

# USAID **INVEST**

Mobilizing Investment  
for Development

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INVEST Year 2 Annual Report

October 1, 2018 – September 30, 2019



# INVEST: About Us

INVEST is a flexible buy-in mechanism that was designed to address the challenges that make it difficult for USAID to work alongside the investment community.



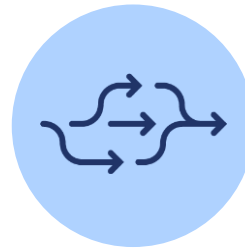
INVEST is the result of **co-creation** and is driven by a research and learning mandate.



INVEST works to **unlock private investment** – a key way USAID can engage the private sector.



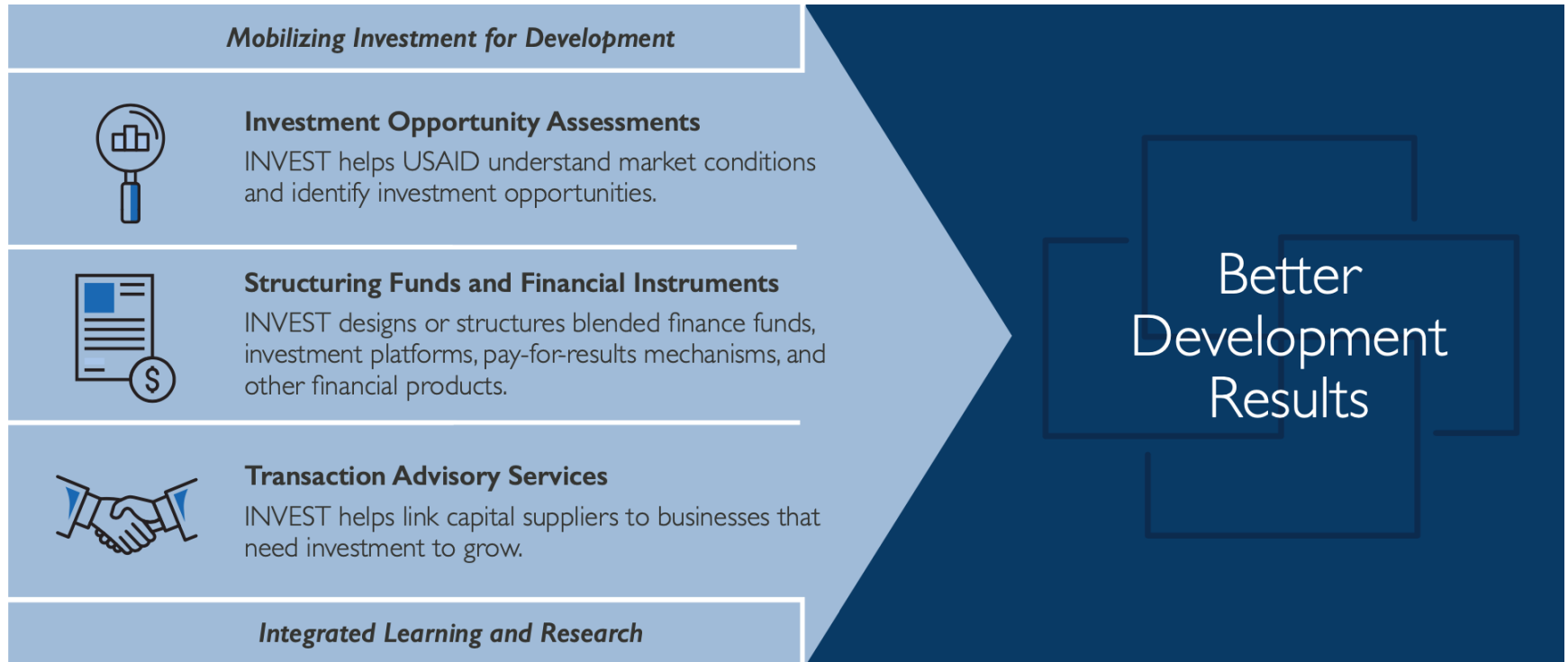
INVEST conducts **rapid and constant learning** that is applied to buy-in activities and informs USAID programs and strategies.



