmental Reviews. The orientation programs were attended by 57 representatives (46 male and 11 female) from 30 PFIs.

Three months into Window II of the grant program, 11 of the 33 PFIs generated over \$6.3 million (out of the \$23.1 million pledged) in financing to the maize, rice, and soy value chains. This incremental financing was fuelled by grant payments of \$138,000 out of the total allocation of \$580,000 giving a leverage of 46:1. The new grant window is yielding results in terms of reducing interest rates to SMiLEs. Several SMiLEs received at least a 2.0% interest rate reduction from a Universal Commercial Bank, and others financed by Rural and Community Banks (RCBs) and microfinance institutions received reductions of two to four points per borrower. Some reasons given by PFIs on their decisions to reduce interest rates on loans to the MRS value chains were:



*“We were concerned about the interest rates paid by farmers who are our major customers. The USAID-FinGAP grant gave us the opportunity to reduce interest rates to cushion the farmers.”*

- Borimanga Rural Bank, Savelugu

*“Reducing interest rates has been part of our marketing strategy to gain a competitive edge. The USAID-FinGAP pay-for-performance grant has helped us to reduce interest rates by 2% and achieve our objective.”*

- Lawra Area Rural Bank, Lawra

*“Our participation in USAID-FinGAP’s training programs has helped us to build capacity and develop innovative ways of mitigating lending risks. We are currently piloting the Weather Index Insurance with GAIP in collaboration with Africa Center for Economic Transformation to reduce interest rates on loans to the MRS value chains.”*

- Bessfa Rural Bank, Garu

### *Grant Usage and Impact on PFI Operations*

PFI used their grant funds to build capacity and acquire the requisite equipment (computers, motorbikes, and vehicles) to improve loan administration and monitoring for increased repayments. They also employed additional staff to attend to agribusiness clients, paid bonuses to marketing managers to motivate behaviour change, and established buffers to cushion themselves against lending risks to the agribusiness sector. Some PFIs used their grant funds to train their staff to strengthen internal controls to enable them to detect and report suspected money laundering transactions and fraud to the appropriate institutions. A non-bank PFI trained three of its staff on the Securities and Exchange Commission investment course for the listing of SMEs’ debt and equity on the Ghana Stock Exchange.

Under Window II of the grants program spanning June 16, 2016 to June 15, 2017, PFIs intend to use their grant funds to build staff capacity, acquire equipment, and develop banking operations software to upgrade their loan administration and monitoring systems.

Andrew Ahiaku, Head of Agribusiness, Barclays Bank Ghana discussed how beneficial to the agricultural lending business the grant money has been. “Vehicles acquired with grant funds have been deployed for visits to farms and agro dealers, and for business banking products and agribusiness training trips in our branches. But for the vehicles, we would have rented an SUV for these trips. Each daily trip made a savings of \$180 plus fuel and driver costs at an average of \$300 per trip.” He adds, “We are now able to reach out to our clients faster, cutting out the organizational red tape that we would have encountered in seeking approval to rent a car.”



*Awudu Hayatudeen, General Manager of Builsa Community Bank (left), and Stephen Awuah, USAID-FinGAP Grants Manager (right), at a ceremony held in Sandema to celebrate outdoor motorbikes acquired for loan monitoring.*

*“The USAID-FinGAP grants incentive program has helped in accentuating Bucobank’s appetite in agribusiness lending. Motorbikes, computers, and other office equipment procured with grant funds have helped in propelling*

*efficiency in our operations. Our clientele base has increased by over 14% from 2014 to 2015, and our NPL has reduced to from 7% in 2014 to 4.89% at the end of 2015.”*

– Awudu Hayatudeen, General Manager, Builsa Community Bank

## CONTINUE PERFORMANCE-BASED INCENTIVES TO BAS PROVIDERS FOR FINANCIAL FACILITATION ON BEHALF OF SMiLEs

During the year under review, USAID-FinGAP continued its performance-based incentives for BAS providers, which engaged 208 SMiLEs in the target value chains. The incentives covered part of the BAS providers’ fees for facilitating finance for SMiLEs. BAS providers have developed a pipeline of more than \$191M in outstanding agricultural deals, and continue to close deals each month.

Submission of business plans and other credit application documents by BAS Providers led to quick turn-around in some of the FIs financing decisions and timely disbursement to meet the SMiLEs’ seasonal requirements. The BASPs learned what exactly the FIs required and the SMiLEs cooperated in presenting needed documents to the BASPs for timely disbursements of financing.

## REVIEW OF GRANTS TO GAIP AND EXIMGUARNTY

In Year 3, the Project continued to support Eximguaranty and GAIP with grants to increase the adoption of RMTs by PFIs and agribusiness firms. PFIs’ uptake of these tools continues to be slow. No credit guarantees from Eximguaranty Company Ghana Limited have been accessed by FIs partnering with the project. Eximguaranty introduced an innovative product, a Letter of Intent (LOI), to provide credit guarantees to SMiLEs. The product is intended to address the challenge of inadequate collateral faced by SMiLEs in accessing credit from their bankers by readily providing a reliable source of security or collateral to augment what they have. This LOI will be given to SMiLEs seeking financing, to shop around FIs for the best terms of financing, with hopes of speeding up the financing process.

