

IFC West Africa Warehouse Receipt Financing Forum

From November 4-5, 2019, the FCI IFC advisory team led by David Ivanovic and Jean Saint-Geours organized the first-ever "IFC West Africa Warehouse Receipt Financing Forum" in Accra, Ghana. The objective of this EFI initiative was to highlight and create energy around how warehouse receipt financing reforms can unlock new markets for financial and warehousing services in agriculture.

Over 100 participants from 8 countries in the region (Benin, Burkina Faso, Cote d'Ivoire, Ghana, Mali, Niger, Nigeria and Senegal) came to learn from and exchange ideas with an impressive array of experts from several countries including India, Malawi, South Africa, Tanzania, and the United States. Critical stakeholders from the public and private sectors were represented with agri producers, collateral managers, banks, regulators and heads of commodity exchanges taking an active role during the Forum. IFC Country Managers, Ronke-Amoni Ogunsulire and Olivier Buyoya, as well as FCI Regional Practice Manager, Alejandro Alvarez de la Campa, represented IFC and EFI and participated actively in facilitating the event and moderating some of the technical sessions.

The Forum was a unique opportunity for public and private stakeholders in West Africa, including many institutional clients as well as IFC clients, to have a concrete look at how warehouse receipt systems (WRS) work in practice and understand the key success drivers for warehouse receipt financing. Discussions with world leading experts and our teams provided practical lessons on key challenges and how they have been overcome in certain countries and how they would apply in West Africa.

Technical sessions focused more specifically on (i) taking stock of African and global experiences on warehouse receipt financing, with a focus on Ghana, Malawi, India, and Tanzania, (ii) grasping the importance of the policy framework from the point of view of international legal experts, public and private sector representatives, and regional institutions, such as ECOWAS and OHADA, (iii) appreciating the key building blocks for an ideal enabling environment for warehouse receipt financing from the standpoint of commodity exchange operator, collateral management companies and agri-commodity traders, (iv) reviewing effective warehouse receipt financing solutions implemented in different parts of the world and exploring technical practicalities faced by financial institutions, (v) highlighting what can make warehouse receipt financing work for different agricultural value chains in West Africa, as well as some of the key enablers and challenges for making WRS work at the national and regional levels, as shared by some key stakeholders and by from some of our clients in West Africa.

Key implications for West Africa that emerged from these sessions were that:

- a) Some countries were more advanced than others on their path toward warehouse receipt financing (e.g. Cote d'Ivoire, Ghana and Senegal);
- b) For countries that had already established a WRS legal and regulatory framework, challenges that seemed to resonate most clearly were:

- a. The ability for the WRS to give access to professionally-managed quality warehouses;
 - b. The ability for banks to assess the value of the goods in storage (mark-to-market) and easily liquidate the loan in case of default
 - c. For all stakeholders to be better sensitized and trained on warehouse receipt financing
- c) Examples from global experts and other WRS practitioners showed that certain technological solutions could be adapted and used in a relative short time in West Africa

This Forum builds on the work done by FCI on warehouse receipt financing reforms in West Africa since 2013 that notably led to the adoption of WRS laws and/or decrees in Cote d'Ivoire, Niger and Senegal. Typical FCI interventions provide technical assistance to policy makers implementing WRS on readiness assessments, the introduction of appropriate legislation and regulation, institutional support to the WRS licensing body, and sensitization and training of WRS stakeholders (including producers, banks and warehouses). Throughout the Forum, the critical role played by FCI advisory in building the WRS ecosystem across the region has been highlighted, leading for additional requests for support from public and private sector participants following the event. FCI's support is intended to lead to greater access to financial and professional storage services for underserved actors along the agriculture value chain and to increased investments in agribusiness, marketing infrastructure and specialized services, including investments by IFC MAS and IFC FIG.