

Innovations in Agriculture Finance The Model: Results & Impact

**USAID - Financing Ghanaian
Agriculture Project (USAID-FinGAP)**

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USAID-FinGAP's Service Model

USAID-FinGAP provides a **COMPREHENSIVE SET OF SERVICES** to assist the private sector and Government of Ghana to expand food security through increased investment in the staple foods agribusiness sectors of maize, rice and soy. USAID-FinGAP...

...identifies and contracts world class, local experts on a performance basis to identify finance-ready deals and convert these into bankable transactions...

...builds capacity among PFIs, BAS Providers and SMiLEs to expand their operations and sales...



...stimulates PFIs to expand into the agricultural finance space through pay-for-performance grants...

...and connects SMiLEs and PFIs with risk mitigating tools and partnerships to exponentially expand investment in agribusiness.

One of Many SMiLEs: The Story of Agricare

Once a leader in the feed production sector, yet pre-USAID-FinGAP, 2014:

- Processing 2-3% of installed capacity
- Domestic share of market below 10%
- Not able to access bank financing
- Losing key staff

USAID-FinGAP's technical assistance

- **to BAS Provider AB Intel ...** *Training in Value Chain Finance; Capacity building in alternative finance sources; Offered Pay-for-Performance Incentives...*

enabled them to enhance Agricare's appeal to Investors;

- **to Injaro & Barclays...** *Trained in Value Chain Finance; Exposed to and utilized Risk Mitigation Tools; Offered Pay-for-Performance Incentives...*

facilitated the financing to enhance recovery



Results Post-USAID-FinGAP, 2017:

- Injaro and Barclays Injecting Equity and Debt Capital into Agricare
- Processing at 40% of Installed Capacity
- Domestic share of market has risen to 30%
- Exporting to Togo... with export to Burkina Faso to commence in April
- Impact potential buying from 7,000 soy and maize farmers

USAID-FinGAP Results

40 Strategic Partnerships Formed (60% above LOP)

1,758 Transactions (603% above LOP)

\$115 M In Finance (54% above LOP)

1669 SMiLEs (1754% above LOP)

95,512 Smallholder Farmers (80% of LOP)

Support to FIs

- Capacity building
- Pay for Performance incentives
- Use of Risk mitigation tools
- Strengthening alternative financial sources

40 FIs
Disbursing Finance

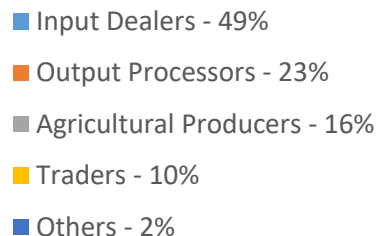
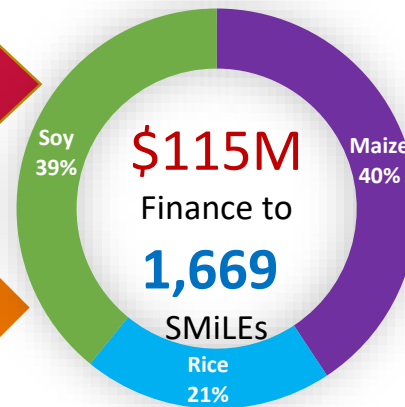
Support to BAS Providers

- Capacity building
- Pay for Performance incentives
- Step-by-Step mentorship
- Connections to alternative sources of finance