Contrary to the slow uptake of Exim products, FIs’ uptake of GAIP’s products in Year 3 was somewhat better than during Y2. Some FIs have used GAIP’s agriculture insurance products to reduce their risks, while others have directed their clients to GAIP for agricultural insurance covers. UT Bank, for example, reported the use of GAIP’s agriculture insurance to buy down the risk of lending to a SMiLE. At the close of Year 3, GAIP had received 60% of its grant of \$55,000 from USAID-FinGAP in respect to insurance premium sales totalling \$164,186 (GHC 640,326).

Although some FIs are utilizing GAIP’s products, they view premiums charged by GAIP as expensive (approx. 10% of what is being insured). This view is accurate and will continue as long as sales figures drag. This could make the insurance product uncompetitive, as GAIP is already charging high interest rates on financing accessed by SMiLEs. GAIP is seeking collaboration with some PFIs to address these concerns and boost their distribution channel. The projected roll out of the BOG’s Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL) in mid-2017 may call on GAIP to provide requested agriculture insurance which would enable GAIP to stand on its feet independent of donor support.

# CROSS-CUTTING ISSUES

## GENDER

In Year 3, USAID-FinGAP implemented key strategies to meet its gender integration mandate and ensure that women are benefitting in line with their level of participation in the target value chains from Project activities. As a result, USAID-FinGAP recorded a significant increase in the number of female-led SMiLEs, including a large number of women's groups, successfully accessing financing for value chain activities. A total of 204 female-led SMiLEs including women's groups engaged in the production and aggregation of maize, rice, and soy accessed finance of \$1,873,006 to expand their business capacities. This is a significant improvement compared to \$511,431 accessed by 117 women in Year 2.

The improved access to financing among female-led SMiLEs, including women's groups, is attributed to USAID-FinGAP BAS providers like NBL who bundled clients and women's groups with smaller credit needs and provided them with business advisory services to be more attractive to banks. For example, MEL Consulting Limited, a female-led BAS provider, identified, trained, and assisted 43 members of eight female rice aggregation groups in the Ashanti Region to formalize their operations, open and operate bank accounts, and access working capital from First Allied and Savings Limited (FASL), to aggregate more rice from northern Ghana for sale to AVNASH Limited, a major rice processor in northern Ghana. Five women's groups composed of 175 members in the Northern Region also received business advisory services and support from another BAS provider to access financing from FASL to increase the aggregation and sale of maize, rice, and soy.

An additional 168 women engaged in rice production were identified by MEL Consulting for agro-input support (seed, fertilizer, weedicide) and tractor services from FASL to increase rice production for sale to AVNASH, a major rice processor in northern Ghana, under the "Shinkaafa Buni" project involving 600 smallholder rice farmers from 20 farmer-based organizations.

The Project's successes in meeting the financing needs of female-led SMiLEs were communicated widely in Year 3 at the Agribusiness Investment Summit in April and through the publication of success stories. Eight representatives of the women's groups who received training and services from BAS providers within the USAID-FinGAP network and accessed financing from FASL, Builsa Community Bank (Bucobank) and Tumu Cooperative Credit Union (TCCU) to increase maize, rice, and soy aggregation shared their successes during the panel discussion session at the 2016 Summit. The Summit provided a platform for networking among the female-led aggregators from the Ashanti, Upper East, and Upper West Regions.

## ENVIRONMENT

USAID-FinGAP continued to implement its Environmental Monitoring and Mitigation Plan (EMMP) in Year 3 to ensure that activities undertaken by SMiLEs with potential negative environmental impacts are mitigated. This is in accordance with the broader Safer Use Action Plan (SUAP) developed in compliance with contract requirements and USAID's environmental policies on pesticide application within agribusiness projects.

This year, 30 PFIs and 26 BAS providers within the USAID-FinGAP network received training on the environmental review process, potential environmental impacts of agricultural investments, and how to develop an Environmental Mitigation Monitoring Plan (EMMP). The training programs held in Tamale, Accra, and Kumasi in February and July 2016, equipped the BAS providers and PFIs with the knowledge and skills needed to conduct environmental due diligence for SMiLEs' projects to ensure compliance with Project requirements. The training of the 30 PFIs formed part of their orientation under the Grants Window II program while the 26 BAS providers had follow up training to upgrade their knowledge to ensure ease of compliance to the EMMP.



*Participants at the Environmental Review and Screening of SMiLEs training program completing sample ERF forms in Tamale on February 18, 2016*

Following these trainings, Ghana Agricultural Association Business Information Centre (GAABIC, a BAS provider within the USAID-FinGAP network) collaborated with the Environmental Protection Agency and Plant Protection and Regulatory Service Department of MoFA to train 60 staff and agents of a leading agro input dealer in the Northern Region. Training focused on the proper, clean, and safe handling and use of agro chemicals for sustenance of the land, flora, and fauna.

## SUSTAINABILITY

This year USAID-FinGAP made important strides towards redefining its definition of sustainability of project services. The original concepts of sustainability laid out in the Year I work plan focused on how sustainability would be achieved when banks saw how agribusiness lending is profitable, when other actors would pay for BAS services, and when SMiLEs were capable of advocating for and obtaining financing. This initial vision for sustainability has largely been achieved through the first three years of the Project. However, the fact remains that USAID-FinGAP's efforts are only making a small dent in the broader demand for smallholder and agricultural finance. To bring about greater long-term impact, the Project team spent time in Year 3 redefining USAID-FinGAP's vision for sustainability.

