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VALUE CHAIN FINANCING CONSTRAINTS AND INVESTMENT OPPORTUNITIES REPORT

Contact No.: AID-624-C-13-00002-00

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This publication was produced for review by the United States Agency for International Development. It was prepared by Banyan Global and SSG Advisors for the Trade Hub and African Partners Network.



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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government.

CONTENTS

- Contents..... 4**
- Acronyms..... 5**
- 1. Executive Summary 7**
- 2. Study Background and Methodology..... 11**
 - 2.1 Context and Introduction 11
 - 2.2 Field Visit Study Objectives..... 12
 - 2.3 Methodology..... 13
- 3. Financial Sector Analysis 15**
 - 3.1 SME Financing Constraints..... 15
 - 3.2 Finance Institutions’ Financing Constraints 17
 - 3.3 Emerging Trends in West Africa’s Financing Markets 18
- 4. Firm Level Analysis 21**
 - 4.1 Global Value Chain Snapshots..... 21
 - 4.1.1 Cashew 21
 - 4.1.2 Shea 22
 - 4.1.3 Mango 23
 - 4.1.4 Textiles/Apparel 24
 - 4.2 Prioritizing A2F Support 24
 - 4.3 Proposed Pipeline..... 26
- 5. Partners 29**
 - 5.1 Financial Institutions..... 29
 - 5.2 Strategic Partners/Associations..... 33
 - 5.3 FAFs 35
- 6. Conclusion and Next Steps..... 37**
- Annex A 39**
- Annex B..... 40**
- Annex C 42**

ACRONYMS

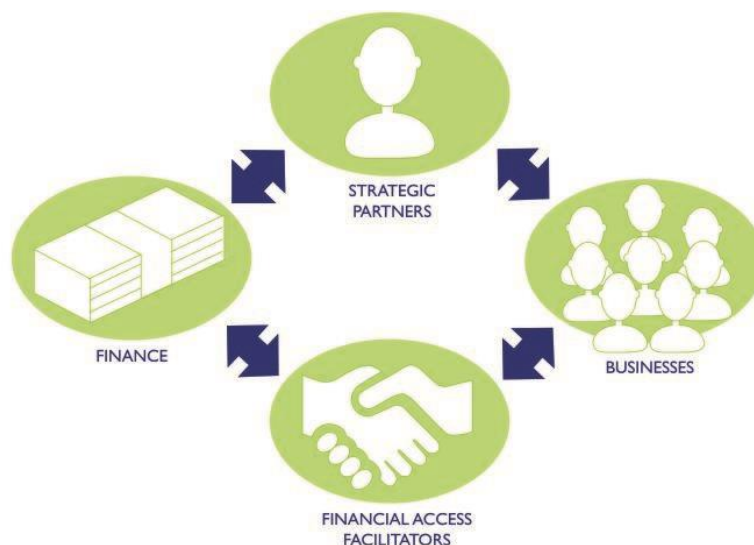
ACA	Africa Cashew Alliance
AFT	Agricultural Fast Track
AGOA	Africa Growth and Opportunity Act
BDS	Business Development Service
BDS	Business Development Services
DCA	Development Credit Authority of USAID
DFI	Development Finance Institution
ECOWAS	Economic Community of West African States
FAF	Finance Access Facilitator
FI	Financial Institution
FIC	Finance and Investment Component (of the THN)
FinGAP	Financing Ghana Agriculture Project (a USAID sponsored project)
GSA	Global Shea Alliance
MoU	Memorandum of Understanding
MT	Metric Tons
NEXTT	Nigerian Expanded Trade and Transport (a USAID sponsored project)
NGO	Nongovernmental Organization
SME	Small and Medium-size Enterprise
SSA	Sub-Sahara Africa
ST, MT, LT	Short-term, Medium-term, Long-term
UEMOA	Union Economique et Monétaire Ouest Africain (UEMOA)
UEMOA	Union Economique et Monétaire Ouest Africaine
USAID	United States Agency for International Development

VC	Value Chain
WATH	West Africa Trade Hub (USAID project)
WRF	Warehouse Receipt Financing

I. EXECUTIVE SUMMARY

The USAID Trade Hub and African Partners' Network Project (Trade Hub) seeks to increase West Africa's trade, investment and jobs through agricultural trade development. The Trade Hub's Access to Finance (A2F) Component will contribute to the Trade Hub's mandate by leveraging \$62.5 million in investment in global and regional value chains, including \$25 million in loans serving approximately 102 firms. A2F will also help 125 small and medium-size enterprises (SME) and micro-enterprises to obtain technical assistance and training.

The A2F Component will facilitate the financing of investment by working in collaboration with four partner groups; namely, i) Businesses/Firms which implement the investments, ii) Finance Access Facilitators (FAF) subcontractors, who generate the investment leads and proposals; iii) financial institutions (FIs), which extend the financing (debt and/or equity); and iv) strategic partners/trade associations, which are sources of referrals and technical and market-linkages support (see the graph below). The A2F Component works closely with the Trade Hub's value chain component staff to benefit from its industry knowledge, technical expertise, and regional contacts.



To set strategy and launch its program, the A2F Component carried out from September 5 to October 4, 2014 field visits in seven countries¹ within the West African trade corridors prioritized by USAID and the Trade Hub. These field visits, led by four persons from Banyan Global and SSG Advisors, followed-on prior desktop reviews. They were concluded by debriefings in Accra (October 6 to 8) with Trade Hub management, colleagues and USAID staff. The study and this report focus on the value-added, global value chains (VC); namely, cashew, shea, mango and textiles/apparel. The regional food value chain (mainly grains and livestock) will be studied in an A2F review and field visit to take place in January 2015.

¹ Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria, Senegal, Togo.

The field teams met with a total of 170 stakeholders including firms, FIs, associations, donors, government authorities and FAFs (see table 1).

Table 1: Stakeholder Interviews

Entity	Burkina Faso	Côte d'Ivoire	Ghana	Nigeria	Mali	Senegal	Togo	TOTAL
Firms	11	7	9	9	11	4		51
FIs	4	7	16	4	4	6	8	49
Associations	3	3	3	6	3	2		20
Donors	4	2	1	5	4	3	2	21
Gov. Agencies		3	1	2		1		7
FAFs	1	3	2	7		8	1	22
TOTAL	23	25	32	33	22	24	11	170

The field visits served to better understand FIs' financing constraints in the region² and help shape the A2F short- and long-term strategy. Specifically, the field visits assessed the region's financial/business climate, identified investment leads, and raised the region's awareness of the Trade Hub's and A2F's activities. The A2F teams also interviewed FAF candidates and explored areas of mutual interest with potential association partners. Consultations were held with USAID staff in each country.

The overall conclusion of the field visits was that there are sound investment prospects, a strong need for financial facilitation, and a willingness among partners to collaborate. With regard to FIs, there is:

- a growing interest in agribusiness opportunities availed by global demand for Sub-Sahara Africa's (SSA) value-added exports and improved margins due to higher worldwide commodity prices;
- recognition that their in-house knowledge and resources to reach and serve agribusinesses is inadequate; and
- desire to receive well-packaged, investment proposals for consideration.

² The Trade Hub covers a diverse region of 21 countries from Senegal to Gabon with a combined population of 325 million people. One country alone, Nigeria, accounts for about half of the region's population and two-thirds of its GDP.

Firms advised that:

- many FIs do not have a good grasp of agribusiness financing requirements;
- the cost of borrowing and FIs' application processing times are prohibitive; and
- FIs' collateral requirements deter agribusiness investment.

Many firms expressed an interest in the A2F Component's finance facilitation model and a willingness to cost-share some of the facilitation fees. FAF subcontractors expressed an eagerness to work with the Trade Hub and were confident in their abilities to generate and close deals with agribusinesses. However, several FAF expressed the view that while the Trade Hub's fixed-price, capped, performance-based fee structure calculated as a percentage of mobilized financing is appropriate for the more "vanilla-type" SME investments, it may be inadequate compensation for facilitating micro-investments and larger transactions. Some FAF recommended a multi-tiered compensation schedule, tailored for each clientele segment (i.e., micro, SME and larger).

A wide disparity of country-specific agribusiness assets and business opportunities exists across the region. Few countries have near-term export potential in all four value-added, global value chains. The Sahel region is particularly challenged by its remoteness and poor infrastructure, which add to costs and impairs global competitiveness. Generally, local textiles and apparel companies face harsh cost of production obstacles. A couple of the national markets (e.g., Ghana) seem "crowded" due to existing governmental, donor and nongovernmental organization (NGO) investment promotional programs³. The challenge facing such "crowded" markets is to turn possible competition among programs into collaboration.

During the field visits, A2F teams identified several financing "leads" which the FAF can fast track. These leads are, most notably, in integrated cashew and mango value chains (table 2 provides several representative examples). An important finding is that there is a need for—and good opportunities exist—cross-cutting, ancillary services, such as wholesale and retail packaging, cold storage and logistics. The Trade Hub's A2F component is also making special efforts to support investments by women entrepreneurs that face an added, gender-based set of obstacles to access financing.

Table 2: Representative Leads

Lead	Description
AID (Mali)	\$500,000 to develop a new cashew processing factory
Anastasis (Côte d'Ivoire)	\$4 million to develop cashew processing and raw nut sourcing
Anatrans (Burkina Faso)	\$2 million to source raw cashew nuts
Cajou Casamance (Senegal)	\$1 million to expand cashew processing and raw nut sourcing
Harvest (Nigeria)	\$1 million to develop warehousing to support the shea sector

³ For example, several USAID-supported projects (e.g., Trade Hub, FinGap, NEXTT) overlap to some extent in the region.

Kene Yiriden (Mali)	\$500,000 to install mango drying units
Lawal Int'l (Mali)	\$500,000 to develop a shea butter processing unit
NEMBEL (Côte d'Ivoire)	\$750,000 to expand mango production and processing
SALID (Nigeria)	\$9 million to finance new shea plant and equipment

2. STUDY BACKGROUND AND METHODOLOGY

2.1 CONTEXT AND INTRODUCTION

USAID West Africa's strategic objective is to support the emergence of a politically stable and economically prosperous West Africa. The overall goal of the Trade Hub and African Partner's Network Project (Trade Hub) is to increase West Africa's share of world trade by promoting exports and improving the competitiveness of its private sector companies in targeted value chains⁴.

The Trade Hub works through several components of which one, and the subject of this report, is the Access to Finance (A2F) Component. A2F complements and strengthens the efforts of the Trade Hub's other components by facilitating private sector investment through linking the demand for with the supply of financing. The Trade Hub and A2F focus on two distinct sets of value chains (VC). The first set consists of value-added, global value chains, targeted for overseas export; these are cashew, shea, mango and textiles⁵. The second set comprises staple food value chains, primarily grains and livestock, mainly for regional consumption.

This assessment explored the value-added, global value chains. It documents the observations and outcomes of the field visits and strategic discussions with Trade Hub strategic partners and staff. A2F will study the regional, staple food value chains and their needs for financial facilitation in a second round of fields visits, scheduled for January 2015. In coordination with the Trade Hub's value chain component, A2F is developing an investment and financing pipeline in support of the Trade Hub's overall strategy.

West Africa's financial markets are among the least accessible and most inefficient in the world, although there has been some significant positive development in recent years that makes the A2F exercise timely. Access to credit is particularly arduous for the agribusiness sector and more so for its Small and Medium-size Enterprise (SMEs) segment. In Sub-Saharan Africa, only 15-20% of all SMEs and micro-enterprises combined have ever obtained financing from an FI⁶. It is well documented that West African FIs' loans to the agribusiness sector account for only about 5% of their total loan portfolios. Based on A2F's literature review and field visit interviews, FI lending to agribusiness SMEs in West Africa falls as low as 1% of the FIs' total portfolio at some commercial banks. Loan coverage is believed to be similarly low for the apparel sector based on field visit interviews.