19 BAS Providers
Facilitating Finance

Pay for Performance Incentives leveraged at

28:1



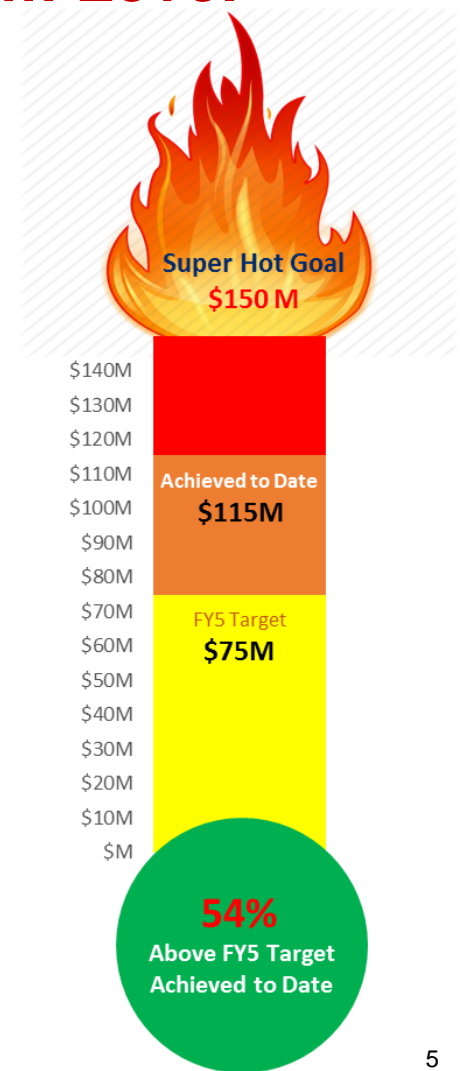
Proportion of Finance to links along the value chain

Indirect effect of SMiLEs receiving finance on smallholder farmers:

- Improved access to inputs
- Increased demand from processors
- Strengthened outgrower systems

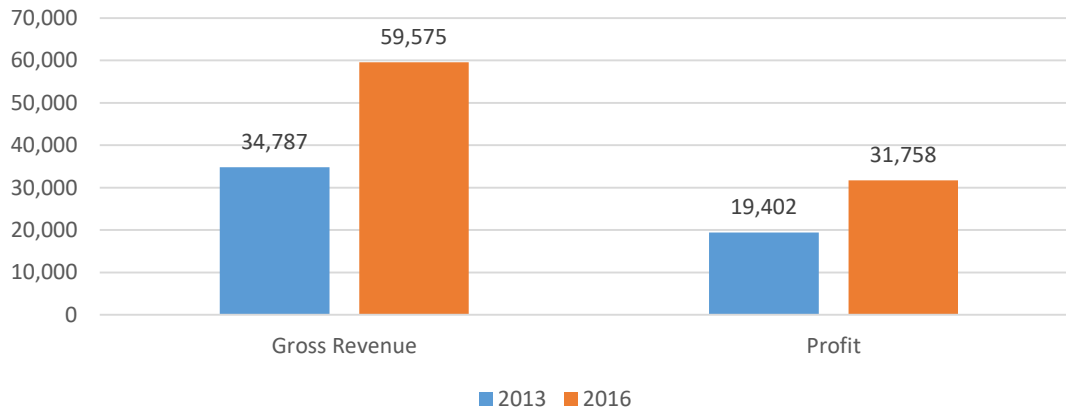
Impact of Finance at the Firm and Farm Level

Critical Question: Facilitating high amounts of financing across value chains is good, but what is the impact on income, profitability and jobs at the SMiLE and smallholder farmer levels?