Our new strategy for sustainability is to continue to lead the project towards Market System Sustainability, defined as a situation where continuous behavior change among actors occurs; where actors are behaving differently due to project interventions; where market failure in agricultural finance no longer exists, and where agricultural financing and investment results occur without outsider (donor/government) interventions.

The project has designed Year 4 interventions in a way that will “double down” on what works, and lead the project towards Market System Sustainability. We will pursue innovative, high-impact activities that multiply our impact, leverage higher commitments from our partners, and are designed towards building a sustainable market system for agricultural finance to the maize, rice and soy value chains over the long term.

## COLLABORATION WITH FEED THE FUTURE IMPLEMENTING PARTNERS

A significant activity undertaken during Year 3 within the Collaborative Circle of COPs (CCCs) was the presentation of past, current, and planned collaborations between its members to Mission Director, Andy Karas, and Director of the Office of Economic Growth, Kevin Sharp, when they assumed office in the first quarter. USAID-FinGAP's COP, Rick Dvorin, led the presentation on behalf of the CCC and outlined the possibility of initiating a Continental CCC (on hold for now) for FtF countries and projects, which would be a joint project between CCC members in an accessible district along a SADA growth pole and conduct various bi-lateral CCC member collaborative activities. Other CCC activities undertaken during the year are outlined below.

### *USAID/Ghana IP meeting*

The CCC planned and selected topics for presentation and discussion at the USAID/Ghana IP meeting held in March 2016 in Accra. USAID-FinGAP presented a panel discussion on “Innovative Private Sector Financing Mechanisms in Ghana Today” and contributed to the panel discussion on grants programs, featuring results on the ‘pay-for-performance’ grant and subcontract schemes, unique among the CCC members.

The panel discussion on “Innovative Private Sector Financing Mechanisms in Ghana Today” featured topics related to two themes which attendees were enthusiastic about:

1. Alternative and Innovative Financing available in Ghana today
2. Private sector actors collaborating to (facilitate) finance to Agribusinesses, using banking and non-banking as well as debt and equity finance.

### *USAID-FinGAP, ADVANCE II and APSP meetings on GAIP*

USAID-FinGAP together with ADVANCE II and APSP met several times with the management and board of GAIP and USAID/Ghana to discuss income and expense budget items from 2015 as well as plan the budget for 2016. The IPs, along with USAID/Ghana, decided to provide additional financial support through grants to GAIP for 2016, in an effort to improve sales of agricultural insurance products targeted to agribusinesses and financial institutions from the meagre results in 2015.

### *USAID-FinGAP's Third Annual Ghana Agribusiness Investment Summit*

USAID-FinGAP received sponsorship from ADVANCE II and Africa Lead II for its third annual Ghana Agribusiness Investment Summit held in Accra on April 26, 2016. ADVANCE II sponsored the participation of eight female aggregators from the Upper East, Upper West, and Ashanti Regions to participate in the panel session on success stories at the Summit. Africa Lead II sponsored audio and lighting services for the Summit and also arranged speed interviews of its agribusiness entrepreneurship champions by FIs, BAS providers, and SMiLEs interested in engaging them as interns in their respective organizations. USAID-FinGAP recruited one of the interns introduced through the Africa LEAD II program and extended his engagement into 2017.

The Chief of Party of the Agriculture Policy Support Programme (APSP), Walter Nunez-Rodriguez, moderated a panel session of (mostly) donor-organization executives, entitled “Looking Ahead: The Future of Agricultural Finance.” Panelists included high level representatives from the World Bank, AGRA,

DFID, IFC Africa Leasing Facility, KfW, GIZ, and Richard Chen of USAID. They discussed the state of Ghana's agricultural policy, overcoming challenges to increasing production, lowering poverty, increasing nutrition in Ghana, and collaborative opportunities between development and implementing partners.

#### *USAID-FinGAP and ATT*

The ATT project called on the experience of USAID-FinGAP to develop a grants program designed to leverage \$10 million of financing into the seed sector for development of, growing, distribution of, and improving the quality of seed available in Ghana. USAID-FinGAP delivered a 'pay-for-performance' grant that ATT awarded to four FIs with financing activities in the northern regions of Ghana. ATT rolled out the grant in the third quarter, awarding \$1 million to the four FIs to disburse financing to seed producers, seed quality inspectors, seed cleaners and processors, and seed marketing companies. These targeted loans will directly benefit loan recipients, while many others will benefit indirectly through the availability of improved certified seed and healthier agroecosystems and farming communities in northern Ghana's SADA Zone of Influence.

#### *USAID-FinGAP and APSP*

During the last quarter of 2015, USAID-FinGAP and APSP collaborated on sponsoring the initial meeting for the development of the BOG's and MOFA's GIRSAL (Ghana Incentive-Based Risk Sharing System for Agricultural Lending). Both IPs made presentations at the meeting which framed the design for this agricultural financing program. USAID-FinGAP added an element to this Ghanaian program (loosely based on similar programs initiated through AGRA in Nigeria and Kenya) that is not incorporated in other similar country programs. The Project introduced the utilization of BAS providers to assist borrowers and FIs in building capacities and preparation of documents to be submitted to FIs. USAID-FinGAP met with MOFA stakeholders of GIRSAL in September 2016 to provide them with an update on progress made in moving GIRSAL ahead. MOFA had put out an RFP to consulting firms for proposing technical designs for the GIRSAL program; USAID-FinGAP was invited to participate in the technical design overall.

