

## AAFORD Project: Affordable Agricultural Financing for Resilient Rural Development

### **Introduction**

Welcome to the AAFORD Project, a transformative initiative dedicated to enhancing food security and uplifting the livelihoods of smallholder farmers, women, and youth in Ghana's rural communities. Through innovative approaches, targeted capacity-building, and access to affordable financing, AAFORD is committed to fostering resilient agricultural value chains and sustainable rural development. The project focuses on the production of maize, rice groundnut and soya beans and its value chain.

### **Project Overview**

The Affordable Agricultural Financing for Resilient Rural Development (AAFORD) project has the overarching aim of improving food security and raising the living standards of smallholder farmers, as well as marginalized women and youth. To achieve these objectives, the project focuses on enhancing the skills and capacities of individuals engaged in agricultural value chains, promoting entrepreneurship, innovation and facilitating access to affordable financing.

### **Project Objective**

**Empowering Smallholder Farmers:** Providing them with the skills and resources necessary to improve productivity and income.

**Supporting Marginalized Groups:** Focusing on women and youth, enhancing their roles in agricultural value chains.

**Promoting Climate Resilience:** Encouraging sustainable practices that mitigate the impact of climate change.

**Facilitating Access to Finance:** Making affordable financial services available to all participants in the agricultural value chain.

### **Geographical Coverage**

The AAFORD Project operates across two key zones in Ghana:

**Northern Zone:** Covering the Northern, Savannah, and North-East regions.

**Middle Zone:** Encompassing the Bono, Bono East, and Ahafo regions.

### **Target Districts:**

Bono Region: Banda, Sunyani West

Bono East Region: Nkoranza South

Ahafo Region: Asutifi South

Northern Region: Karaga, Savelugu, Kumbungu, Mion

Savannah Region: East Gonja, West Gonja

North-East Region: East Mamprusi, West Mamprusi

### **Project Duration and Beneficiaries**

Timeline: 4-year implementation period

Households Reached: Engaging 50,000 households

Direct Beneficiaries: 40,000 households receiving comprehensive support.

Special Focus: 10,000 households, primarily women aged 18-35, targeted for nutrition-sensitive capacity building.

### **Smallholder Semi-Subsistence Households**

This group represents 80 per cent of the target population of 40,000. For technical assistance in GAP, resilience and doing farming as a business, 50% of beneficiaries are expected to be women with 25% of the target population being youth. Typically, the farmers in this group are poor. They cultivate not more than 2 ha of land, depending essentially on family labour which is often limited. They are generally resource poor with little or no access to financial capital.

## **Market-Oriented Smallholder Households**

This group represents about 18 per cent of the target population of 40,000. The smallholder farmers in this group are moderately poor but with a strong orientation to sell to the market. Typically, they own more than 2 to 10 ha of land, augment their family labour with hired labour, and can make some investments in farm inputs and assets

## **Large Farming Households**

They will constitute 2 per cent of the beneficiaries. This group cultivates more than 10 ha of land using largely hired labour. They have better access to financial capital than the two other categories. Thus, they have substantial opportunity to acquire farm inputs, storage, and marketing facilities. They target specific commodities for commercial purposes and may have access to the market on a contractual basis. They earn substantial income from the sale of agricultural commodities and off-farm activities and are basically food secure.

## **Project Funding:**

The AAFORD Project is funded through a multi-source partnership:

Total Budget: USD 24.63 million

International Fund for Agricultural Development (IFAD): USD 15 million (IFAD Loan and Grant of USD 11.5 and 3.5 million respectively)

ARB APEX Bank: USD 3.5 million

Government of Ghana (GoG): USD 6.09 million of which US\$0.09 million as taxes and duties exemptions and US\$6 million from REP revolving funds contribution)

CARE International: USD 1 million (parallel financing)

Beneficiaries: USD 0.04 million cash, casual labor, in-kind contributions, inputs and equipment)

## **Project Components**

### **Component 1: Technical assistance for sustainable and resilient agricultural value chains**

This component focuses on providing technical assistance (TA) to enhance the capacity of target groups to access affordable financing.

#### ***Subcomponent 1.1: Building Demand***

Needs Assessment: Identify the constraints and needs of target groups.

Capacity Building: Provide training on improved agricultural practices, business development, and market access.

#### ***Subcomponent 1.2: Expanding Outreach***

Workshops & Engagements: Conduct sensitization workshops and multi-stakeholder engagements at district and zonal levels.

Business Plan Development: Support value chain actors (aggregators, off-takers, input suppliers) in creating and implementing business plans.

Training & Linkages: Offer training to value chain actors and facilitate market linkages.

#### ***Subcomponent 1.3: Access to Information***

Weather & Market Information: Improve access to critical weather forecasts and market prices.

Digital Services for Women: Train 1,000 women leaders on digital literacy, nutrition, and the use of digital services for agricultural development.

**Delivery of capacity building modules (GAP, resilience and farming as business modules).  
*Farmer field and Business School***

Farmer field and business school will be followed in delivering the trainings. In all about 40,000 farmers organized in groups will receive the training. While community trainers will mobilize the groups, organize and conduct the training the district master trainers and agriculture department staff will participate in the trainings as need arises.

It is expected that 180 demonstrations will be carried out each year, one per community. The demonstration will be in interested farmer's plot. Farmer field days will be organised at crucial stages.