INVEST is **flexible** and can adapt to USAID and market needs.

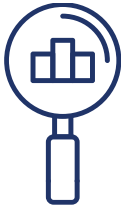
# INVEST: What We Do

INVEST works with the private sector to mobilize investment for development objectives.



# INVEST: What We Do

INVEST supports market-driven solutions to address development challenges.



## INVESTMENT OPPORTUNITY ASSESSMENTS

- Assessing opportunities for blended finance in DRC's coffee and mining sectors
- Identifying the next generation of corporate investment models and USAID support
- Building a blended finance roadmap for USAID/Global Health
- Assessing opportunities for gender lens investing in Africa



## STRUCTURING FUNDS AND FINANCIAL INSTRUMENTS

- Designing a blended financing vehicle for USAID/India to crowd in private capital
- Developing the first USAID subcontract first-loss investment approach



## TRANSACTION ADVISORY SERVICES

- Providing transaction advisory support to off-grid energy companies in Kenya
- Providing legal and finance services to the Government of Haiti on energy concession tenders
- Working with government ministries to catalyze cross-border trade and investment in Afghan mining and civil aviation

# INVEST: What We Do

INVEST fosters operational and technical innovation for better development outcomes and impact across USAID.



**31 BUY-INS**  
From 25 USAID MBIOs



**\$68 MILLION**  
Mobilized in private capital for development



**75 PERCENT**  
Increase in value of contract ceiling – now \$167 million



**205 PARTNERS**  
In the INVEST partner network



**11 SECTORS**  
Of INVEST focus ranging from global health to economic growth



**43 COUNTRIES**  
Where INVEST activities take place

# INVEST: What We Do

At the core of INVEST is a partner network of firms with valuable experience in investment and deploying private capital for development.



## INVEST PARTNER NETWORK

- INVEST manages a large and growing network of over **200 partners** from the investment and development communities.
- INVEST uses the network to leverage USAID funding and technical assistance in innovative ways.
- The network enables USAID to access, on demand, the niche, technical experience it needs to take advantage of investment opportunities that will lead to positive development results.

## OUR PARTNER NETWORK AT A GLANCE



# INVEST: What We Do

INVEST's thought leadership and communications products are informed by real-time learning and evidence from multiple development approaches and sectors.



## THOUGHT LEADERSHIP AND COMMUNICATIONS PIECES

- **100 Press Hits:** Mostly on Afghanistan, Haiti, and GenDev buy-in activities
- **8 Thought Leadership Pieces:** Including on our new Medium Channel, Impact Alpha, and Convergence
- **3 Close-Ups:** The INVEST Initiative and Partner Network, Expanding Investment in Off-Grid Energy Access in Kenya, and Catalyzing Private Investment for Women's Economic Empowerment

# INVEST: What We Do

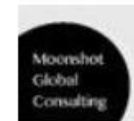
INVEST works with USAID and our partner network to develop and implement innovative procurement and contracting processes for collaborative development solutions.





# INVEST Implementing Partners

Twenty-eight firms are engaged in INVEST buy-in and core technical activities.



# INVEST Transactions To Date

INVEST has supported **29 investment transactions** in **nine countries** and across **six sectors** - such as energy, women's empowerment, and financial services and inclusion.