⁴ "Value chains encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets—whether local, national, regional or global. Value chains include input suppliers, producers, processors and buyers [and distributors]. They are supported by a range of technical, business and financial service providers." *Agribusiness and Agriculture Value Chain Assessment Report*, USAID, April 2011.

⁵ "Textiles" denotes yarns, fabrics and apparel. In West Africa, textiles focus is at present mainly on apparel.

⁶ "Microfinance in Africa: State-of-the-Sector Report, "Closing the Gap." CARE, April 2011. Lending in Sub-Saharan Africa: A Diagnostic Proposal. World Bank Group. October 2013.

The Trade Hub’s target market is a broadly defined SME sector (see text box A, below). SMEs typically lack the expertise or knowledge to successfully apply for and receive financing to expand their businesses.

Given the Trade Hub’s focus on gender coupled with the fact that many female-owned and operated enterprises fall into the “micro” category, A2F is making concerted efforts to support female-owned micro-enterprises with good business prospects (See Annex B for a detailed discussion of A2F’s gender sensitive financing strategy). Micro-enterprises are considered to be those with annual sales less than \$100,000 and with fewer than 10 employees.

Concurrently, A2F will support larger companies (i.e., those having annual sales of over \$15 million and more than 300 employees). Companies of this size may be implementing investments in the \$10--20 million (and up) range, especially when these relate to processing operations. Larger companies may often not require FAF assistance having the internal capacity to approach commercial banks.

The Trade Hub’s main approach for generating private sector investment is working through FAFs. The FAFs comprise a group of experienced and highly qualified financing specialists who often have a secondary competency in an agribusiness or textiles value chains⁷.

A2F will also contribute toward capacity building of its partners, including client firms, associations, FIs and its cadre of FAFs. A2F shares the Trade Hub’s overall objectives to support job creation, strong export growth, strengthening of trade corridors and women entrepreneurs.

2.2 FIELD VISIT STUDY OBJECTIVES

The A2F’s field visits ran from September 5 to October 4, 2014, and covered seven countries that form the backbone of the Trade Hub’s “corridor” approach and offer good opportunities for higher impact investment. The field visits introduced to a broader regional market the Trade Hub’s A2F strategy and an increased awareness that the Trade Hub is “back in business.”

The Field Visits served to achieve the following goals:

- Identify specific “links” along the value chains where the Trade Hub and A2F can make a high impact and have a catalytic contribution (e.g., processing versus primary agriculture).
- Assess local and regional availability of financing and financial service.
- Ascertain the constraints which FIs face in delivering services and interest in collaborating with the Trade Hub
- View the obstacles that firms encounter in accessing these services.

Box A: What is an SME

The SME segment encompasses firms of many different shapes, sizes and levels of sophistication. In West Africa, SMEs may be slightly larger than micro-enterprises, while at the upper end they are often viewed locally as “big business.” This report adopts, with flexibility, a definition of SMEs as registered businesses (i.e., operating within the “formal sector”) recording annual sales of between \$100,000 and \$15 million and employing between 10 and 300 people.

⁷ One FAF succeeded, for example, in closing in the space of two years four cashew processing deals.

- Understand the capabilities and capacity building needs of industry associations to support investment in the Trade Hub’s value chains and to carry-on the A2F’s mandate following the Trade Hub’s exit.
- Recruit FAF and answer candidates’ preliminary questions.
- Identify “investment pipeline” leads that the newly recruited FAF can begin to work on with a view toward closing some deals relatively quickly.

2.3 METHODOLOGY

The A2F study comprised three phases. Phase I consisted of background research and field visit preparation. This was achieved by the A2F team leader and the Banyan Global head office team, including visits by the Banyan Global Engagement Manager, Janice Stallard, to Accra in July and August 2014. Phase II consisted of the September field visits. Phase III was spent consolidating findings and drawing strategic conclusions with the field team, Trade Hub staff and strategic partners.

Phase I: Desktop Analysis and Study Preparation

The desktop analysis was carried out by the A2F team leader, Jean Francois Guay, and Ms. Stallard. It included:

- *Literature Review:* The A2F team benefitted from the Trade Hub’s Value Chain Assessment Reports⁸. These reports cover cashew, shea, mango and textiles/apparel. The report, “Access to Finance in West Africa: Lessons Learned from the USAID West Africa Trade Hub”⁹ offered valuable background into The West Africa Trade Hub’s (WATH) Business Development Service (BDS) pilot. Interviews with Trade Hub staff added context.
- *Stakeholder Identification:* Drawing on past experiences and third party resources (e.g., the Agricultural Fast Track, African Cashew Alliance, Global Shea Alliance, Borderless Alliance, AGOA), the A2F team built contact lists for the field study. Several discussion protocols were developed to guide and standardize interviews with companies, FIs and associations. The templates included a Score Card tool to prioritize the readiness of interviewed companies for financing facilitation. The A2F team prepared templates to gather and store contact data and workflow activities.
- *FAF Recruitment:* The A2F lead and team members collated a list of FAF candidates, pulling from past contacts, candidates’ responses to newspaper announcements and third-party referrals.

⁸ Trade Hub Value Chain Assessment Reports. Abt Associates. May 2014.

⁹ CARANA Corporation, April 2013

Phase II: Field Visits (September 5 to October 4)

The A2F team broke into four groups, each lead by one of the team members and included staff from the Trade Hub satellite offices in Dakar and Ouagadougou. The individual field teams visited Ghana, Senegal, Ivory Coast, Nigeria (both Abuja and Lagos), Mali, Burkina Faso, and Lomé. The field visits averaged ten business days in each city.

Phase III: Wrap-up Session (October 6 to 8)

Three of the four team members returned to Accra to review the findings and results of the field visits, exchange ideas with the Trade Hub team and association partners, make a power-point-presentation to USAID's Regional Trade and Investment Office and, finally, discuss an A2F strategy and future action steps.

3. FINANCIAL SECTOR ANALYSIS

SMEs report that access to finance is their greatest single obstacle to investing in and running a business¹⁰. A2F team members repeatedly heard in interviews that the FIs want to increase their lending to the agribusiness sector, including to SMEs, which they see as the sector’s bedrock¹¹. This section explores why accessing finance has been so elusive for SMEs in West Africa, first from the perspective of firms and, second, from the FIs.

3.1 SME FINANCING CONSTRAINTS

Financing requirements can be broken down by use and maturities along the value chain. The uses are, broadly speaking: i) preparation for investment, ii) investment implementation and iii) continuing operations. Generally, short-term (ST) financing covers periods of up to one year and in many cases for 90 to 180 days. In agribusiness, it is used to finance seasonal crop production, inputs, marketing and exports. Medium-term (MT) financing runs from one to 3 years and is used, for example, to purchase light equipment. Longer-term (LT) financing (4 years and above) is typically reserved to acquire larger assets (see table 3, below).

Table 3: SME Financing Needs by Use and Term

Preparation	Implementation	Continuing Operations
<i>ST & MT Financing</i>	<i>Mainly MT and LT Financing</i>	<i>Mainly ST Financing</i>
Feasibility and market studies	Land purchase and preparation; irrigation	Input purchases (seed, fertilizers, fuel)
Business plans and financing proposals	Agriculture assets, planting materials, plantations, nurseries	Raw and semifinished materials (e.g., textiles gray goods)
Project design and engineering	Plant and Equipment	Supplier advances
Government approval process	Vehicles and implements	Buyers credits
Environmental and Social Impact Studies	(ICT) Information and Communications Technology	Import/export transactions (L/C)
Financing and legal fees	Supply chain development	Capacity building

¹⁰ In a survey of financial institutions and agribusiness operators - corroborated in the A2F field visits - 59% of respondents in Ghana’s northern regions ranked access to funding and capital as their greatest challenge. International Food and Policy Research Institute. 2009.

¹¹ Smallholder farmers account for 80% of food production in West Africa.

Staff recruitment and training	Off-site constructions (roads, power)	Standards compliance, IOS and HAACP certifications
		Insurance coverage (climate, all-risk, employee health)
		Lubrications, recurrent spare part

SMEs (agribusiness and apparel) cite four main challenges when accessing financing (both debt and equity): i) security requirements¹², ii) banks' and investors' high expectations for returns¹³ (interest rates and capital appreciation), iii) lengthy finance processing times and iv) poorly adapted maturities.

Banks generally require security that can be registered, perfected and liquidated in event of debt default. FIs are reluctant to accept agriculture assets, especially in rural areas. They prefer tangible, nonagricultural assets located in urban areas with clearer land-use rights and registration procedures. FIs often demand loan-to-security ratios of 1.5 to 2.0 from first time clients. Most agriculture SMEs cannot meet these requirements.

SMEs complain that borrowing costs and transaction fees in West Africa are prohibitive. As field visit interviews attest, West Africa—and Ghana and Nigeria¹⁴, in particular—have some of the highest real interest rates in Sub-Saharan Africa. Firms likewise complain that third-party equity investors and fund managers demand high yields, a sizeable—if not controlling—stake in the business, a say in management and relatively quick exits, all of which is generally unacceptable to SME owners.

It is also of critical importance to producers and processors of seasonal products (e.g., fruits, vegetables, nuts or apparel) that funding is available when needed. For example, it is of little use for a mango aggregator/exporter to have access to a loan well after the harvest season has begun. Companies claim that FIs often take an inordinate time to process loan applications. Field interviews provided many examples of firms receiving loan approvals over a year after the application was made.

When financing is available, it is often for short tenors. Borrowers often succumb to using short-term, quick maturing loans to fund medium and longer term needs, which take a longer period to generate funds for debt servicing. The cost to this approach is prohibitive and it puts their repayments—and their business—in jeopardy.

¹² Security includes: collateral, mortgages, pledges of receipts, guarantees, etc.

¹³ This discussion focuses on operational constraints. It does not attempt to cover the macro financial/business enabling environment, which goes beyond the scope of A2F and this report. These issues include the legal and regulatory frameworks, tax and customs regimes, central bank policies and regulations. They are critical to the success of SME lending and, by extension and are being addressed by the countries, ECOWAS/UEMOA, USAID and other donor programs

¹⁴ At the time of the field visits, interest rates charged by commercial banks in Ghana and Nigeria to agribusiness SMEs were in the range of 25% - 35%.

3.2 FINANCE INSTITUTIONS' FINANCING CONSTRAINTS

In the course of meetings with nearly 50 FIs, the A2F teams heard from management that they too contend with an array of operational constraints to financing SMEs. Many of these are summarized below. Some mirror those raised by the interviewed firms. While these constraints and risks pertain to the agribusiness sector, many apply to textiles/apparel firms, crosscutting sectors as well.

Inadequate Risk Management Tools. Risk management tools like hedging (currencies, commodities prices), weather-indexed crop insurance, long-term contracts and even credit bureaus and collateral registries are not well established in West Africa. The market is, however, beginning to see some improvement in the use of risk mitigation tool in some markets; for example, the introduction of grain warehouse receipts programs in Ghana.

Collateral-based Lending Philosophy. West African banks' credit decisions have historically been collateral-based. Banks typically lend to agriculture based on fixed asset collateral as opposed to the cash stream that these assets generate. There is a particular aversion to perishable crops, like fresh fruit and vegetables.

Weak Agriculture Credit Culture. Government authorities and donor agencies have been significant providers of agribusiness loans. Smallholder farmers often view these as "free loans," "grants," or even "gifts." Agriculture loans are prone to political interference, as they reach a large portion of the rural voting public. These efforts can make FIs wary of lending to this sector.

Competitiveness. Banks and equity funds are reluctant to finance value chains that may not be internationally competitive. West African agriculture faces productivity/yield issues and high cost of energy and logistics, which impair global competitiveness. These may be offset by lower labor costs or high market share of a value chain. USAID and the Trade Hub took into account international competitiveness in the selection of targeted value chains¹⁵.

Poor Past Experience. FIs have over the years lent to agribusinesses either on their own initiatives or in response to government directives and incentives. Generally speaking, their experiences have been poor. Nonperforming loans in the agribusiness sector usually exceed those in other lending sectors. In West Africa, commercial banks' nonperforming agriculture loan portfolios reach 10-15%¹⁶.