### ***Business plan preparation for financial linkages***

About 400 farmer groups/VSLAs are expected to be functioning for three years with adequate institutional strength to be linked to financial institutions for credit. BRC/BAC? Service provider will be assigned the responsibility for preparing the business plan for the group activity/ production finance for the farmer members and also facilitate linkages.

### **Nutrition**

A gender-based needs assessment would be conducted to identify areas of need within the target demographic. The objective is to expand these interventions to benefit a minimum of ten thousand (10,000) young women aged 18 to 35 years, empowering them to enhance their well-being. This empowerment will be facilitated through various activities such as group cooking demonstrations, competitions, and classes, follow-ups and supplemented by the provision of basic tool kits to support kitchen gardening initiatives.

**Equipment for enhancing the value of produce;** AAFORD will provide a weighing machine and a moisture meter to the groups interested in the equipment and willing to pay 50% of the costs. The equipment is expected to result in transparency in the quality of commodities supplied, improve terms of trade for farmers.

### **Component 2: *Expanding and Directing Affordable Finance in a Conducive Environment***

This component focuses on enhancing financial accessibility for smallholder farmers and value chain actors through a blended finance mechanism.

#### **Blended Finance Facility:**

Funding: USD 14.02 million secured from multiple sources.

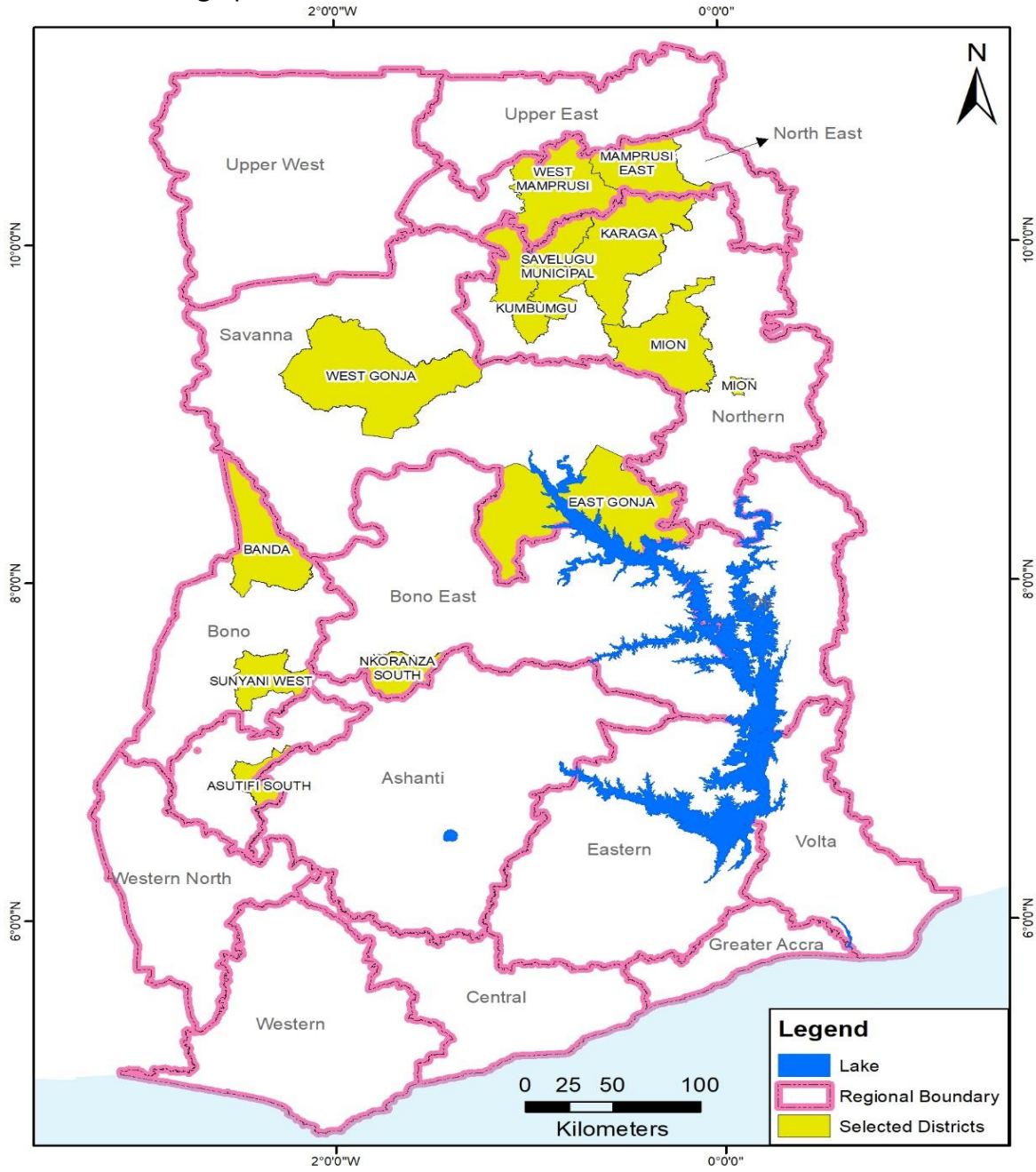
Window 1: Financing for farmers' production and marketing needs.

Window 2: Financial support for value chain actors' capital and operational needs.

#### **Electronic Loan Application System:**

Efficiency: Implementation of an electronic system to streamline the loan approval process, ensuring timely disbursement.

# Geographical Distribution of the selected Districts





*A group picture of Participants and Moderators from the West Mamprusi Centre.*

*A Participant making contribution at the Q & A section at Kumbungu*

