



Dutch Good Growth Fund

Part of DGGF

Export credit insurance of an export transaction from a Dutch exporter. This transaction includes the discounting of bills of exchange.

Title

DGGF 20141230 Equipment for a Yarn Spinning Mill Ghana

Exporter

G.M.M. Timmermans Trading & Consultancy

Country of investment

Ghana

Sector

Cotton

Contract amount

Maximum indemnification: USD 3.193.990,-

Period

Manufacturing period: 6 months

Credit period: 5 years suppliers credit

Parties involved

Debtor: Inter Continental Farm Ltd., Tamale/Ghana, a producer of cotton.

Impact on development

Job creation

Direct employment: the transaction helps to create a yarn spinning mill with around 200 FTE local employees.

Indirect employment: Because of the creation of the yarn spinning mill, the supply of cotton will increase and become more steady. This increases the chances for the cotton producing farmers in the area. Expectations are that the number of affiliated farmers can increase. This will increase employment in the area. Some of the growth will benefit the already affiliated farmers, which also increase the number of jobs in the region. Producers of fertilizer and pesticides can also benefit from this growth.



Increasing the strenght of production

The strenght of production will increase by the delivery of the equipment for the yarn spinning mill. Also, the production of cotton and harvest will be lifted to a higher quality level by the use of the knowledge of exporter on seeds, production and harvesting.

Sharing of knowledge, skills and techniques

Exporter will provide training for the (future) staff of the mill. It includes staff that will operate the equipment, as well as staff that will maintain the equipment. The debtor of the transaction will be able to benefit from the knowledge of exporter on productin and sale of cotton and yarn. Debtor receives knowledge on the salesnetwork in Europe. Debtor will be able to use the existing sales network of exporter. Exporter will share it's knowledge on the right use of seeds, fertilizing and harvesting techniques with the local farmers. This will not only increase the amount of cotton but also the quality. Farmers can receive a higher price for the crops.

Other positive effects of the transaction

Besides above mentioned criteria we also look at other possible positive effects, for example in the field of the environment, female or young entrepreneurship, education and healthcare. Around 40% of the cottonfarmers is female. By a combination of a lack of knowledge and financial means, the amount of cotton that can be harvested is disapointing. Also, almost 90% of the cotton is exported and added value is created outside of Ghana. Because of the new yarn spinning mill, the cotton is processed, adding value. The community is expected to benefit by this development.

Risk category

Categorie C (low)

Description

The transaction includes the delivery of equipment for a yarn spinning mill and two generators, including the commissioning, testing, selection and training of staff.