Weak Agribusiness Familiarity. FI investment managers and officers lack familiarity with the agribusiness (and textiles) value chains. This is slowly changing; for example, a decade ago, West Africa's cashew industry was not on the banks' radar screen and supplier financing was typically provided by foreign traders and offshore banks. Today, cashew has become a billion dollar business in West Africa. Banks are eager to come up the learning curve.

¹⁵ West Africa is the world's largest exporter for cashew. Ninety percent of the global trade of shea products originates in West Africa. Mango may be internationally competitive, depending on the sub-product, infrastructure and seasonal factors.

¹⁶ Ghana's Agriculture Development Bank is one of the country's most experienced and committed agribusiness lenders and agriculture loans account for around 30% of the bank's total portfolio, far exceeding the level of Ghana's commercial banking sector (about 5%). In 2012, its nonperforming loan portfolio was 11.3%, negatively impacted by its large agriculture portfolio (net of write-offs).

Bank Asset and Liability Management. Banks in West Africa are typically funded by short-term deposits and interbank operations. Several FIs advised that they would like to provide longer term loans to qualified agribusiness and other businesses but do not have the liquidity to do so.

Volatile Prices. Swings in commodity prices and foreign exchange rates complicate credit analysis and financial forecasting. One Social Impact Fund manager said bluntly that it is not more actively supporting agribusiness investment due to the inability to manage foreign currency risks. The USAID Regional Office mentioned in the team’s debriefing that currency risk was a serious obstacle to USAID and Rabobank’s lending facility in West Africa for agricultural SMEs.

Strategic Priorities. Given agribusiness investments’ poor performance, FIs’ and fund managers are often reluctant to “stick out their necks” to promote agribusiness financing. This reluctance is starting to change as FIs and dedicated funds (e.g., Africa Agriculture Fund) begin to view the opportunities in the agribusiness sector¹⁷.

Alternative Lending Opportunities. Nonagribusiness sectors often offer a FI a more favorable risk-adjusted reward ratio. Lenders have a “comfort zone” and traditional preference to finance trade, construction, extractive industry, and services—not to mention treasury bonds where some countries (e.g., Ghana, Nigeria) seem to have an insatiable appetite.

FIs’ Funding and Operating Costs. West African FIs’ cost of financing (funding and operations) is high. Competition among FIs for funding in the interbank markets and from depositors, crowding by national treasuries’ borrowing, nonperforming loans, high operating costs (especially, staffing), operational inefficiencies (inadequate ICT), high transaction costs, banking fraud, among others contribute to a high cost structure. These high costs relative to a small borrowing base are passed on to borrowers, including agribusinesses.

Natural Risks. Agriculture lending embodies natural and uncontrollable risks such as weather, rainfall, flooding, climate change, disease, pests, etc. This makes lending to this sector more risky.

Environment and Reputational Risks. Agribusiness is fraught with “environmental” and “social” risks. These risks involve, among others, wastewater treatment, disposal of shells and land acquisition issues. FIs seek to avoid environmental risks that may eventually lead to “reputational” risk exposure. The FIs may not have the in-house capabilities to properly assess the risks and seek external expertise. This constraint is particularly applicable to larger and higher profile investments (e.g., cashew and shea processing factories).

3.3 EMERGING TRENDS IN WEST AFRICA’S FINANCING MARKETS

Significant changes are taking place in West African financial markets and bode well for SME financing. European-owned banks have given way to Africa-centric, “pan-African” banks (e.g., Ecobank, Bank of Africa, Attijariwafa Group). Some banks have been consolidated into national (e.g., Nigerian bank

¹⁷ Agriculture represents 30-35% of West African countries GDP. Even in Nigeria’s oil based and more industrialized economy, agriculture account for 30.9% on the nation’s GDP. (This would rise to at least 35% in the more broadly defined “agribusiness.”) CIA World Factbook. June 2014

consolidation of 2004-2005) and regional (e.g., Orabank) chains. Private funds are scouring the West African landscape in search of lucrative equity deals.

Moreover, the marketplace is seeing the introduction of new financial products and services, some of which are provided below to show the financial system’s growing dynamism.

- **Mobile and e-Banking.** About four in ten adult West Africans have a mobile phone and are increasingly using new communication technologies to access commodity prices, transfer money and draw down loan balances. Ecobank, Bank of Africa and BCI-CI advised visiting A2F teams that they have teamed up with MTN, Orange and Airtel to offer mobile-banking.
 - **Lease Financing.** While well suited for SMEs’ acquisition of equipment and increasingly available, lease financing is underexploited in West Africa but is taking off in some markets. IFC and Alios Finance (West Africa) both advised joint plans to offer lease financing to smallholder suppliers to a leading international commodities company.
 - **Warehouse Receipt Funding (WRF).** WRF and “warrantage”¹⁸ are making headway into the SME financing lexicon and helping to address lenders’ collateral requirements. IFC hosted a WRF workshop in Dakar on September 25, 2014, attended by the A2F team.
- Insurance. Insurance coverage is expanding in part because some lenders require fire and theft insurance. Weather-indexed crop insurance is making inroads into West Africa’s more mature markets. Ghana’s Opportunity International Savings and Loan (a USAID DCA partner) offers micro-insurance, including weather-indexed crop insurance, to its clients.

Nowhere is the financial system’s dynamism more apparent than in the new generation of nonbank financing institutions that are entering the West African scene. Due to their socially-driven mandates (e.g., lending to under-banked, “disenfranchised” or gender-specific groups¹⁹) or innovative policy guidelines (especially, with regard to more flexible security requirements), this new set of lenders is opening opportunities for West Africa’s SMEs. Several examples of non-commercial banking intermediaries are shown in table 4, below.

Table 4: Non-Commercial Bank Lenders

Providers	Services	Examples
Social Impact / Philanthropic Funds	Combine profit, social and environmental motives. SME niche (urban and rural). Offer more flexible security arrangements than traditional banks, including pledge of farmers’ harvests and assignment of buyer off-take payments for seasonal crops. Capex may be secured by financed assets. Products may include TA, quasi-/equity and ST/MT debt instruments, at times at concessional rates.	<u>Private:</u> Root, Acumen, responsAbility, I&P. <u>Donor:</u> Oikocredit, IFC SME Ventures, AfDB, African Guarantee Fund

¹⁸ Warrantage, a simplified and localized form of WRF (asset based financing) applicable to SMEs, requires small warehouses to be secured by two padlocks—one held by the borrower and the second by the lender

¹⁹ 91% of Opportunity International's loans go to women.

Savings & Loans	In West Africa, generally focus on micro-finance, often to groups; also individuals. S&Ls are community based and mutually held; profit oriented. Lending and deposit services. Security for micro finance is often group guarantees. Some offer TA and micro-insurance. Secured housing loans.	Opportunity Savings and Loan, Sinai Aba, ProCredit.
NGOs—Private	Tend to be targeted to localized region, specific group (e.g., women) or services (a VC, health, education). Generally, ST loans of small amounts. Frequently, group guaranteed.	U-IMCEC (Senegal, school fees), Tin Tua (Burkina Faso) CARD FNGO (Ghana)
Leasing Companies	Operating and financial leases, generally for and secured by equipment. In West Africa, concentrated in vehicles and extractive industries and, growing, in agribusiness. Offered by banks and independents.	Locafrique, Alios Finance, Leasafrique
Equity Funds	Equity and quasi-equity investments, typically in larger companies and plantations crops (e.g., oil palm, rubber, industrial ag processing) with high returns potential.	Helios, Emerging Markets Partnership, Africa Agriculture Funds
Donors, Development Financial Institutions (DFIs)	Donor-backed FIs providing loans and quasi- /equity; credit guarantees; advisory services. In West Africa, generally project finance with working capital. Focus on larger projects and funding to local FIs for on-lending to SMEs. Growing ag focus. Some blended funding.	AfDB, EIB, Gari, IFC, USAID OPIC, USAID DCA, DEG, Proparco, FMO, GAFSP
Local Government Organizations and Funds	State banks, funds, investments promotions agencies, specialized agencies and programs	SME Revitalization and Governance Project (Côte d'Ivoire), Ghana's EDIAF/CONVET, Nigeria's NERFUND

4. FIRM LEVEL ANALYSIS

4.1 GLOBAL VALUE CHAIN SNAPSHOTS

This section explores financing needs and opportunities for West Africa's producers, processors and financiers for the Trade Hub's four value-added, global value chains (shea, cashew, mango and apparel). A thumbnail sketch of each value chain is provided in the Annex A and outlined below with an emphasis on financing. The section concludes by offering a summary of investment pipeline opportunities.

4.1.1 CASHEW

Key actors: Smallholder farmers, gatherers (mainly women), aggregators, traders, processors, exporters

Primary countries: Burkina Faso, Côte d'Ivoire, Ghana, Nigeria, Senegal, (Benin and Guinea Bissau were not visited)

Products: Raw cashew nuts (RCN), processed cashew

Trends: West Africa has recently emerged as the world's largest cashew exporter. Côte d'Ivoire is the market leader with production topping 500,000 MT annually. Traditionally exported as RCN, efforts are underway by global and local processors to increase processing which now lies at 5-10% of regional production. Processing investments range from smaller, locally invested units (under \$5 million) to international larger scale projects (circa \$25 million).

Strategic Partner: Africa Cashew Alliance

Constraints: Inconsistent qualities and low yields. Multi-tier supply chains add to cost of delivered product. Short harvest season requires substantial, up front working capital with which to purchase and store raw material inventory. Maximizing plant utilization. Inadequate storage facilities. Stiff competition for RCN from well-funded Asian buyers. High energy costs for processing.

Emerging Investment

Opportunities: Cashew processing which to date has been largely exported as RCN. Quality upgrades of processing facilities. Logistics and storage are also systemic constraints that, if addressed, could have a positive catalytic impact on the sector. International investors and buyers recognize the region's potential.

Strong appetite by social impact investors. Foreign currency denominated exports assist repayment of offshore loans.

Financial Products: Project finance (Implementation), leasing (equipment), supplier credit (for purchase of RCN for processing), warehouse receipts and inventory financing (pledging of collateral), pre-export and receivables financing (letters of credit).

4.1.2 SHEA

Key actors: Gatherers (mainly women, estimated at 4 million, Africa-wide), aggregators, traders, processors, exporters

Primary countries: Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria²⁰, Togo (Benin was not visited)

Products: Shea kernel exports, cocoa butter substitute (confectionary), food oil, butters, cosmetics, herbal oils,

Trends: Global production is localized in the Western Sahel belt. Recent upward demand trends will be hard to sustain product-wise. Demand growth would be favorably impacted by USDA/FDA approval to use cocoa butter substitute.

Strategic Partner: The Global Shea Alliance is attracting global buyers and processors and providing technical assistance.

Constraints: Inconsistent quality of nuts, traceability, and low prices paid to gatherers. Oligopolistic sector controlled by three global processors controlling the industry. Largely informal sector, complicating access to finance. Larger processing plants likely to be directly financed by multinationals. While large in local terms, much smaller than for cashew. Environmental concerns regarding processing.

Emerging Investment

Opportunities: Market value of West Africa is roughly \$150 million. Only about 20% of production is processed in West Africa. Additional processing to supplement Tema, Ghana. Quality upgrades. Logistics and storage. Opportunities exist to produce local packaging for shea cosmetics. Partnering with buyers and lenders to increase working capital financing.

²⁰ Nigeria uses most of its shea for its own consumption.

Financial Products: Supplier credits (for purchase of shea nuts for processing), warehouse receipts financing and inventory financing (pledging of collateral), pre-export and receivable financing (letters of credit).

4.1.3 MANGO

Key actors: Growers, smallholders, transporters, packers, processors, exporters

Primary countries: Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria²¹, Senegal

Products: Fresh, dried, cubes, pulp, juices

Trends: Mango is the world's second largest exported tropical fruit after banana. Production of fresh mango is increasing, especially in coastal West Africa. Trends are moving toward value-added, semiprocessed and processed fruit, using improved and well-adapted technology. Regional export markets for pulp, concentrate and juices.