## PERFORMANCE INDICATORS

#	Indicator	Unit of Measure	Baseline	Y1	Y2	Year 3 (Oct 2015 - Sept 2016)			Y1 + Y2 + Y3		
				Achieved	Achieved	Target	Achieved	% Achieved	CUM Target	Cum Achievement	% Achievement
<b>Component I: AOD UNIT</b>											
Ia. Improved access to BAS by agri-enterprises, as well as development of Ghanaian capacity to provide these services											
1	<b>Number of SMiLEs including farmers, receiving business development services from USG-assisted sources (S)</b>	<b>Number of enterprises</b>	0	22	162	25	205	820%	60	380 <sup>1</sup>	633%
	<b>Size</b>										
	Small			19	146		192				
	Medium			2	15		12				
	Large			1	1		1				
	<b>Type: (Small and Medium Enterprises)</b>										
	Agricultural producer			5	88		146				
	Input supplier			1	9		4				
	Trader			0	9		22				
	Output processors			14	46		30				
	Non-agriculture			1	5		2				
	Other			0	4		0				
	<b>Type: (Large Enterprises):</b>										
	Agricultural producer			0	0		0				
Input supplier			0	0		0					
Trader			0	0		0					

<sup>1</sup> The cumulative total is not reflective of the total across the years because some SMiLEs received assistance in more than one year.

	Output processors			1	1		1				
	Non-agriculture			0	0		0				
	Other			0	0		0				
	<b>Gender (Small and Medium Enterprises)</b>										
	Male			20	141		159 <sup>2</sup>				
	Female			1	20		45				
	<b>Gender (Large Enterprises)</b>										
	Male			1	1		1				
	Female			0	0		0				
2	<b>Number of BAS providers trained in deal making and BAS in agriculture</b>	<b>Number providers of</b>	<b>0</b>	<b>27</b>	<b>43</b>	<b>10</b>	<b>43</b>	<b>430%</b>	<b>50</b>	<b>52<sup>3</sup></b>	<b>104%</b>
	<b>Gender:</b>										
	Male			26	39		39				
	Female			1	4		4				
	<b>Status</b>										
	New			27	21		4				
	Continuing			0	22		39				
3	<b>Number of SMiLEs paying fees for BAS</b>	<b>Number enterprises of</b>	<b>0</b>	<b>4</b>	<b>52</b>	<b>20</b>	<b>14</b>	<b>70%</b>	<b>35</b>	<b>70</b>	<b>200%</b>
	<b>Size</b>										
	Small			4	42		14				
	Medium			0	9		0				
	Large			0	1		0				
	<b>Type: (Small and Medium Enterprises)</b>										
	Agricultural producer			0	32		11				

<sup>2</sup> Thirteen SMiLEs were re-categorized as female-led SMiLEs, meaning this number decreased.

<sup>3</sup> The cumulative total is not reflective of the total across the years because some BAS providers were trained in more than one year.



	Input supplier		0	3		0					
	Trader		0	4		2					
	Output processors		4	9		1					
	Non-agriculture		0	1		0					
	Other		0	2		0					
	<b>Type: (Large Enterprises):</b>										
	Agricultural producer		0	0		0					
	Input supplier		0	0		0					
	Trader		0	0		0					
	Output processors		0	1		0					
	Non-agriculture		0	0		0					
	Other		0	0		0					
	<b>Gender (Small and Medium Enterprises)</b>										
	Male		4	44		13					
	Female		0	7		1					
	<b>Gender (Large Enterprises)</b>										
	Male		0	1		0					
	Female		0	0		0					
Ib. Improved ability of agri-enterprises to create fundable investment proposals											
4	<b>4.5.2-30: Number of SMiLEs, including farmers, receiving USG assistance to access loans (\$)</b>	<b>Number of enterprises</b>	0	8	526	50	591	1182%	100	1093 <sup>4</sup>	1093%
	<b>Size</b>										
	Small			4	72		536				
	Medium			3	452		45				
	Large			1	2		10				
	<b>Type: (Small and Medium Enterprises)</b>										
	Agricultural producer			4	320		208				

<sup>4</sup> The cumulative total is not reflective of the total across the years because some SMiLEs received finance in more than one year.

	Input supplier		0	14		10					
	Trader		0	124		332					
	Output processors		3	46		29					
	Non-agriculture		0	1		1					
	Other		0	19		1					
	<b>Type: (Large Enterprises):</b>										
	Agricultural producer		0	1		2					
	Input supplier		0	0		1					
	Trader		0	0		5					
	Output processors		1	1		0					
	Non-agriculture		0	0		2					
	Other		0	0		0					
	<b>Gender (Small and Medium Enterprises)</b>										
	Male		7	425		341					
	Female		0	99		240					
	<b>Gender (Large Enterprises)</b>										
	Male		1	2		5					
	Female		0	0		5					
5	<b>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)</b>	<b>Entity</b>	<b>0</b>	<b>28</b>	<b>659</b>	<b>50</b>	<b>780</b>	<b>1560%</b>	<b>125</b>	<b>1393<sup>5</sup></b>	<b>1114%</b>
	<b>Type of entity</b>										
	<i>Food security private enterprises (For profit)</i>			28	503		381				
	<i>Producers organizations</i>			0	156		163				
	<i>Water users associations</i>			0	0		0				

<sup>5</sup> The cumulative total is not reflective of the total across the years because some organizations received USG assistance in more than one year.