## WOMEN'S WORLD BANKING CAPITAL PARTNERS FUND II

- Global focus
- \$500,000 USAID catalytic contribution
- Invests in gender-focused finance companies
- Strong digital financial services component
- Seeks 15-18 percent net return for commercial investors

**\$100 MILLION BLENDED  
FINANCE FUND**

## EXPANDING INVESTMENT IN OFF-GRID ENERGY ACCESS IN KENYA

- \$60.5 million in equity transactions raised
- \$114 million in capital projected to be raised
- 4 off-grid energy companies on a path to foster growth
- 1 debt facility ready for launch

**440,000 PROJECTED NEW  
CONNECTIONS**

# INVEST Transaction Highlight: USAID/Haiti

## *Addressing the energy needs of Haiti through public-private partnerships*

Haiti's electricity sector is among the most challenged in the region. Over seven million people lack service, and for those with access to electricity, service is often unreliable and inconsistent. INVEST is supporting the Government of Haiti with the modernization of the energy sector through the implementation of long-term concessions to operate and expand three regional energy grids. This work is expected to result in significant progress towards addressing the energy needs of the Haitian population.

The first stage of the three concessions is a pre-qualification round to identify eligible bidders by assessing their ability to operate, finance, and construct energy grids in Haiti. Working with law firm Gide Loyrette Nouel, INVEST advised the Government of Haiti on the procurement process and key documentation for the pre-qualification round. As a direct result, the request for pre-qualified bidders was released this quarter and closed in October 2019. After qualified bidders are identified, INVEST will issue an RFP to the shortlisted firms for the management and expansion of the three energy grids.

PROJECTED GROWTH IN HOUSEHOLD ENERGY CUSTOMERS		
Region	2020 Customers	2049 Customers
Nord Est	28,772	134,945
Sud Network	25,078	60,631
Miragoane	15,386	99,651

# INVEST Transaction Highlight: USAID/Afghanistan

*Providing transaction advisory services to facilitate private investment in mining in Afghanistan*

INVEST is supporting three mining transactions in Afghanistan – including one chromite and two cement investments – through transaction advisory services. The three transactions have the potential to create over \$170 million in annual exports, revenues, and royalties. With a combined investment value of \$316 million, the transactions are expected to close by December 2019.

The three investment opportunities identified were a direct result of the USAID INVEST *Afghanistan Mining & Investment Forum* held in April 2019 in Dubai. The forum signified an important step forward in strengthening Afghanistan's regional relationships and fostering investment partnerships that are invaluable to Afghanistan's journey to self-reliance.

OUTCOMES OF EXPANDED INVESTMENT IN AFGHAN MINING			
	Chromite Investment	Samangan Cement	Jabal Seraj Cement
Investment Size	\$10 million	\$136 million	\$170 million
Projected New Employment	100 <i>Jobs</i>	260 <i>Jobs</i>	500 <i>Jobs</i>
Projected Value	\$100 million <i>Increase in export value of chromite</i>	\$60-75 million <i>In annual sales revenue</i>	\$10 million <i>In annual tax and royalty revenues</i>

# September 2019 Spotlights



# Spotlight: USAID/Serbia

*Designing a Serbian media investment platform to increase access to independent digital media*



## **PROBLEM**

The media environment in Serbia is fraught with political interference and government-directed market distortions. As a key program area, USAID is working to increase access to independent news and information through market-driven media sector development and reforms. Debt and equity providers are hesitant to invest because of the risks involved and the typically weak balance sheets and irregular cash flows of small media companies.



## **INVEST SOLUTION**

To complement its Media Project, USAID Serbia engaged INVEST to assess and develop a media investment platform designed to support professional digital media companies, thereby improving the demand and provision of economically resilient and independent media. The team looked at the firms' investment readiness, as well as their technical assistance and investment needs, to factor them into the platform design.

# Spotlight: USAID/Serbia



## **OUTCOMES**

INVEST identified investees and potential co-investors and designed a media investment platform that provides: technical assistance to prepare media companies for investment; transaction advisory services to market/close deals; and grant funds for investment/development capital to professional media companies.



## **LESSONS**

This approach builds on existing USAID Serbia Media Project programs and provides a vehicle whereby USAID is able to provide catalytic capital for independent media, private equity investors, and other investment platforms to prepare and invest in financially sound and commercially viable firms that improve the resilience and strength of independent media. Investments through this type of mechanism are critical to sustaining and growing independent media in an environment where media freedoms are under attack.