Constraints: Perishable, high post-harvest losses. Fresh mango is generally a commodity. Highly competitive global market. West Africa accounts for 3-4% of global production. Short window of seasonal opportunity for fresh fruits in Europe—West Africa's main export market. Packaging generally imported at high cost or fruit repackaged upon arrival. High electricity cost encourages use of solar generated power. Some FIs reluctant to finance fresh mango trade because fruit can spoil and international standards are difficult for West African producers to meet.

Emerging Investment

Opportunities: Pack houses for fresh mango, selective irrigation for production, organic dried fruit and cubes, processing (pulp, concentrate, juices), packaging.

Financial Products: Project finance (Implementation), leasing (equipment), pre-export and receivable financing (letters of credit), weather indexed crop insurance.

²¹ Most of the mango grown in Nigeria is consumed locally.

4.1.4 TEXTILES/APPAREL

- Key actors:** Wide range of small apparel manufacturers. Retail outlets. Weaving and finishing operations have declined.
- Primary countries:** West Africa is a major cotton producing region, but mainly for exports. All countries do some, generally small scale, apparel manufacture (for local consumption).
- Products:** Apparel, redesigning of imported second-hand clothing, uniforms, bedding.
- Trends:** West Africa's textiles industry was heavily subsidized and supported after independence and increasingly uncompetitive against global and Asian competition. Renewed efforts to process cotton into grey goods and, eventually, apparel. Growth of small scale "boutique" tailors.
- Constraints:** Textiles production is generally capital intensive. High energy costs. Stiff global competition. Lack of competitive infrastructure. Design and timely deliveries key for more fashion-oriented products. Swings in fashion preference. Difficulty to supply large export orders.

Emerging Investment

- Opportunities:** Possible rehabilitation of textiles mills. Ongoing interest in West for African fashion. AGOA duty-free coverage to US. Skilled tailors. Local demand could build production base for future exports.
- Financial Products:** Project finance for mill construction and rehabilitation. Buyer financing for exports. Receivables/factoring financing. Collateralized raw material financing (fabrics).

4.2 PRIORITIZING A2F SUPPORT

A2F's identification of investment opportunities is market driven. Field visits worked to identify opportunities that have the capacity for commercial success, giving preference to those that support the Trade Hub's overall economic, job creation and export growth objectives.

The A2F team created a concise and easy-to-use score card to summarize and prioritize leads (see table 5, below). The scorecards, together with an in-depth interview of each firm, will guide the Trade Hub's A2F team to prioritize investment leads. Firm level opportunities that are deemed a priority will be linked to a FAF in the appropriate country for support and eventually, financing.

Table 5: Prioritization Scorecard

<p>THN—Company/Leads Scorecard</p> <p>Company:</p> <p>Date:</p>
--

Category	Score	Weight	Sub-total
	<i>(1-10)</i>		
Relevance to targeted VC	10	4	40
Social Impact / Women	10	2	20
“Bankable”	10	4	40
Commercially viable	10	5	50
Ready to export	10	3	30
Technical Assistance <i>not</i> required	10	2	20
Total			200

The definitions for the categories used above are provided below.

Relevance to targeted VC -- Financing of the investment will have an impact across the value chain, addressing a systematic constraint for the industry

Social Impact / Women—The deal creates jobs, works with smallholder farmers, promotes women entrepreneurship and training and increases incomes

Bankable—The company and its investment are already or, with reasonable assistance by FAFs, can be made bankable in terms of management, governance, financial reporting, etc.

Commercially viable—Strong demand for the value chain or cross-cutting services; will have a positive cash flow and profitability within “X” years

Ready to export—Firm is exporting now or can be expected to export its products or services in coming years—either regionally or internationally

Technical Assistance not required—Little technical support will be needed consultants to assist the company or investment to achieve its implementation and business goals

As FAF seek out their own network of investment leads, they will take into account other practical considerations when screening and prioritizing proposals, including:

- Support to investments that promote the Trade Hub’s corridor concept (e.g., a chain of cold storage units).
- Preference for “value-addition” over primary production. In the case of primary production, the company’s intension to integrate or move upstream (e.g., from mango farming to processing) within a reasonable time frame.
- Targeting of cross-cutting investments that address systemic constraints across one or several value chains—such as freight/transport, storage, phytosanitary standards, packaging.
- Balancing FAFs’ use of “time and resources” with project’s commercial and development impact.
- Facilitation of investments that have a demonstrative effect or contribute to clustering of investments (e.g., an apparel stitching “zone”).
- Recognition that an investment to support one value chain (e.g., the processing of mangoes) may spill over to other crops (fruits and vegetables). It is in the project’s interest to maximize year-round capacity utilization.
- Seeking a representative diversity of investments in terms of value chain, size, demographic served (e.g., women, rural locations).
- Avoiding start-ups and “greenfield” projects in favor of more established companies and project expansions, unless the greenfield is being promoted by international or national groups with relevant experience.

4.3 PROPOSED PIPELINE

During the month of field visits, the team interviewed approximately 27 firms across six countries in the four identified value chains. As noted above, a score card was used to prioritize opportunities based on their value addition and readiness. Table 6 presents fourteen priority investment leads and Annex D summarizes the firms visited and ranks them using the scorecard.

Table 6: Lead Status

Country/VC	Prospect Description
Burkina Faso	
Cashew processing	\$2 million in increase of working capital to buy cashew nuts. Firm already working with financing of \$2 million, looking to double its working capital to increase processing capacity. Employs 2,000 employees in season
Cashew processing	\$500 to \$1 million to build a cashew processing unit. Women-owned company already operating two mango drying unit.
Mango exportation	First privately owned mango processing station in Burkina Faso. Looking for working capital and state of the art equipment. Already got the main unit. Estimated \$250-500,000.
Mango processing	Small, women-owned, successful enterprise looking to expand its drying mango unit. \$300-500,000.
Côte d'Ivoire	
Mango Processing	Existing 320 ha mango production and processing operation. Seek financing to complement recent Social Impact Fund's investment to upgrade conditioning line, improve production site including irrigation and support new outgrower scheme. Estimated \$500–750,000.
Apparel sewing and distribution	Workshop and retail outlets for high end shirtings and worker uniforms. Help finance new workshop in construction and provide TA, Rationalize purchase of fabrics and accessories. Amount TBD, but guesstimate under \$500,000.
Cashew processing	\$1.3 million to develop a cashew factory. \$2.6 million to buy cashew nuts.
Mali	
Shea processing	Important shea processing company in Mali looking to implement a new modern processing factory. Total investment of \$1.4 million.
Cashew processing	\$500,000 to develop a new cashew processing factory.
Kene Yiriden	\$500,000 to develop an extension of its drying mango unit.
Nigeria	
Apparel sewing and distribution	Restructuring, securing growth capital for both manufacturing and retail operations. Need could reach \$2 million.
Logistics (Cross-cutting)	Start-up, women-owned company to install storage and warehousing facilities, to begin with in Niger State. Initial opportunity: \$1 million.
Shea Processing	Construction of a new factory, including plant, equipment and working capital (project cost of about \$9 million).

Senegal

Cashew Processing

Start-up (2nd yr.) processing unit, employing 200 mainly female seasonal workers, seeking supply chain (ST) and upgrading (MT) financing (\$1 million)

5. PARTNERS

The Trade Hub's financing facilitation model relies on the intersection of the partnership groups: the FIs, strategic partners/associations and FAFs. This section describes these three groupings and the Trade Hub's plans for catalyzing collaboration among them.

5.1 FINANCIAL INSTITUTIONS

The FIs make the ultimate investment credit decision and extend the financing. In making its decision, FIs pursue their corporate strategies, credit policies and procedures. Based on its experience to date and feedback from the field visits, the A2F considers that the attributes listed below would assist FIs to be an effective financing partner:

- Interest to invest in SMEs and in the Trade Hub's targeted value chains. Develop familiarity with the value chains
- Have senior in-house "champions" to promote agribusiness investment and the Trade Hub relationship
- Openness to experiment with innovative loan products, including security and risk mitigation practices
- Interest to invest in women-owned companies, including micro-enterprises
- A direct presence preferably in several West Africa countries to leverage relationships and facilitation experience
- Access to local and foreign currencies required by clients (e.g., French CFA, Naira, Cedi, US\$, €, RMB)
- A local branch network which will assist in terms of building leads and generating and supervising investments
- Good management information and reporting systems and an openness to report facilitated client performance and debt-servicing details to A2F
- Both short-term and medium funding capacities
- Access to programs which help to mitigate risks or incentivize lending²²
- In the case of an equity investor, reasonable expectations with regard to returns, timing of exits and management control over the invested company
- Familiarity with donor agencies and their administrative requirements

Value Proposition: In field visit meetings, the A2F teams attained a better understanding of FIs' motives for participating in the A2F program. FIs' number one motive is deal sourcing. However, several incentives contribute to the A2F's "value proposition" as seen by the FIs. These are listed in text box B.

²² A good example is partial guarantee funds, such as the USAID's DCA. The USAID DCA can be complementary and mutually reinforcing to the Trade Hub's financial facilitation, especially for small investments

Box B: The Value Proposition as Seen by FI partners

- ✓ Deal sourcing and vetting
- ✓ Leveraging FI's in-house staff
- ✓ Staff capacity building, training
- ✓ Partnerships with experienced FAFs
- ✓ FAF's deal structuring experience
- ✓ A2F's subsidy of FAF fees
- ✓ Interaction with Trade Hub VC experts
- ✓ Collaboration with an "honest broker"
- ✓ USAID branding
- ✓ Invites to conferences, workshops, B2Bs
- ✓ Networking with partners, clients, associations
- ✓ Opportunities to obtain/use DCA cover
- ✓ Contribution to Environmental guidelines
- ✓ Informal "political risk" cover
- ✓ Share common interests, advocacy

Field visit meetings discussed the establishment of partnership agreements (e.g., Memorandum of Understanding (MOU) or Letter of Partnership (LOP)²³) with FIs. This topic was raised as often as not by the FIs themselves. The MOU/LOPs could serve several purposes. Firstly, they would articulate the expectations of each partner and guide their interactions. Secondly, agreements of partnerships would elicit the attention and approvals of higher decision making officers within the FI. Thirdly, they would solidify the relationship between the Trade Hub and FI. It is not, however, a requirement for FIs to enter into a partnership agreement with the Trade Hub to be able to consider an investment proposal being facilitated by a FAF.

The A2F team met during its field visits with many competent and potential finance partners. Table 7 summarizes many of the likely partners that were interviewed. In several cases, FIs advised that they would be willing to cost-share some of FAF fees.

²³ FIs are not the only partners to request an MOU. In interviews, the Nigeria Textiles Association was enthusiastic to collaborate with A2F. As a first step, it sought a letter from the Trade Hub outlining the form and expected outcomes of such collaboration. This would be followed by a group informational session and investment-specific meetings with members.