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	Women's groups			0	0		220				
	Trade and business associations			0	0		16				
	Community-based organizations (CBOs)			0	0		0				
	<b>Status</b>										
	New			28	634		723				
	Continuing			0	25		57				
I.c.&I.d Increased private sector investment in socially inclusive agriculture related activities and enhanced agricultural commerce											
	<b>Total value of private capital deployed to targeted value chains by financial institutions with USG assistance</b>	<b>USD</b>	<b>0</b>	<b>\$4,351,745</b>	<b>\$38,323,957</b>	<b>\$16,500,000</b>	<b>\$65,322,001</b>	<b>396%</b>	<b>\$36,000,000</b>	<b>\$107,997,703</b>	<b>300%</b>
	<b>Value Chains</b>										
	Maize			\$2,090,000	\$14,397,861		\$27,259,268				
	Rice			\$312,626	\$6,169,765		\$15,860,666				
	Soy			\$1,949,119	\$17,756,331		\$22,202,067				
	<b>Type of PFI</b>										
	Commercial / Universal Banks			\$3,163,096	\$27,550,795		\$45,226,365				
	Rural & Community Banks			\$0	\$1,522,617		\$4,918,846				
	Micro Finance (NGOs), S&Ls & Credit Unions			\$90,000	\$3,016,861		\$3,630,998				
	Social Impact & Private Equity Funds			\$205,000	\$2,403,349		\$5,745,000				
	NBFI			\$241,412	\$1,900,967		\$607,957				
	Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)			\$0	\$468,509		\$762,937				
	Capital Market			\$0	\$1,154,468		\$0				
	Other			\$652,236	\$306,391		\$26,470				

7	<b>Number of successful investment opportunities (proposals) funded</b>	<b>Number of opportunities</b>	0	8	534	8	602	7525%	20	1125 <sup>6</sup>	5625%
	<b>Value Chains</b>										
	Maize			2	103		237				
	Rice			1	108		121				
	Soy			5	18		63				
	Maize & Rice & Soy			0	193		93				
	Maize & Rice			0	85		75				
	Maize & Soy			0	25		12				
Rice & Soy			0	2		1					
8	<b>Value of agricultural and rural loans</b>	<b>USD</b>	0	\$3,458,097	\$34,701,596	\$11,000,000	\$61,535,208	559%	\$24,000,000	\$99,694,901 <sup>7</sup>	272%
	<b>Size</b>										
	Small			\$295,000	\$17,599,615		\$18,960,830				
	Medium			\$1,344,509	\$15,084,898		\$40,106,019				
	Large			\$2,060,000	\$2,017,083		\$2,468,359				
	<b>Type: (Small and Medium Enterprises)</b>										
	Agricultural producer			\$90,000	\$7,327,104		\$6,933,756				
	Input supplier			\$0	\$14,871,666		\$39,898,920				
	Trader			\$0	\$1,830,817		\$5,167,106				
	Output processors			\$1,549,509	\$7,609,533		\$6,673,878				
Non-agriculture			\$0	\$305,069		\$181,926					

<sup>6</sup> The cumulative total is not reflective of the total across the years because multiple investment opportunities received finance in FY1, FY2, and/or FY3.

<sup>7</sup> FY1 finance was reduced by \$241,412 as it was converted to equity and is no longer a loan.

	Other		\$0	\$740,324		\$211,263					
	<b>Type: (Large Enterprises):</b>										
	Agricultural producer		\$0	\$0		\$53,854					
	Input supplier		\$0	\$0		\$1,313,300					
	Trader		\$0	\$1,359,083		\$136,630					
	Output processors		\$2,060,000	\$658,000		\$0					
	Non-agriculture		\$0	\$0		\$964,575					
	Other		\$0	\$0		\$0					
	<b>Gender (Small and Medium Enterprises)</b>										
	Male		\$1,639,509	\$32,246,932		\$57,486,931					
	Female		\$0	\$437,581		\$1,579,918					
	<b>Gender (Large Enterprises)</b>										
	Male		\$2,140,000	\$2,017,083		\$2,331,729					
	Female		\$0	\$0		\$136,630					
9	<b>Value of new private sector investments in the agriculture sector or food value chains leveraged by FTF implementation</b>	<b>USD</b>	0	\$3,849,197	\$9,658,375	\$5,500,000	\$14,372,394	261%	\$12,000,000	\$27,879,966	232%
	<b>Size</b>										
	Small			\$195,000	\$2,969,879		\$4,413,528				
	Medium			\$1,514,197	\$5,870,496		\$9,958,866				
	Large			\$2,140,000	\$818,000		\$0				
	<b>Type: (Small and Medium Enterprises)</b>										
	Agricultural producer			\$571,117	\$2,720,353		\$1,690,689				
	Input supplier			\$0	\$3,269,707		\$6,600,000				
	Trader			\$0	\$614,738		\$623,744				
	Output processors			\$1,138,079	\$1,502,208		\$5,246,698				
Non-agriculture			\$0	\$733,369		\$0					
Other			\$0	\$0		\$211,263					