# Spotlight: Prosper Africa

*Increasing U.S. private-sector led investment and partnership across East, West and Southern Africa*



## **PROBLEM**

Untapped and growing investment potential resides in key markets across the African continent. U.S. firms and investors are primed to invest in African markets to advance their own business interests. Such investments have the potential to contribute greatly to USAID's development objectives. Yet U.S. investors looking for opportunities in the region face obstacles that keep them from linking with African enterprises' high demand for capital and corporate partnerships.



## **INVEST SOLUTION**

In support of the Administration's Prosper Africa initiative, INVEST works to identify and close deals that catalyze private capital and build strategic market partnerships across sub-Saharan Africa. INVEST mobilizes its partner network to support increased private investment across the continent by providing transaction advisory services to investment-ready enterprises and connecting U.S. investors and firms with opportunities in sub-Saharan Africa.



# Spotlight: Prosper Africa



## OUTCOMES

The first phase of INVEST support seeks to facilitate increased private sector investment across sub-Saharan Africa by providing transaction advisory services to six investment-ready enterprises. INVEST partner CrossBoundary is supporting two transactions and monitoring engagement and service needs for three other identified transactions. The sixth transaction is valued at \$10 million and is expected to successfully close by March 2020.



## LESSONS

INVEST's work is demonstrating the potential of U.S.-African business relations through three approaches. First, by working with network partner CrossBoundary to close near term deals that are ripe for support. Second, INVEST fosters and grows a pipeline of pan-African partners in the health, education, agriculture, environment, and other sectors by providing in-depth evaluations and advisory support. Third, INVEST communicates opportunities and appropriate linkages to U.S. investors. Through this work, INVEST is facilitating two-way trade that benefits both the U.S. and Africa while leading growing African economies down the path of self-reliance.

# INVEST Spotlight: USAID/ASHA

*Helping expand access to quality education and health services abroad through blended finance and investment risk management*



## **PROBLEM**

USAID's Office of American Schools and Hospitals Abroad (USAID/ASHA) provides assistance to schools, libraries, and medical centers outside the United States that serve as study and demonstration centers for American ideas and practices. ASHA is looking beyond traditional USAID grant programs to meet an increasing demand for development support and to leverage private capital to stretch its dollars.



## **INVEST SOLUTION**

To catalyze additional capital for private education and respond to the massive development funding gap, INVEST conducted a rapid review of ASHA's current portfolio, preparing a strategic framework of blended finance and risk management options and identifying potential partner institutions to pilot test solutions and support the next generation ASHA-related investments.

# Spotlight: USAID/ASHA



## **OUTCOMES**

The INVEST team identified a profile of investment-ready applicants in the recent grant application portfolio. In addition, INVEST built out three case studies, demonstrating current opportunities for different financing structures and financing support partners including USAID's Development Credit Authority and the Overseas Private Investment Corporation. INVEST also made recommendations for changes to future RFPs that will allow ASHA to assess the financing needs of its applicant pool to determine the most appropriate blended finance mechanism for each.



## **LESSONS**

INVEST and ASHA demonstrated that, even within grant programs, opportunities may exist to leverage private and concessionary capital and to finance some needs of beneficiaries, to make grant dollars stretch further, and to accomplish more.

# What's coming next?



# Looking Forward

## CORPORATE INVESTMENT PARTNERSHIPS

In early 2019, USAID commissioned INVEST to conduct a landscape assessment to better understand how companies are investing in sustainability to advance their business objectives and address social and environmental challenges. Looking across often siloed areas of corporate investment— such as corporate sustainability and supply chain management – the research identified an emerging partnership category: corporate investment partnerships (CIPs) for sustainability and growth. CIPs bring together the resources of companies, development agencies, and investors, efficiently coordinating investments of capital and capabilities to address business, social, and, environmental challenges. The forthcoming report not only outlines the models used for corporate investment partnerships but also lends understanding on how decisions are made to engage in corporate investment partnerships.