Table 7, Potential FI Partners

Commercial Banks		
Banque Atlantique	Regional	Prudently venturing into agribusiness. Controlled by Morocco's Banque Populaire, with subsidiaries in seven countries in West Africa. Interested in FAF concept and seeking USAID DCA.
BNDE	Senegal	New bank, mainly GOS-owned. Focuses on agribusiness SMEs but has only one agribusiness staff recruited from USA PCE. Has investment proposals in house and seeks technical and processing assistance.
Bank of Africa	Pan-African	BOA has subsidiaries in 8 West African countries. In 2011, Banque Marocaine du Commerce Extérieur (BMCE), Morocco's third largest bank, purchased control and is selectively seeking agribusiness lending opportunities.
CBAO & SIB	Senegal and Ivory Coast	Subsidiaries of the Groupe Attijariwafa, Morocco's largest bank, which has subs in four West African countries. Both has targeted agribusiness and open to FAF model. Suggest local collaboration with cooperatives.
Coris International Bank	Burkina Faso	Founded in Burkina Faso in 2008, CIB focuses on SMEs and micro-enterprises. It has a wide branch network in Ouagadougou and throughout Burkina Faso. In 2014, opened representative offices in Abidjan and Bamako.
Ecobank	Pan-African	Met with branches in Ghana, Ivory Coast and Nigeria. Growing interest in agribusiness lending. Has USAID DCA, which loan officers see as a tipping point to garnering senior support, especially in cases of weak collateral. In Ghana, 9% of SME portfolio is agribusiness. In Nigeria, all-in agribusiness portfolio is \$60 million; draws heavily of CBN refinancing.
Fidelity	Ghana	Fidelity bought ProCredit for its SME lending expertise and plans to grow this segment; ProCredit has targeted agro-SMEs with tailored products, flexible repayment terms and trains bank staff in agricultural sector
Orabank	Pan-African	Incorporated in Togo, Orabank operates in 12 countries in West and Central Africa and jointly owns with the multi-lateral West African Development Bank (BOAD) the former Banque Regional de Solidarite. It is controlled by the Emerging Capital Partners (ECP), a US-based, pan-African, private-equity fund that has a 61.4% stake. DFIs from Germany (DEG) and France (Proparco) and BOAD have small minority interests.
Union Bank	Nigeria	Premier agribusiness lenders, consecrating 30% of its portfolio. Accolades as countries best agribusiness lender. Focus is on SMEs. Has representative offices in Ghana and Cotonou.

Social Impact Funds

AgDevCo	Ghana	Agriculture-only; develops firms/deals that are too risky for banks due to lack of collateral. \$15M Ghana fund; 3 investments made in 1.5 year; full pipeline agriculture and VC experts.
GroFin	Ghana	Agribusiness is small but growing part of its work in Ghana (mainly focuses on service/retail sectors). Expressed concerns over steady supply chains for processors, weather risks, logistics. Interested in agro-processing investment.
I & P	Regional	Targets SMEs and has closed 40 investments in SSA. Concerned by currency and commodity price fluctuations. Also in Ghana, Cameroon and Senegal. Open to FAF formula.
Oikocredit	Regional	Targets agriculture SMEs, often working through cooperatives and rural banks. 50 investments in West Africa and established network in Ghana, Senegal and Benin. Has well developed contact network.
Root Capital	Senegal	Has quickly established presence in SME agribusiness space in West Africa with, for example, six investments to cashew processors. Established partner with WATH but mixed credit recovery experience.

Other

Alios Finance	Regional	Offices in Ivory Coast (Head), Senegal, Mali, Burkina Faso; well established and with deep client list and trained staff. Looks to expand in agriculture equipment leasing. Interested in DCA. Processing supplier credit program with IFC.
Databank	Ghana, Region	Targets agricultural sector while focusing on processing, logistics, and infrastructure—generally wary of primary agriculture due to risks. Mandated that 25% of funds must be invested in agriculture. High potential partner for larger ag/food investments, in e.g. mango processing/packing and cereals.

FI Capacity Building

In field interviews, FIs often raised their desire for training and capacity building. This request differs among FIs. Some larger and Pan-African banks have already or are in the process of developing agribusiness expertise (e.g., Standard Bank of South Africa with subsidiaries in Nigeria and Ghana²⁴). Other FIs seek “hands-on” training and grants to help support the cost of training. Many FIs met expressed an interest to receive specific value chain background and loan structuring training. In September, Root Capital held a workshop in Cotonou for cashew processors. Root advised that this was well received but reinforced the need for dedicated training for FIs (in specific sectors). In Nigeria, “best practices” consulting firms²⁵ suggested that FIs would welcome targeted, half-day workshops that examine specific value chains and appropriate financing instruments, such as warehouse receipt/inventory financing, purchase-order financing and accounts-receivables factoring. Knowledge sharing could also include internet based informational platforms (or blogs) and “hot lines” with value chain experts.

In one meeting, an existing FI partner expressed the importance of A2F’s vetting of facilitated proposals and subsequently supporting firms with capacity building. While acknowledging that the credit decision rests with the lender, this FI explained that FIs are favorably influenced by the Trade Hub “endorsement” and USAID branding which goes along with it.

Box C: Association Description

As used in this study, “association” encompasses associations, alliances, clusters, cooperatives, farmer based organizations, unions and informal groupings. They have different organizational structures, totally private or with government support; are nationally or regionally focused; target one distinct commodity (e.g., cashew) or a cluster of products (e.g., fruits and vegetables, or textiles and apparel). They may represent the interest of a particular demographic group (women, youth) or a sub-region within the country (e.g., the “north”).

5.2 STRATEGIC PARTNERS/ASSOCIATIONS

Associations are a source of investments leads, technical support and market linkages, see text box C, above. They advocate for local and international reforms and interact with and provide support to their memberships and business, government and community leaders. Moreover, associations partners will help sustain the Trade Hub’s work following its exit.

²⁴ Standard Bank (“Stanbic” in Ghana and Nigeria) is the premier agribusiness lender in Africa. In partnership with South Africa’s University of Stellenbosch, it hosts the Standard Bank Centre for Agribusiness Leadership and Development, supporting academic and operational programs. In Nigeria, it has partnered with the country’s Business Innovation Facility to run an inclusive business model for smallholder farmers.

²⁵ Highnet Resources and George Davidson Ltd. from field visit interviews.

A2F will work with national and regional associations that work in cashew, shea, cashew and textiles/apparel sectors. The A2F team will offer the associations' members access to finance facilitation, which most are not equipped to provide. In the Trade Hub's first year, the A2F team and the ACA (see text box D) will be working intensively to provide financing for its members.

Over the longer-term, the Trade Hub and A2F will expand its relationships to other association. Based on the field visits, possible associations partners may include the following (see table 8):

Box D: The ACA Grows Africa's Cashew Industry

The ACA was established in 2006 as an association of African and international businesses with an interest in promoting a globally competitive African cashew industry. Today, nearly 200 companies are members and represent all aspects of the cashew value chain, including producers, processors, traders, and international buyers. ACA supports the African cashew industry by i) providing technical assistance and encouraging sound investments, ii) promoting market linkages and international standards and iii) sharing information and best practices. A2F's collaboration with ACA will facilitate access to financing to promote investment and the provisioning of working capital. In many cases, ACA will refer to A2F member companies in need of financing. A2F's FAFs will then work closely with these companies, FIs and the ACA to prepare business plans, propose appropriate financing structures and assist with negotiations with FIs. The Trade Hub will also introduce potential members to the ACA. Together, the ACA and Trade Hub will support the growth of the industry, value-added exports and job enhancement for the thousands of West Africa's smallholder farmers and collectors—most of whom are women.

Table 8: Potential A2F Association Partners

Value Chain	Association
Cashew	Africa Cashew Alliance (ACA)—promotes a globally competitive, African industry
	Africa Cashew Initiative (ACI)—provide TA to improve production and processing
	Casamance (Senegal) Cashew Cluster (COFEC)—promote regional industry
	Ivory Coast Cashew Processers (GIC-CI)—increase national processing
Shea	Global Shea Alliance (GSA)—drives a competitive industry, support rural women
	Cluster of Women Producers Burkina Faso (RPBK)—promote national industry
Mango	Association Afrique Agro Export (AAFEX)—promote all Ag exports, including mango
	Ag Fresh Produce Growers/ Exporters—Nigeria (AGFEAN)—study with Dutch
	“Interprofession” of Burkina Faso (APROMA)—expand quality and exports
	Fruits & Vegetable Export Cooperative—Senegal (CFAHS)—production and processing
Textiles /	African Cotton and Textiles Industry Federation—a regional advocacy.
Apparel	APEX-CI (Ivory Coast) and ASePEX (Senegal)—promote exports including apparel

5.3 FAFS

The FAF subcontractors are the lynch pin of the A2F strategy. While several donor and national programs support the expansion of agribusiness SMEs, there are relatively few²⁶ that specialize in financial facilitation, especially at a coordinated regional level.

The FAFs assist SME borrowers secure financing through parlaying the demand for financing (by borrowers) and the supply of funding (by lenders and equity investors). The FAFs help investors to finalize concepts, prepare business plans, suggest appropriate financing instruments, work with the FIs and borrowers to negotiate acceptable financing terms and conditions, including security arrangements and provide assistance to meet loan disbursement requirements. In some cases, the FAFs may have to help clients and FIs to refinance existing nonperforming loans. The FAF’s tools of the trade do not stop with financing, however. While not technical “industry specialists,” the FAFs will have a sound grounding in each industry and provide technical guidance on internal accounting, marketing and other issues as

²⁶ USAID FinGAP is such a project. Targeting exclusively Ghana north of the 8th parallel (i.e., roughly the city of Techiman north), it seeks to incentivize financial intermediaries to support investments in maize, rice and soya bean value chains.

needed. One of the main products each FAF will produce is a business plan that can be tailored for each FI loan procedure.

While in the field, A2F team members meet 22 FAF candidates. Based on the Trade Hub's large coverage area, about 20 FAFs will be engaged in the Trade Hub's first year. The number and competences of the FAFs may be modified as the project evolves.

As of the end of October, the A2F had recruited and put under contact FAFs serving: Ghana (six FAFs), Côte d'Ivoire (2), Togo (2), Mali (2) and Burkina Faso (1)²⁷. Several other qualified candidates are going through the application process for Senegal, Nigeria and Côte d'Ivoire. In addition, one FAF in Ghana is also covering Nigeria for the cashew sector; one FAF in Togo is also covering Benin, and, finally, one FAF in Burkina Faso is also covering Niger. The FAF partners are consistent with the Trade Hub's corridor approach.

The Trade Hub and FAF contracting arrangements consist of a master sub-contract agreement covering the terms and conditions of their collaboration, including fee structure. In addition, the FAF submit task orders (TOs) and other deliverable documentation for each proposed investment to the A2F team for review and approval. Compensation is calculated as a percentage of the financing mobilized by the FAF with a cap of \$35,000 per transaction. In addition, a SME "Assistance Pack" fee of up to \$5,000 is available to qualified companies upon A2F approval which will compensate FAFs for extraordinary efforts to support investments of up to \$3 million (i.e., when firms need assistance in identifying and structuring their own financing requirements as well as support in structuring the loan package with the FI).

Given the diversity of client companies and the size of investments, one master sub-contract template will not "fit all sizes." Based on the specific requirements to facilitate investments by larger companies and of micro-enterprises, especially with regard to women entrepreneurs, the A2F will develop additional sets of master sub-contract templates over time. These templates will tailor a fee structure to induce FAFs to work with micro-enterprises and larger companies within the budget constraints of the Trade Hub.

FAFs' time and effort to conclude some investments will justify fees above and beyond the Trade Hub subsidized fee schedule. FAFs may negotiate supplemental cost-sharing fees with their clients and will disclose these to the A2F team.

There may be cases where a client company or group of companies seeks assistance (e.g., technical know-how, operations, ICT, environment, logistics, market-linkages) which goes beyond the scope of financing facilitation. In such cases, the A2F may introduce the client to the Trade Hub's value chain experts, relevant associations or other technical services providers (donor, NGO or governmental). The FAF may also propose his or other firm's assistance on a fee paying, consultancy basis. Such services would fall outside of the A2F financing mandate, and any compensation would be arranged separately between the client and service provider.

²⁷ Two FAFs contribute experience from the WATH pilot program.

6. CONCLUSION AND NEXT STEPS

The study's methodology to “storm” West Africa with four study teams met its objectives to better understand the region's financing constraints, identify investment leads and fine-tune A2F's field-based strategy. The teams met with 170 stakeholders in seven countries along key trade corridors. Key areas to collaborate with USAID bi-lateral projects (e.g., NEXTT in Nigeria and FinGAP in Ghana) were identified.