10	<b>Type: (Large Enterprises):</b>										
	Agricultural producer			\$0	\$0		\$0				
	Input supplier			\$0	\$0		\$0				
	Trader			\$0	\$0		\$0				
	Output processors			\$2,140,000	\$818,000		\$0				
	Non-agriculture			\$0	\$0		\$0				
	Other			\$0	\$0		\$0				
	<b>Gender (Small and Medium Enterprises)</b>										
	Male			\$1,709,196	\$8,764,483		\$14,347,546				
	Female			\$0	\$75,892		\$24,848				
	<b>Gender (Large Enterprises)</b>										
	Male			\$2,140,000	\$818,000		\$0				
	Female			\$0	\$0		\$0				
	<b>Value of incremental sales in rice, maize and soya as a result of U.S. government assistance along the value chain</b>	<b>USD</b>	\$9,188,176	\$9,188,176	\$208,843,323	\$44,000,000	\$223,397,143	508%	\$200,258,103	\$423,655,246	212%
	Value of Sales (SMiLEs receiving less than \$250,000 in finance)			195,517	57,490,553		\$15,939,135				
Number of SMiLEs (SMiLEs receiving less than \$250,000 in finance)			3	504		1049					
Value of Sales (SMiLEs receiving more than \$250,000 in finance)			8,992,659	151,352,770		\$207,458,007					
Number of SMiLEs (SMiLEs receiving more than \$250,000 in finance)			5	22		44					
<b>Component 2: FSS UNIT</b>											

11	<b>Number of PFIs receiving capacity/competency strengthening as a result of U.S. government assistance</b>	0	40	30	5	69	1380%	14	83 <sup>8</sup>	593%	
	<b>Type of PFI</b>										
	<i>Commercial / Universal Banks</i>		15	15		24					
	<i>Rural &amp; Community Banks</i>		8	4		18					
	<i>Micro Finance, S&amp;Ls &amp; Credit Unions</i>		4	5		13					
	<i>Social Impact &amp; Private Equity Funds</i>		3	0		5					
	<i>NBFI</i>		6	4		6					
	<i>Insurance / Credit Guarantee</i>		2	1		2					
	<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>		2	1		1					
	<i>Status</i>										
	<i>First Time</i>		40	6		37					
<i>Continuing</i>			24		32						
12	<b>Number of grants disbursed / subsidy disbursed</b>	0	22	276	50	437	874%	90	735	817%	
	<b>Type of recipient</b>										
	<i>BAS Provider</i>		22	262		413					
	<i>PFI</i>		0	14		24					
<i>SMiLE</i>		0	0		0						
13	<b>Number of public-private partnerships formed as a result of U.S. government assistance</b>	0	0	16	8	37	463%	20	40 <sup>9</sup>	200%	
	<b>Partnership Focus</b>										

<sup>8</sup> The cumulative total is not reflective of the total across the years because some PFIs received assistance in more than one year.

<sup>9</sup> The cumulative total is not reflective of the total across the years because some PPPs carried over into Y3.

	<i>Agricultural production</i>		0	0		1				
	<i>Agricultural post-harvest transformation</i>		0	0		0				
	<i>Nutrition</i>		0	0		0				
	<i>Multi-focus</i>		0	0		0				
	<i>Other</i>		0	16		34				
14	<b>Financial recovery rates for agriculture sector</b>	75%		97%	85%	94%	111%	85%	94%	111%
15	<b>Value of agricultural loans by US government supported banks (on a percentage portfolio basis)</b>	6%		6.5	9%	41%	456%	9%	41%	456%
16	<b>Score, in percent, of combined areas of organizational capacity among U.S. government direct and indirect local implementing partners</b>	73%	N/A	N/A	N/A	N/A <sup>10</sup>	N/A	N/A	N/A	N/A
	<b>Number of new products offered by Fis (including DCAs)</b>	0	0	2	7	13	186%	13	15	115%
	<b>Type of PFI</b>									
	<i>Commercial / Universal Banks</i>		0	1		3				
	<i>Rural &amp; Community Banks</i>		0	0		3				
17	<i>Micro Finance (NGOs), S&amp;Ls &amp; Credit Unions</i>		0	0		7				
	<i>Social Impact &amp; Private Equity Funds</i>		0	0		0				
	<i>NBFI</i>		0	1		0				
	<i>Insurance / Credit Guarantee</i>		0	0		0				
	<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>		0	0		0				

<sup>10</sup> Next data collection for this indicator will be undertaken in FY5 of project implementation in accordance with the project PMP.



18	Number of hours of technical assistance in financial sector capacity provided to counterparts or stakeholders	0	356	2276	1010	1555	154%	2628	4187	159%
19	4.5.1-24. Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of U.S. government assistance	0	0	3	3	5	100%	8	8	100%
	Type									
	Inputs		0	0		0				
	Outputs		0	0		0				
	Macroeconomic		0	0		0				
	Agricultural sector-wide		0	0		0				
	Research/Extension/Information/Other Public Service		0	0		0				
	Food Security/Vulnerable Populations		0	0		0				
	Climate Change adaptation/natural resource management		0	0		0				
	Other		0	3		3				
	Stage									
	Analyzed		0	0		0				
	Drafted		0	3		3				
	Presented for legislation/decreed		0	0		0				
Passed/approved		0	0		0					
Passed/Implemented		0	0		0					