Impact on Income and Profitability

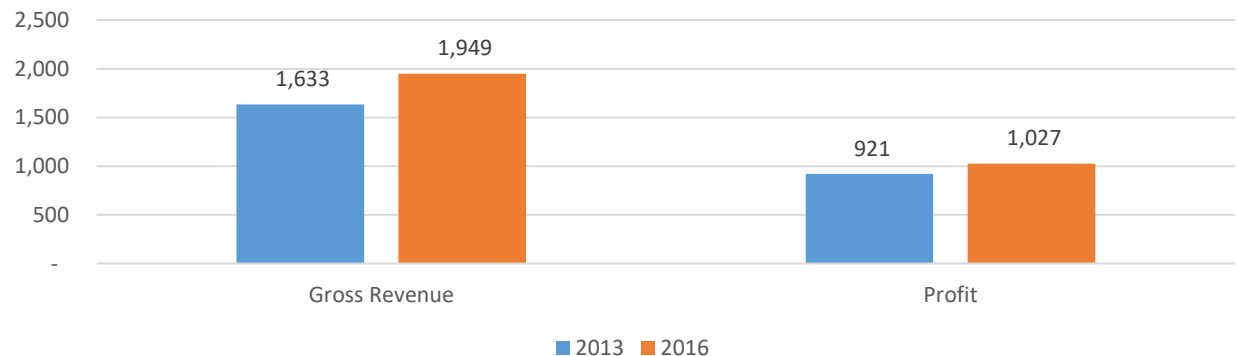
Average Gross Revenue and Profit (GHc) - SMiLE



Business to thrive and grow
in the next 5 years...