Agribusiness financing is complex and riddled with constraints and risks from the perspective of both the investor and FI. The study identified short, medium and longer-terms financing needs along the four targeted value chains and substantiated opportunities to invest in cross-cutting industries (packaging, trade, logistics). The study suggests ways to mitigate the financing constraints through the use of financial instruments (e.g., leasing and warehouse receipts) and risk management programs (e.g., USAID's DCA, weather-indexed crop insurance).

This report acknowledges the obstacles that female owned and operated agribusinesses face, in particular with respect to accessing financing. For the Trade Hub, the fact that women operate smaller businesses may make the FAF model of performance-based contracts unworkable. This needs further research and consultation. Annex B sets out the project's A2F gender strategy and anticipated results.

Many FIs acknowledged that their understanding of agribusiness financing is insufficient and were interested in exploring these opportunities. The report made several cost-effective suggestions regarding how to build FI capacity through workshops with private businesses to scale learning of their respective requirements and risks—with the goal of identifying and building collaborations around future opportunities. The study teams encountered strong interest among many of the established commercial banks to participate in A2F's activities. In recent years, a new generation of non-bank financial institutions has penetrated West Africa, often bringing new outlooks and financing tools better adapted to financing agribusiness SMEs, especially with regard to acceptable security. A2F will also continue to develop strong relationships with Social Impact Funds to address the private sector's demand for equity infusions to upgrade, diversify and expand.

National and regional associations have emerged, in part due to the support of USAID (e.g., ACA, GSA, the Borderless Alliance). A2F is working closely with the ACA, in particular, over the past several months, and will progressively expand its reach to other association partners. This collaboration will both build the financial acumen of the associations while addressing the finance and investment constraints of their members.

The A2F component is finalizing contracting arrangements with about 20 FAF in the identified countries. FAFs will provide the critical link between the firms and FIs to build sustainable relationships. FAFs will also play an important role in transferring knowhow to Trade Hub clients. Some FAFs expressed concern that the compensation arrangements are not appropriate for facilitating the micro-enterprises and larger companies. Over time, the A2F component will develop additional contracting arrangements to meet these concerns. In the meantime, it is finalizing a master contract for FAFs and is entering into MOUs with regional FIs.

The study teams identified some 14 priority and top-priority investment leads among a total of about 35 leads. These opportunities are being explored, vetted and linked to appropriate FAFs. See Annex D for a complete list of investment opportunities.

The value-added, global value chains are the first of two assessments that will be undertaken. The study team is in the process of preparing for the second assessment, to take place in January 2015, which will identify constraint and opportunities to facilitate financing for regional (FtF) value chains.

In conclusion, the A2F is off to a good start with regard to value-added global value chains and the task now moves from study to execution. Many opportunities and challenges lie ahead but the outlook is good.

ANNEX A

Value Chain Snapshots—West African Overview

Cashew	Shea	Mango	Textiles/Apparel
<p>11 countries produced almost 1 million MT in 2012, contributing to a \$ 1 billion export industry. Côte d'Ivoire accounts for 45% and is today the world's largest raw cashew nut (RCN) exporter. Followed by Benin, Guinea Bissau, Nigeria, Burkina Faso, Senegal and Ghana. There is much informal cross-border trade. RCN are mainly for export, with only a 5-10% locally processed, while volumes are growing. RCN are produced by subsistence and commercial farmers and harvested, sorted, and dried at the farm or household level. Marketing channel includes supply to local buying agents or aggregators, or directly to exporters' agents (typically from India). Cashew kernels are processed using artisanal, small-scale or industrial methods. Recent introduction of shelling machines from Sri Lanka has revolutionized the potential for local processing. Locally processed nuts are sold by street vendors and, increasingly, at retail shops and supermarkets. Production from organized industries is mainly exported. Local market for is thus far limited.</p>	<p>Over 90% of globally traded shea originates in Ghana, Mali, Burkina Faso, Côte d'Ivoire, Togo and Benin. Nigeria shea is considered unsuitable for export (lower stearin content) and generally consumed locally. The GSA estimated that in 2013 350,000 MT of shea kernel were exported with a market value of approx. \$120 million. Shea stearin—90% of global trade—is used primarily in confectionery as a 'cocoa butter equivalent' or 'cocoa butter improver.' Unrefined shea has high-value applications in skin-care. Most shea butter is extracted and sold in bulk at low prices and without regard for quality. Ghana has, over the past 15 years, become a conduit for regional shea exports from Mali and Burkina Faso, in particular and a preeminent exporting nation. Ghana accounts today for an estimated 86% of all shea kernel exports from West Africa. Throughout the rest of the region, shea butter is extracted and sold in bulk at low prices and without regard for quality.</p>	<p>13 countries produced 1.5 million MT in 2012, about 3 to 4% of world production. Nigeria is the main producer with more than 860,000 MT, or 57% of total West African production. Niger, Guinea Conakry, Senegal, Ghana, Mali, Côte d'Ivoire, Burkina Faso, Benin, Guinea Bissau, Gambia and Sierra Leone each produce 8,000 to 22,000 MT, annually. Some countries export fresh, fresh-cut and processed mangoes to Europe, North African and the Middle East. Mangoes are abundantly produced in West Africa, but there is much untapped economic potential. Logistics bottlenecks and unmet phytosanitary standards handicap the industry. The mango sector records large post-harvest losses in all countries. Ghana and Senegal are aggressively expanding their production and export. Turning this around and promoting value-addition (dried, pulp, cubes, and juices) could generate wealth within the country or through exports.</p>	<p>The "textiles" industry is broadly divided into fibers; fabrics (spinning, knitting, weaving and finishing); and apparel. West Africa's (Benin, Burkina Faso, Chad, Mali, and Senegal) cotton lint is mainly (95%) exported, largely to SE Asia. Fabric production tends to be small, outdated, of poor quality and unsuitable for export. The US is encouraging exports of apparel through AGOA. Finance facilitation will be pursued on an opportunistic basis. The Trade Hub will emphasize woven and knit commercial and mass garment manufacturing and the value added sector. Wovens include workwear, overalls, hospital scrubs, hospitality trade and industrial uniforms. With support, such companies could produce "street" garments. Knitwear includes T-shirts and polo shirts. Fleece hoodies have also been produced. Apparel is geared toward synthetic-rich fabrics, which have the highest duty-free benefit (32%), compared to a maximum of 20% for cotton-rich garments. Several companies (particularly in Ghana) have embroidery and printing equipment suitable for higher value-added production.</p>

ANNEX B

Trade Hub Gender and A2F Work

Under its Gender Equality and value chain development work, Trade Hub supports investments to achieve three overarching outcomes: i) reduce gender disparities with regard to the access to, control over and benefits from trade opportunities and services; ii) give assistance to women's cooperatives, associations and women enterprise partners of the Trade Hub project and contribute to their empowerment by building their capacities and supporting their requests for on A2F, and, finally, iii) increase capability of women to participate in decision taking (see text box A, right).

The table below summarizes some key gender issues relating to the analysis of female A2F (see table 1).

Box A: Project focus on strengthening women's role in targeted value chains²⁸

It is well-known that women's work often takes place in least valued parts of a value chain. In agriculture settings, women are often not visible, although they do a large part of the farm-activities. Moreover, it is well-documented that the women-owned rural businesses tend to face more constraints and receive far fewer services and support than those owned by men.

Women-owned enterprises often face higher barriers to access the right type of financing, which is necessary for growth. Despite the immense strides made by the micro-finance sector to serve women, there is an increasing awareness that the growth and start-up needs of women entrepreneurs go beyond micro-loans and to SME financing. The need by women-owned SMEs for A2F represents an opportunity for designing targeted customer management strategies. Because of the limited collateral that women-owned SMEs can offer and the lack of credit histories, women-owned SMEs rarely meet the conditions required for formal financial institutions' financing. Given the limited access to of financing from formal FIs, SMEs in West Africa rely mostly on retained earnings or other internal sources of funding to finance growth.

²⁸ This section is adapted from an internal draft gender strategy for the Trade Hub.

Table 1: Gender Issues relating to the Access to Finance

Key Gender Equality Issues	Gender Equality Objectives	Examples of targeted performances
<ul style="list-style-type: none"> • Gendered access to resources • Women face constraints in accessing credit due to discriminatory laws and nonresponsive financial services. • Women have specific needs in terms of cash flow, repayment schedules, collaterals, etc. • Gender sensitive financial services should be developed to meet these particular needs. 	<ul style="list-style-type: none"> • Understand women’s particular constraints in accessing credit. • Develop Finance Access Facilitators awareness of gender issues and assist the FAFs to structure finance package tailored to women’s specific needs • Facilitate sustainable business linkages between service providers and their clients 	<ul style="list-style-type: none"> • Increased women outreach for a better A2F and the value of financing disbursed. • Improved gender-sensitive financial instruments offered by financial institutions (e.g., group loans secured by women’s collective assets).

Based on the above analysis and strategy, FAFs will focus on facilitating A2F targeted for:

- For larger women-owned agri-businesses, involved mostly in the trade and processing of the Trade Hub’s value-added, global value chains in order to showcase these champions in West Africa (Category 1);
- Along with technical assistance, provide managerial capacity building for cooperatives, organizations and unions (Category 2);
- Support smaller women-owned processing and trading enterprises, which are emerging as leaders in their sector, showing a good growth potential to become strong SMEs (Category 3).

Based on these categories, A2F team met with these promising organizations and firms (see table 2, below):

Table 2: Gender Leads by Category

Lead	Category	Description
Sokarima sa	1	Important shea processing company in Mali looking to implement a new modern processing factory.
Tensya Guampi	1	A larger drying mango processor in Burkina Faso looking to implement a new and large cashew factory.
UNE Riz	2	Union with 8 cooperatives including 2,700 women processing parboiled rice in Burkina Faso for the regional markets.
RPBHC	2	Largest shea women network in Burkina Faso, with 5,350 women over 148 villages. More than 600 tons sold yearly.
Intuitive Farms	3	Nigerian catering company looking to automate its processes by investing in equipment and systems.

ANNEX C

Companies, Associations, Financial Institutions and Officials Metⁱ

BURKINA FASO		
Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
Anatrans sa	Cashew processing company	BOUDO August Mesmin John (CEO)
Eben Fruits sarl	Processing of dried mango for export and local juice factory in progress	Paul Ouedraogo (Owner)
Grace Mangoes	Production of mango	Jean Noel Lamourky (Owner)
Ranch du Koba	Mango export station & Transport	Issaka Bougoum (CEO)
Rose Eclat sarl	Mango drying unit, other drying of vegetables and fruits	Rosemonde Touré Barry (Owner)
RPBHC	Shea butter network of 148 groups, 5350 women	Mrs. Tenin Traoré (Coordinator)
SINTIF SARL	Processing of dried mango for export	George Ido Nebnoma (CEO)
Sunlee Exports	Production, Export and processing of dried mango	Yaya Koné (CEO)
Tensya Guampri	3 drying mango units, cashew diversification processing project	Mrs. Christine Coulibaly Guampri (CEO)
U.N.E. Riz	Rice, parboiled process.	Alimatou Ouedradogo Traoré (Sec. Perm.)
WASSA Industries SA	Livestock, animal feed and animal fattening	Brehima Caboret (CEO)

Associations/Alliances	Activities	Key Person/s Met (Title)
APROMA-B	Ass. Prof. of Mango, Burkina	Paul Ouedradogo (President), Jean Noel Lamourky, VP
UNPM-B	National Union of mango producers	Paul Ouedradogo (President)
Financial Institutions	Type & Activities	Key Person/s Met (Title)
BSIC	Commercial bank: corporate, retail, SME	Hissene Ahmat Senoussi (DG), Issa Tiendrebeogo (DGA, Develop), Mamadou Pona, Credit Chief
Coris Bank	Commercial bank: corporate, retail, SME	Diakarya Ouattara (DGA), Joseph Minoungou (Chargé mission, Dev. Entreprises agricoles)
Ecobank	Commercial bank: corporate, retail, SME	Nawinsoa Bienvenu Some (Dir. Grandes Entreprises), Emanuel Dembelé (IF et Org. Int'l), Yacine Zio
SOFIGIB	Guarantee type, as an Établissement Financier	Philippe Consigui (DG), Daouda Sawadogo (Chargé des engagements), Aicha Sawadogo (Analyste financier)
Donors, Official, Others	Type & Activities	Key Person/s Met (Title)
Enclude USA	DANIDA TA for Agri lending for Coris	Gérard Mariotte, Graham R. Owen (TAs)
ICDE Consulting firm	Finance facilitation for SME	Félicité Traoré (Owner)
USAID	Phone debriefing of the trip	Michele Corzine
WB PAFASP project	Production, commercialization and processing support to the private sector and village organization.	Atamana Bernard Dabiré (Coordinator), Djeneba Tapsoba (Responsible West Antenna)