20	<b>Number of financial institutions receiving U.S. government assistance in extending services to micro and small businesses</b>		0	0	34	20	3	15%	20	3	15%
	<b>Type of PFI</b>										
	<i>Commercial / Universal Banks</i>			0	0		0				
	<i>Rural &amp; Community Banks</i>			0	0		0				
	<i>Micro Finance (NGOs), S&amp;Ls &amp; Credit Unions</i>			0	0		0				
	<i>Social Impact &amp; Private Equity Funds</i>			0	0		0				
	<i>NBFI</i>			0	0		0				
	<i>Institutional Investors</i>			0	30		0				
	<i>Other (GoG Agencies, Controlled Institutions, Donor Agencies / DFIs)</i>			0	4		3				

# ATTACHMENT I: SUCCESS STORIES

(See attached)



# Food Security and Increased Income Are Addressed by Stimulating Agricultural Finance

## Input credit and guaranteed buyers are two results of USAID-FinGAP's Pay-for-Performance Incentive Grant Program



Photo: USAID-FinGAP

*Zakararia Abdul-Karim (middle) meets with smallholder farmer group members who received input credit from CARD-FNGO, a USAID-FinGAP grantee, to increase crop yields.*

***“The input credit and tractor services encouraged us to plough more land.”***

*—Zakararia Abdul-Karim, leader of a smallholder farmers group*

Thousands of smallholder farmers in the Northern Region of Ghana work hard cultivating their land, yet every harvest the results are discouraging. Some farmers end up with small yields, barely enough to feed their own families, hindered by the lack of quality inputs and farming tools. Others are challenged at market to find paying customers to buy what little extra produce they have leftover. To meet those challenges, USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) introduced select financial institutions to its pay-for-performance incentive grant program to attract financing into the maize, rice, and soy (MRS) value chains.

The pay-for-performance grant incentive program, launched in December 2014, has stimulated private investment into the agriculture sector, paving the way for increased production and inclusive economic growth. Under the first window of the grant program, which ended in April 2016, 14 participating financial institutions (PFIs) collectively pledged to invest \$46.2 million into the MRS value chains. The PFIs exceeded their promised investments by \$27.8 million.

“We work very hard on our farms, but our yields are not enough to feed our families throughout the year,” Zakaria Abdul-Karim, leader of a smallholder farmers group outside Tamale, the capital of the Northern Region, said. “Our yield will improve when we are able to access improved seeds, fertilizer, and tractor services.”

For Abdul-Karim’s group and 6,614 smallholder MRS farmers like them, one PFI grantee reached out with a much-needed solution. The Center for Agricultural and Rural Development Financial NGO (CARD-FNGO) implemented an input credit scheme in which smallholder farmers received input credit in the form of farm inputs and tractor services at the start of the 2015 farming season to support increased production. Payment for the input credit was done in-kind at harvest time with bags of produce. Smallholder farmers were now able to increase the number of farm lands cultivated and increase their production levels.

“The input credit and tractor services encouraged us to plough more land,” Abdul-Karim said. “We had good yields and were able to repay our loans. We also have enough grain to feed our families till the next season.”

Another PFI grantee was enticed by the program to offer financing to a different segment of the targeted value chains. After working with Tradeline Consult, a business advisory services (BAS) provider in USAID-FinGAP’s network, SAVBAN Processing and Marketing accessed financing from Ecobank Ghana. The financing allowed SAVBAN to contract with over 6,000 smallholder farmers in the Northern Region to increase their production of soy for aggregation to meet a large order from a processor in the south of Ghana. This opportunity provided the farmers with a ready and reliable market for their produce and increased their earnings by over 20%.



Photo: USAID-FinGAP

*SAVBAN officials aggregate produce from smallholder farmers in the Northern Region. SAVBAN received financing from Ecobank Ghana, a USAID-FinGAP grantee, to increase the aggregation and sale of maize, soy, and rice from the north of Ghana.*

***“I did not have any challenges marketing my produce this year. Selling to SAVBAN was easy. They picked up my produce from my doorstep, and I received payment on the spot.”***

*– Issah Shaibu, a SAVBAN outgrower*

“I did not have any challenges marketing my produce this year,” Issah Shaibu, a SAVBAN outgrower, said. “Selling to SAVBAN was easy. They picked up my produce from my doorstep, and I received payment at the spot.”

The USAID-FinGAP grants incentive program continues to stimulate PFIs to increase lending to the MRS value chains so that smallholder farmers in the north of Ghana can increase production for improved food security and increased income. To date, the grantees have earned over \$1.8 million in grant payments for the financing disbursed. For every \$1 invested by USAID-FinGAP, \$41 of new, incremental financing was invested into agriculture to build infrastructure and bring food security to the region.

Additionally, the PFIs invested the grant money back into their agribusiness lending programs, laying the foundation for sustainable financing after the program ends. Grant payments received by PFIs have been used to procure motorbikes, computers, and other office equipment for improved loan administration and monitoring to ensure efficient operations and timely repayment. Ecobank Ghana hired an expert in the field of agriculture loans assessment for training of both staff and small to medium, including large enterprises (SMiLEs) in topical issues relating to agribusiness financing.

“As a result of the grants, Ecobank Ghana has developed a bigger appetite for agriculture-related loans and has become more competitive in seeking good deals from SMiLEs for financing,” Abdulai Abdul-Rahman, Head of SME Banking at Ecobank Ghana, said. “Ecobank has become more alert to agribusiness finance opportunities.”