**Why it matters:** Multinational companies have the potential to be important drivers of development because of their global footprints, supply chains, and distribution channels. Corporate investment partnerships offer an enterprise-driven approach to engaging with this important group of private sector partners. Using both financial and non-financial resources, USAID can engage with these models to expand corporate investment in areas important to global development and to achieve results with potential for greater scalability. Looking forward, INVEST sees an opportunity to engage buy-in partners on corporate investment models to complement and further efforts to mobilize private capital for development.



# Looking Forward

## MOBILIZING AMERICAN INVESTMENT AND FINANCIAL SERVICE EXPORTS IN AFRICA

As part of Prosper Africa – a U.S. government initiative focused on bolstering two-way trade between Africa and the U.S. – INVEST aims to increase investment by U.S. institutional investors in Africa. Building upon USAID's work with the Mobilizing Institutional Investors to Develop Africa's Infrastructure (MiDA) Initiative, INVEST will deploy outreach and transaction advisory services to drive institutional investment into the African continent, facilitate discrete transactions, and support Africans in creating the tools and models to finance their own development, thereby deepening Africa's domestic capital markets and ultimately reducing its reliance on foreign aid.

**Why it matters:** The launch of Prosper Africa, coupled with market trends and growth demands on U.S. pension funds, represents a watershed opportunity to accelerate market entry of large pools of U.S. institutional capital and expertise into Africa. Such large-scale investment opportunities will also position U.S. businesses – particularly the U.S. financial services sector recognized the world-over as an American competitive advantage – to play a significant role as more transparent, market-centric African regional economies emerge.



# Looking Forward

## ADVANCING STRATEGIC INFRASTRUCTURE IN THE INDO-PACIFIC REGION

The Infrastructure Transaction and Assistance Network (ITAN) is a whole-of-government initiative to advance sustainable, transparent, high-quality infrastructure across the Indo-Pacific region. In support of this effort, INVEST will support the ITAN Transaction Advisory Fund (TAF). INVEST activities under this buy-in will respond to host country governments' requests for assistance on infrastructure projects with high quality, best-in-class discrete transaction advisory on a rapid response basis to advance their infrastructure projects.

**Why it matters:** Launched in July 2018, ITAN furthers the U.S. vision for a free and open Indo-Pacific to ensure peace, stability, and growing prosperity in the region. Under ITAN, USAID plays a leading role helping its Indo-Pacific partners to catalyze private sector investment—including from the United States—by strengthening their ability to implement and manage sustainable, transparent, and high-quality infrastructure projects. Spanning the California coast to the western shores of India, the Indo-Pacific region is home to some of the world's fastest growing markets and offers unprecedented potential to strengthen the U.S. economy while improving lives of people in Asia and around the world.





# Looking Forward

## WATER AND ENERGY FOR FOOD GRAND CHALLENGE

The Water and Energy for Food Grand Challenge (WE4F) follows two Grand Challenges for Development: Securing Water for Food and Powering Agriculture. Deeply informed by the learnings from this previous work, WE4F will scale innovations that impact the water, energy, and food security nexus through private sector enterprises. INVEST will support the rapid operationalization of WE4F Regional Innovation Hubs in East Africa, West Africa, South Asia, and the Middle East and North Africa (MENA) by conducting regional and investment opportunity and landscape assessments. These Regional Innovation Hubs provide both financial and non-financial support in the form of a financial brokering and technical assistance unit. The assessments will focus on identifying enterprises for engagement, the technical and financial services needed to grow and scale these enterprises, and the market actors best positioned to provide these services in each region.

**Why it matters:** Funded by USAID, the Swedish International Development Cooperation, Germany's Federal Ministry of Economic Cooperation and Development, the South African Department of Science and Technology, and the Dutch Ministry of Foreign Affairs, WE4F exemplifies the operationalization of multiple development agencies to effectively identify and mobilize private capital toward development priorities. Moreover, the establishment of the Regional Innovation Hubs offers an important validation opportunity for how investment facilitation can be integrated into innovation-focused programs like Grand Challenges to increase the potential for innovations to scale and reach intended impact.