GHANA

Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
All Finished Products	Shea (cosmetic) processing	Gladys Commey (President)
Cotton Weblink Co. Ltd / FMSL Ghana Ltd	Mango and other Agricultural Products: production, aggregation, packing, export	Davies Korboe (CEO)
Dignity DTRT	Apparel: JV, mass manufacturing for export	Hanna Amichia (Admin Manager) + 3 others
Eden Tree Ltd	Mango and other fruits/vegetables; processing/packing/distribution to supermarkets	Mrs. Catherine Edusei (Owner/Director) Comfort Akorfa Adjahoe-Jennings (CEO)
Ele Agbe Co, Ltd	Shea (cosmetic) processing	
Hippo Transport LTD	Transportation	Charles Bennin (GM)
KAD Manufacturing Kona Agro Processing, Ltd	Apparel: manufacturing for export Cashew	Linda Kah Ampa (MD) Raymond Taylor (MD)
Nallem Clothing OLAM	Apparel/Fashion: vertically integrated. Design through retail. Global, agribusiness operator supplying food and industrial raw materials, including cashew and cereals West Africa	Gregory Kankoh (Designer/CEO) Amit Agrawal (Senior Vice President)
Safety Transport & Logistics Solution	Transportation	Ghassan Hussein (CEO)
SriGhan Farms Ltd	Mango and other fruits/vegetables; growing, aggregation, packing, export	Pon. G. Satheesan (GM)
The Pure Company	Shea processor	John Addaquay (CEO)
WAML International Ltd.	Cashew processing	Winfred Osei Owusu (CEO)

Winker Nuts	Cashew	Nii Smith (Director)
Associations/Alliances	Activities	Key Person/s Met (Title)
Borderless Alliance	Transport enabling lobby group	Justin Bayili (Executive Secretary) Prince Nunoo (Membership Coordinator)
Global Shea Alliance	Shea	
Yilo Krobo Mango Farmers' Cooperative	Mango production; management of Akorley Pack House	Peter Sackey (Board Chair) + 4 other members
Financial Institutions	Type & Activities	Key Person/s Met (Title)
AgDevCo	Social impact fund; agriculture SME, debt	Manuel Bueno (Investment Manager)
CCH Finance House Ltd	Commodities financing/trading	Alexis F. K. Aning (CEO)
Databank Agrifund Manager Ltd	Private equity fund; manage Africa Agro SME Fund	Brian Frimpong (Managing Partner) + 1 other
Ecobank Ghana	Commercial bank: corporate, retail, SME	Charlotte Amanquah (Deputy Head, SME) and Kingsley Adofo-Ado (Accounts Mgr)
Fidelity Bank Ghana	Commercial bank: corporate, retail	Dr. William Derban (Director)
GroFin	Social impact fund: equity/debt, SME	Samuel Sedegah (Country Manager)
IBC Equity Partners	Private equity fund: services/logistics focus	Anthony Siaw (Founding Partner)
Merson Capital	Developer/fund manager	Sam Arthur (Executive Director)
ProCredit Bank	Savings and loan: retail, SME lending (agro)	
Serengeti Capital	Investment bank/advisor	Wole Oyeleye (Director), Richmond Agbesi (CFO)
Triple Jump	Social impact fund manager: MFIs	Christophe Bochatay (Senior Investment Officer)

Donors, Official, Others	Type & Activities	Key Person/s Met (Title)
Techno Serve	Cashew	Shakhti Pal (Advisor)
USAID	Regional mission	Alex Deprez (Regional Mission Director)

Ivory Coast (Côte d'Ivoire)		
Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
Agritev sa	Livestock, cow and small ruminant.	Robert Hounde, DAF, Jean Claude Ehui, CEO
AIC (Côte d'Ivoire)	Consulting and technical services to agribusiness sector	Auguste Able (MD)
Ciss St. Moise (Tropic 105)	Apparel manufacture and retail	Cisse Moussa (MD)
Farm Invest	Aggregator of shea nuts	(Mrs.) Edwige Hammond (MD)
Fruits de Côte d'Ivoire	Production, conditioning and export of fruits, including mango	Konaté Seydou (MD)
NEMBEL Invest	Production, processing and distribution of fruits and vegetables including mangoes; livestock ranching and distribution	Victor Nemblessine-Silué (MD)
O'sey Collections	Apparel manufacture and retail	Philippe Aka Kouame (MD)
OLAM	Global, agribusiness operator supplying food and industrial raw materials, including cashew and cereals in West Africa	Issa Konate (Cashew Coordinator); Augustine Apety (Senior Strategist and Government Relations)
Associations/Alliances	Activities	Key Person/s Met (Title)
Chambre de Commerce et Industrie (CCI-CI)	National and semi-autonomous chamber of commerce	Charles P. GuiGui (Lead Analyst)
Filière Karité de Cote d'Ivoire (FIKA-CI)	Association of Shea producers and processors	Sanogo Sidiky (Pres.)

Groupement des Industriels du Cajou de Côte d'Ivoire	National Association of Cashew Processors	Lucman Diaby (Pres.) plus six other members
Financial Institutions	Type & Activities	Key Person/s Met (Title)
Alios-Finance	Leasing	Eric Leclere (Regional MD)
BIAO—Côte d'Ivoire	Commercial bank: Corporate and retail	Philippe Attobra (GM)
Citibank	Commercial bank—Corporate and sovereign	Kevin Murray
EcoBank	Commercial bank: Corporate and retail	Losseni Diabate (Head, Domestic Bank)
Investment & Partners	Social Impact Investor—debt and equity	Serge Traore (MD)
Oikocredit	Social Impact Investor (Netherlands)	Yves Komacle (MD)
Société Ivoirienne de Banque (SIB)	Commercial bank : Corporate and retail	Daouda Coulibaly (MD), Arsene Kouadio-Kouadio (Corporate Bank)
Donors, Official, Others	Type & Activities	Key Person/s Met (Title)
Le Conseil du Coton et de l'Anacarde	Official : Development of Cotton and Cashew	Sanogo Malamine (MD), Berte Mamadou (Cashew Coordinator)
Ministry of Industry & Mines	Official: Design and coordinate official policy	(Mrs.) Patricia A. Cissé (Technical Advisor)
USAID	Official: Developmental assistance	Jeff Bryan and Rebecca Levy (Econ Growth Officers)

MALI

Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
A.O.M. SARL	Fresh mango exportation to EU and Africa	Moctar Fofana (DG)
ACOGEDI sarl	Cashew and shea nuts trader	Issa Keita (Owner)
AID SA	Agro industrial group, cashew, shea and cereals processing.	Ibrahim Togola (CEO)
Elmarax Mali SARL	Fresh mango export to EU	Pascal Sanou (CEO)
Établissement Sounkoro et frères SARLI	Rice, millet & sorghum trader	Moulaye Sounkoro (Owner)
Kene Yiriden sarl	Dried mango unit	Youssef Coulibaly (CEO)
Lawal International sarl	Shea, mango and cashew trader	Kadijatou Lah Abdou (Owner)
Sahel Fruits SARL	Fresh mango exportation to EU and Morocco	Moussa Tamboura (CEO)
SO. D. F. SARL	Maize, millet & sorghum trader	Sidiki Badjan Doumbia (Owner)
Sokarima SA	Shea collection, butter processing	Djenebou Hadja Sanogo (CEO)
Sud Agro Industrie SARL	Agro industrial group, soy, jetropha, maize, millet & sorghum, with dried mango unit project	Mohamed Diarra (CEO)
Associations/Alliances	Activities	Key Person/s Met (Title)
AJEX	Ass. Jeunes Exportateurs Mali	Moussa Tamboura (President)
Interprofession Mangue	Mango national interprofession	Moctar Fofana (President)
Financial Institutions	Type & Activities	Key Person/s Met (Title)

BICIM (BNP Paribas)	Corporate banking	Marc P. Tempels (DG)
BNDA	Agriculture bank	Moussa Alassane Diallo (PDG), A. Touré, (DC)
Coris Bank	Commercial bank: corporate, retail, SME	Aissata Koné Sidibé (DG), Fanta Mbo Diane (Head), Mamadou Sanogo (Resp. Grandes entreprises)
Ecobank	Commercial bank: corporate, retail, SME	Coumba Sidibé Touré (DG), Mrs. Aminata Kondé (Dir)
Donors, Official, Others	Type & Activities	Key Person/s Met (Title)
AfDB	Finance and Project	Fatoumata Bintou Diallo (Ing. Genie Rural)
CIDA Feere Diyara project	Cereal Commercialization program	Normand Jacob (Director)
USAID CVC project	FTF project	Ahmed Jazayeri (VC and Comp), Ousmane Gnana (Comm), Wim Van Campen (COP), Ali Mohamed (Finance)

NIGERIA

Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
Intuitive Farms	Livestock	Adama Othman Abubakar, President
Ladg Group	Shea processing	Mr. Kunle
Logistics Warehouses	Logistics support for the agricultural sector	Fatima Wushishi, Owner
Meena Agro Oil, Ltd	Shea Nuts Export	Jacob Shinka, President
Nelsag Enterprises	Shea nuts and processing	Nelly Nboyuba, President
Norcem Industries	Shea Nuts	Mr. Suleiman, President
OLAM	Global, agribusiness operator supplying food and industrial raw	Ade Adefeko, General Manager

	materials, including cashew and cereals in West Africa	
Primlax	Frozen fruits/vegetables	Ravi Hamnani, General Manager
SALID Uthaldev, Ltd	Shea Processing (start-up) Shea processing	Ali Saidu, Managing Director Tosin Animashaun, COO
Associations/Alliances African Women and Agribusiness Network	Activities Cashew	Key Person/s Met (Title) Mrs. Yasmin Othman, Director
Agricultural Fresh Produce Growers and Exporters	Fruits and Vegetables	Akin Sawyer, BOD Executive Secretary
Manufacturers Association of Nigeria	All manufacturing sectors	Rasheed Adegbenro, Consultant
National Assc of Shea Processors (NASPAN) Textile Manufacturer's Association of Nigeria	Shea Textiles and apparel	Musa Buba, President Mr. Olarewaju, General Manager
Financial Institutions	Type & Activities	Key Person/s Met (Title)
EcoBank	SME Banking	Sunkanmi Olowo, Head SME / Value Chain Banking
Fidelity Bank Union Bank	SME Banking SME Banking	Adekunle Ajiboye, Agribusiness Specialist Francis Onwuemele, Manager
Donors, Official, Others	Type & Activates	Key Person/s Met (Title)
Agribusiness and Livestock Consultant	Potential FAF	Dr. Bula Mahammed
DFID-GEMS4	Value chain development	Christopher Shyers, Team Leader

Edgepoint Integrated Services limited	Potential FAF	Prince Kalejaiye Ayodeji Oyekunle, C.E.O
Enjge State of Nigeria	SME Funding mechanism	Anayo Agu, Head of SME Fund
George Davidson & Associates	Potential FAF	Bola Adetayo Onasanya, Owner
GIZ	Trade and value chain development	Frieder Mecklenburg, International Adviser Trade Facilitation
Highnet Resources Ltd /Knowledge Share Ltd	Potential FAF	Vivian Ani, <i>Consultant</i>
Lighthouse Consulting	Potential FAF	Emanuelle Ocholi, Managing Director and Bode Oladapo, COO
Meeno CEO Partners Limited		Chris Orode,President
The Nigerian Economic Summit Group (NESG)		Innocent E. Azih,Senior Consultant/ Head (Programs)
USAID		Candace Buzzard, Head of USAID/Nigeria Economic Growth and Regional Agriculture Director, Roland Oroh, USAID Project Manager, Agribusiness, James G. Lykos, USAID Private Sector and Trade Officer
USAID, Markets II Project	Livelihoods and value chain development	Harvey Schartup, MD; Faruk Kurawa
USAID-NEXTT project	Investment and value chain development.	Alf Monaghan, COP; Ogo Chukwurah, Export Dev.