With its pay-for-performance incentive grant program, USAID-FinGAP is showing financial institutions the benefits in financing agricultural actors in the MRS value chains, laying the foundation for long-term agribusiness financing in Northern Ghana. A second pay-for-performance incentive grant window positioned to encourage PFIs to reduce interest rates on loans opened in June with 33 participating financial institutions.



# When Financing Flows through Tiered Banks, Women's Agricultural Enterprise Grows

**Incentive Grants unleash funds from universal to community banks, stimulating growth for crop aggregators in Ghana**



USAID-FinGAP

*On-lending facilities provided by universal bank Ecobank to Rural Community Banks enable smallholder farmers (such as this women's group transplanting rice) and agribusinesses to increase production and contribute to the country's food security.*

***"Working through rural RCBs and MFIs reduces risks, helps in loan administration and monitoring, and in meeting our goal of reaching the poor in society."***

*—Wilhelmina Dodd, Ecobank*

Agnes Atayila and the other members of Yineme, an all-women's maize and rice aggregation group, were fed up with each member only procuring 500 kilograms of product every harvesting season. Based in Bolgatanga in Ghana's Upper East Region, these women desperately wanted to expand their aggregation business, but lacked the money to buy more crops and pay for storage. Financial institutions (FIs) required clients to have collateral to access loans, a stipulation that prevented the group from increasing volume and earning more income.

The advent of the USAID-FinGAP grant incentive program changed Yineme's course of business when they procured a working capital loan of \$4,535 from Builsa Community Bank (Bucobank). With the loan, the 13-member group increased the volume of maize and rice aggregated from 6.5 metric tons in 2014 to 18.4 metric tons in 2015, almost tripling their supply. Buying such a large amount at low prices at harvest time and storing the crops to sell later when prices appreciated yielded Yineme a gross margin of about 37%.

"Women in northern Ghana do not own land," Atayila, the group's leader, said. "So we have to engage in value chain activities like grain aggregation to earn income to feed our families and meet personal needs."

The USAID Financing Ghanaian Agriculture Project (USAID-FinGAP) is a five-year project established to facilitate financing and investment for agribusinesses operating in the maize, rice, and soy (MRS) value chains in the north of Ghana. Access to over \$108 million in finance by smallholder actors such as Yineme and other small, medium, including large enterprises (SMiLEs) has been facilitated through interventions like the pay-for-performance grant incentive program introduced in December 2014. The program, now in its second phase, has 33 FIs including Bucobank as part of its participatory financial institutions (PFIs) grantee network, committed to disbursing financing into the target value chains in return for grant payments, which in turn support the banks' agricultural lending businesses.

USAID-FinGAP also has a network of business advisory services (BAS) providers who deliver consulting services to help any size business working along the MRS supply chain access affordable options for financing agricultural investments. Nunyuie Brothers Company Limited (NBL), a USAID-FinGAP BAS provider, worked with Yineme, assisting them to prepare their loan application to Bucobank. NBL also trained the group in basic record keeping and



USAID-FinGAP

*Agnes Atayila, leader of the Yineme Maize and Rice Aggregation Group, shares her group's experience accessing finance at the Third Annual Ghana Agribusiness Investment Summit held in Accra in April 2016.*

***"The loan from Bucobank has been very helpful to us...This made it possible for us to access a second loan to aggregate more produce in the 2016 season."***

*—Agnes Atayila, Yineme Aggregator*

business management to enable the group to track their sales and income for timely loan repayment.

The group shared their experience at the Third Annual Ghana Agribusiness Investment Summit held by USAID-FinGAP in Accra this April in hopes of encouraging others to take advantage of the newly available financing stimulated by USAID-FinGAP's efforts. Atayila explained that the financial training support and access to funds helped their business.

"The loan from Bucobank has been very helpful to us," she said. "We were able to turn the loan around quickly and make repayment within the six-month loan period. This made it possible for us to access a second loan to aggregate more produce in the 2016 season."

However, even Rural Community Banks (RCBs) such as Bucobank itself have trouble with financing. At the start of the 2015 production season when Bucobank prepared to lend critical funds to farmer-based organizations (FBOs) in the target value chains, its major source of financing for on-lending fell through, leaving the bank with limited funds for loan disbursement. NBL stepped in to help Bucobank prepare documentation to successfully access \$300,000 in financing from Ecobank Ghana to on-lend to SMiLEs, including farmer-based organizations (FBOs) and women's groups.

"The financing from Ecobank helped us to beef-up liquidity to support various SMiLEs and FBOs within our catchment area to expand their capacities and improve on their livelihoods," Awudu Hayatudeen, General Manager of Bucobank, said. "We achieved a 98% loan repayment rate. We are grateful to USAID-FinGAP for the grant program and for creating linkages amongst financial institutions."

As a USAID-FinGAP grantee, Ecobank's financing of Bucobank for on-lending supports the bank's commitment to meeting the financing needs of smallholder farmers in the agriculture sector through RCBs and micro-finance institutions (MFIs).

"Working through rural RCBs and MFIs reduces risks, helps in loan administration and monitoring, and meets our goal of reaching the poor in society," Wilhelmina Dodd, Credit Analyst at Ecobank stated.

Ecobank's loan to Bucobank which then loaned to Yineme did just that.