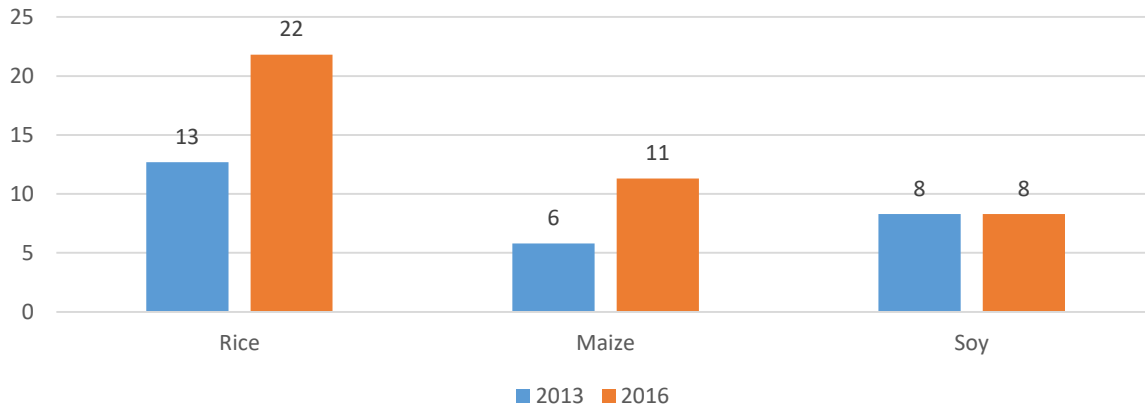
98%
of SMiLEs
Optimistic

Average Gross Revenue and Profit (GHc) - Smallholder Farmers

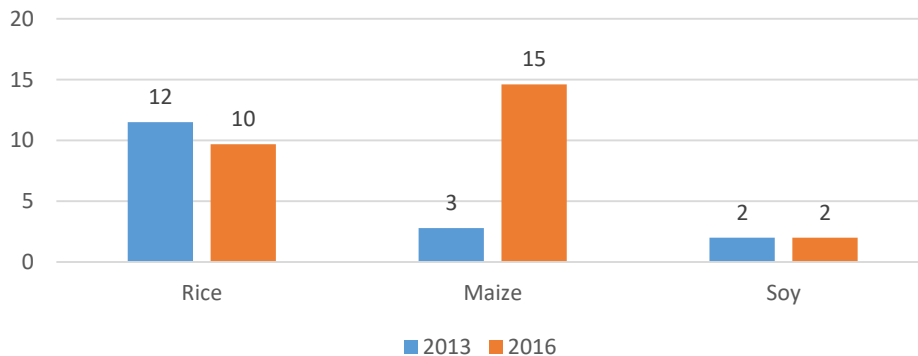


Impact on jobs

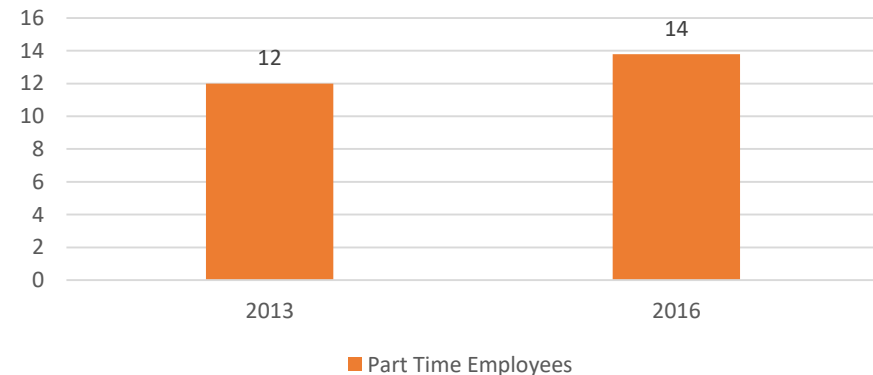
Average Full Time Employees Engaged by SMiLEs in the Maize, Rice and Soy Value Chains



Average Part-Time Employees Engaged by SMiLEs in the Maize, Rice and Soy Value Chains



Employees Engaged by Smallholder Farmers in the Maize, Rice, and Soy Value Chains

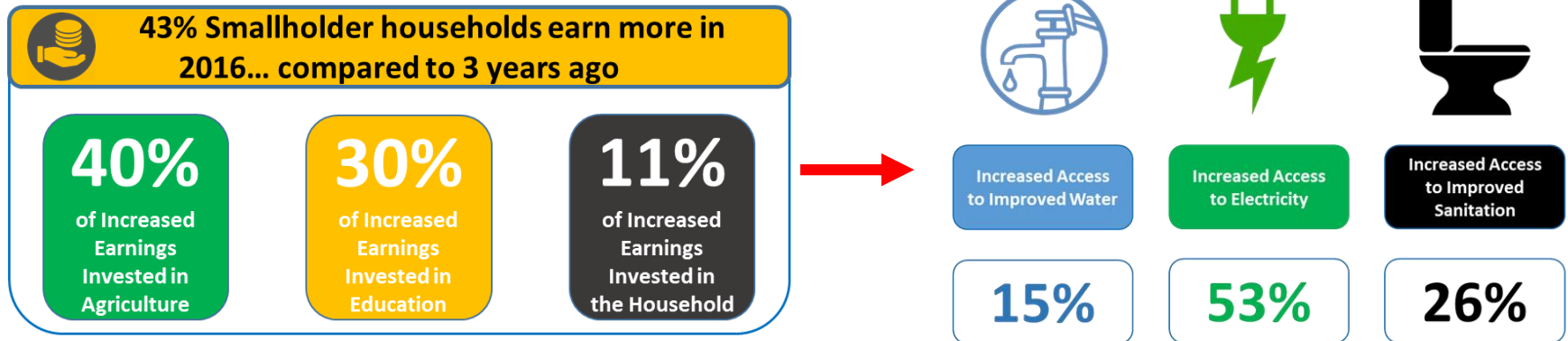


Average Expenditure on hired labour increased by

46%

Between 2013 and 2016

Impact on Health, Education, Sanitation, Gender Roles



“Across SMiLEs, 37% of small, 40% of medium, and 57% of large enterprises increased the proportion of women in decision-making roles in management and board structures within the past three years.”

“Our MRS agribusiness loan portfolio was a little over \$900,000 (GHC 3 million) as of the end of 2014. As of March 2016, it stood at over \$46 million (GHC 150 million), thanks to our relationship with USAID-FinGAP”

Andrew Ahaiku

Head of Agribusiness Desk, Barclays Bank

*Today.... Barclays finance stands at over
\$54 Million*

USAID-FinGAP

“If you are going to do it...do it right. Financing Agriculture is not risky, if done right...managing risk...knowing about the VC...financing at appropriate times in the cycle...monitoring post-financing activities...”

Rick Dvorin, COP, USAID-FinGAP

Thank You!