SENEGAL

Companies/Investors	Value Chain & Activities	Key Person/s Met (Title)
Cajou Casamance	Cashew sourcing and processing	Chad Weathington (MD)
Ets. Gora Athy	Apparel: manufacture (uniforms)	Gora Athj (MD)
Lamine Sene Ets.	Cashew processing in Casamance	Lamine Sene
OLAM	Global, agribusiness operator supplying food and industrial raw materials, including cashew and cereals in West Africa	Jean-Claude Gruner (MD)
Associations/Alliances	Activities	Key Person/s Met (Title)
ASEPEX	Export promotion agency, with mango emphasis	Ndiasse Ngom
Cadre des opérateurs de la filière anacarde de la Casamance (COFEC)	Promote cashew production and processing	Lamine Sene (Pres.)
COSEC	Association of freight forwarders and longshoremen	
Financial Institutions	Type & Activities	Key Person/s Met (Title)
Alios Finance	Leasing	Ehan Mahé Roux (MD)
Banque Atlantique	Commercial bank: Corporate and retail	(Mrs.) Alexandra Awadi
Banque Nationale pour le Développement Econ. (BNDE)	Development bank for SMEs	Thiem S. Sy (MD), Ibrahima Diakhoumpa (Mgr)
CBAO	Commercial bank: Corporate and retail	William Dieng, Theodore Diouf; (Investment officers)
IFC	Development Finance Institution	David Ivanovic (IO)

Root Capital	Social Impact Fund	(Mrs.) Diaka D. Sall (Regional Director)
Donors, Official, Others	Type & Activities	Key Person/s Met (Title)
USAID PCE	Official: Market linkages	Jean-Michel Voisard
USAID Regional Office	Official: Developmental assistance	Jenna Diallo

TOGO

Financial Institutions	Type & Activities	Key Person/s Met (Title)
BIDC	Regional Development Bank	Abdoulaye Fall, VP Operations; Ousmane Bocoum, Dir. Operations, Secteur privé; Charles Tchalla Pali, Chef Division Secteur privé
BOA Togo	Commercial bank: corporate, retail, SME	Christophe Lassus Lalanne, DG; Bienvenu Alla, DGA
BOAD	Regional Development Bank	Almamy Mbengue, Dir. Adjoint, Dir. Dev. Rural et Infrastructures; Oumar Diarra, Coop. & Regional Integration; Hamado Evrarard Zango, Cooperation
Cauris Management	Investment firm	Kouassi Lolo Nolitse, Associate Director, Schola Laban, Chargé d'affaires
Diamond Bank	Commercial bank: corporate, retail, SME	Mme Kayi MIVEDOR, DG
Ecobank Group—Ghana	Commercial bank: corporate, retail, SME	Sebastien Sashong-Katai, Head, Fi & OI
Ecobank Group—Togo	Commercial bank: corporate, retail, SME	Binta Touré Ndoye, Strategic projects, Victor Osadolor, Group Head, Strategy Management Office
Ecobank Group—UK	Commercial bank: corporate, retail, SME	David Pitts, Global Account manager, IO business; Ciara Joyce, Local Account manager, Financial Inst.

Ecobank Togo

Commercial bank: corporate, retail, SME

GARI

Guarantee Fund

ORA Bank

Commercial bank: corporate, retail, SME

Didier Alexandre Lamine CORREA, DG

M. Jacques NIGNON, DG; Tombodo Ywassa, Chargé
d'affaires principal

Guy Sauvanet, DG

ANNEX D

Investment Pipeline Summary

Value Chain	Firm/Investor	Opportunity / Financing need	Financing source	FAF Appropriate?	Priority
Burkina Faso					
Cashew	Anatrans sa	Biggest processing cashew factory in BF. Employs 2000 women in season. They have a \$2.2 million credit line for working capital. They would like to double it, to \$4 million. Will be possible if they don't already working with GARI. FAF to explore.	ST from 3 banks: Atlantique, BOA and BCB. Adding Coris Bank through a syndicate loan and GARI would increase the OPEX.	Yes. A test for this FAF considering the level of finance looked for. Experienced investor	P
Cashew	Tensya Guampri	This company operates 3 mango drying units, where 500 women work in the mango season. One of the 3 major drying unit in BF. The investment is to diversify into the cashew sector, to create more jobs in her region. Total investment in the range of \$500,000 to \$750,000.	Local banks.	FAF to develop a business plan.	P
Côte d'Ivoire					
Apparel	Ciss St Moise, Ivory Coast	10 person tailoring and retail shop. Assist co. to rationalize import of own branded apparel and consolidate and expand its operations. Amount TBD but guesstimate in \$250-500,000 range.	ST for imports of brands and fabric; MD for equipment and consolidation.	FAF and VC expert to play critical role to assess viability and prepare BP	M

Apparel	O'sey Creation, Ivory Coast	Workshop and retail outlets for high end shirtings and worker uniforms. Help finance new workshop in construction and provide TA, Rationalize purchase of fabrics and accessories. Amount TBD, but guesstimate under \$500,000.	ST for supplies and MD for new workshop. Investor using own funds so far.	FAF to play key role	P
Cashew	Anastasis Group	3 cashew centers in CI: Korhogo, Ferké, Tafiré, capable of processing 1,500 tons each. The investment is to increase the working capital to \$2.6 million and develop a semi-automated processing center in Ferké of \$1.3 million.	ST of \$2.6 million. CAPEX of \$1.3 million.	FAF cashew expert already met with the CEO. Good first meeting.	P
Mango	Nembel Invest, Ivory Coast	320 ha mango production and processing operation. To complement Aug '14 Oikocredit loan of F 327 M (\$650,000) to upgrade conditioning line, improve production site including irrigation and support new outgrower scheme. Estimated \$500–750,000.	ST and MT loans most likely from local banks or Social Impact fund.	Yes, especially if includes TA. Experienced investor	P
Ghana					
Apparel	KAD Manufacturing	Expanded manufacturing and training facility; \$500-700K needed	Debt, via Social Impact fund	Yes	M
Apparel	Nallem Apparel	Restructuring of business, growth capital for both retail and manufacturing divisions; up to \$2M	Wide potential; debt and equity; range from large loan via commercial bank to major equity stake by PE fund or joint venture w US firm	Yes, though additional support may be required for higher-end, int'l transactions	P
Mango/Fruit	Eden Tree Limited	Working capital for new warehouse facility funded by UT Bank and I&P, \$500K	Debt, working capital, any of a number of commercial banks or social impact	Yes—likely, though not in near term	L

			funds		
Mango	FMSL Gh Ltd	Working capital and CAPEX for expanded mango pack house; initial ~\$500K, though company has wide variety of ventures that could also lend themselves to larger equity transactions.	Debt, from commercial bank for initial pack house work; \$1-3M for larger equity stake in overall agro firm	Not clear; Davies may not see value in it.	M
Mango	SriGha	Warehouse/sorting facility for export, \$600-700K CAPEX	Debt, from Social Impact Fund (likely, AgDevCo, as talks already underway)	Maybe; would need to act quickly	P
Mali					
Cashew & Shea	ACOGEDI sarl	A medium sized trader of cashew, shea and sesame. About 1,000 tons, looking to move to 1,500 tons. In a need to increase its working capital base to buy more. ST of about \$100,000 to be increased to \$200,000.	ST of 150 or \$200,000. Ecobank and BMS. Worth a visit to the newcomer, Coris Bank.	FAF to develop a good business plan. Mostly a trader in the informal sector.	M
Cashew	AID sa	A diversified group investing in agribusiness. Investment required to putting in place a cashew factory.	CAPEX of about \$500,000 to \$1 million.	FAF to develop a good business plan, with equipment specification.	M
Mango	Elmarax Mali sarl	This is a new exporter in EU of fresh mango, by container. He did 25 containers, around 550 tons last year. He plans to double this level next year. He is prefinanced by the buyer. He is looking to a credit line to buy mango and boxes. He needs \$50,000 in OPEX as a minimum.	Local bank.	FAF to develop a good business plan. Mostly a trader in the informal sector.	M
Mango	Kene Yiriden sarl	This company is already drying 20 tons per year. He has a South African partner who would buy all the production. CAPEX need for about \$500,000.	Local banks, South African partner.	Business plan in hand. Need to accompany him to banks.	P

Mango	Sud Agro Industrie sarl	Develop a mango drying unit. Cost of about \$500,000.	Private partners. The company tries to avoid as much local finance sources, too expensive.	FAF to develop a good business plan, with equipment specification.	M
Shea	Lawal International sarl	A seasoned shea, mango, sesame and cashew trader. A \$5 million sales business per year. She wants to develop a shea processing factory. Investment of about \$500,000.	She is not borrowing ST in banks, all on her internal resources. Will see for the CAPEX.	FAF to develop a business plan.	P
Shea	Sokarima sa	This woman owned company is already processing shea in Mali, the only one as a company. She is now ready to invest to develop an industrial plant, at a cost of \$1.3 million. \$750,000 in CAPEX for the plant and \$650,000 for the OPEX.	Local banks, Atlantique bank and BICIM for now.	FAF cashew expert already met with the CEO. Good first meeting.	P
Nigeria					
Livestock	Intuitive Farms	\$1.7 million to launch automated halal slaughter slab	Long-term construction financing and equipment loan; short-term working capital	Yes	M
Logistics	Harvest, Ltd	\$1 million+ Have a developed business plan	Investment and debt financing	Yes	P
Shea	Meena Agro Oil, Ltd	\$250,000 loan to support purchase of nuts in bulk	Working capital loan from a commercial bank	Yes	M
Shea	SALID Agriculture of Nigeria	\$9 million for construction of new factory and purchase equipment	Debt financing	Yes	P
Senegal					
Cashew	Cajou Casamance	Start-up (2 nd yr.) processing unit,	Under discussion, ST for	FAF to assist loan	P

	Senegal	employing 200 mainly female workers, and seeking supply chain (ST) and upgrading (MT) financing.	purchase of raw nuts and MT for upgrades.	negotiations	
Cashew	Mr. Lamine Sene Senegal	President of COFEC. Is waiting on response from PADEC (?) to his request to finance small processing.	PADEC has donor support. Possible bridge or more permanent loans.	FAF to access need and status	M
Packaging	Mr. Babacar Cisse Senegal	Assist this candidate FAF's operating co obtain financing to install improved packaging equipment.	ST for working capital and MT for equipment.	TA,	M
Shea	Mr. Sanogo Sidiky Ivory Coast	President of FIKA-CI. Develop processing unit, would be first in Ivory Coast and alternative to Tema, GH's factories		FAFs and VC experts critical to developing BP	L

KEY:

TP = Top Priority: strong prospect, FAF and firm in active discussion. High likelihood that facilitation process can be completed within 6 months ("hot lead").

P = Priority: Promising prospect, FAF and firm in contact and starting to gather some project information. Good likelihood of facilitation but time-frame extends beyond 6 months and closer to a year ("serious lead")

M = Medium: Preliminary discussions between FAF and firm have taken place or to begin shortly ("encouraging lead")

L = Lower: Firm's investment idea is still at concept stage and will take time to mature to permit fruitful preliminary discussions ("distant lead")

ⁱ Includes some FAFs and Cereals and Livestock companies met on site visits