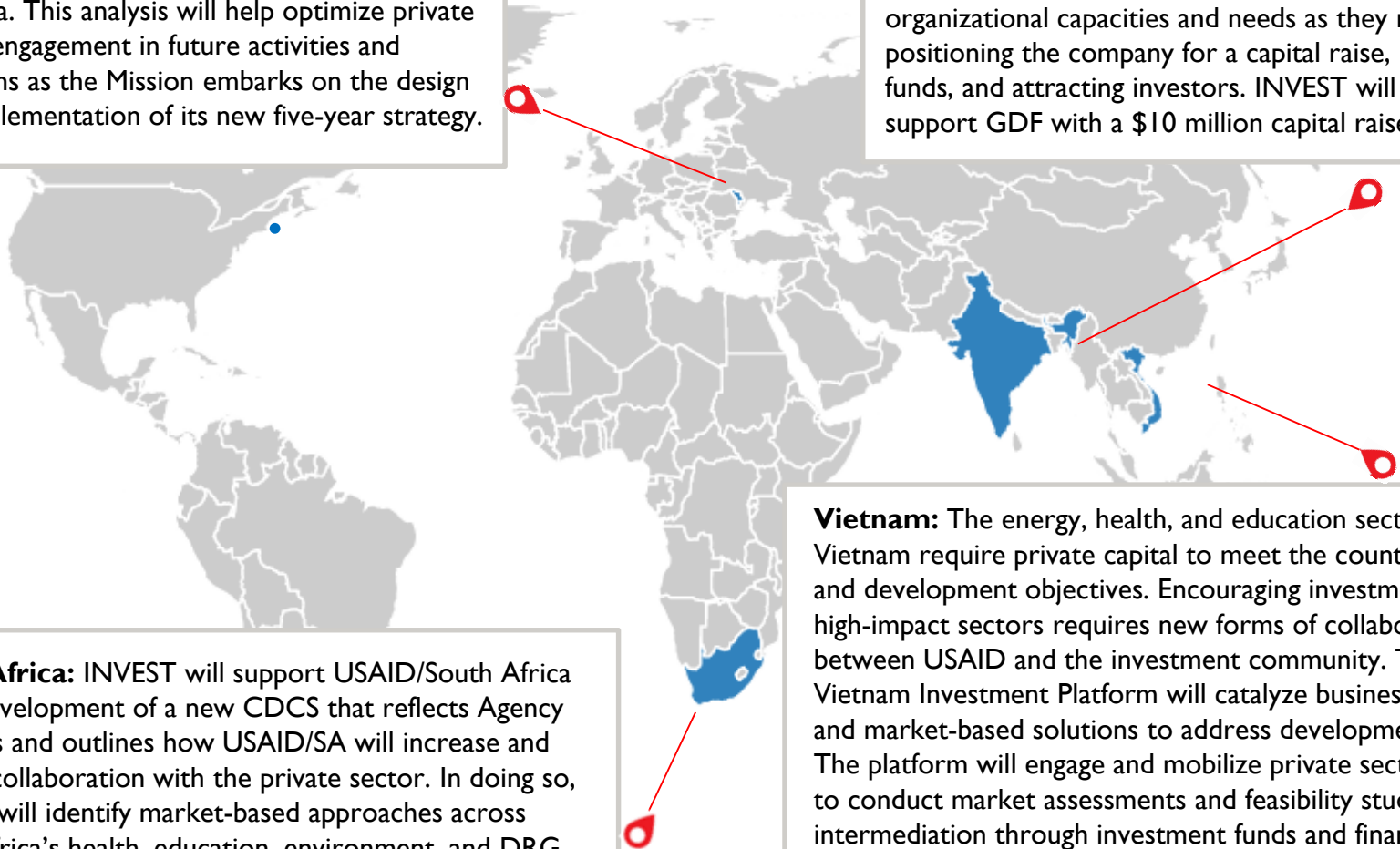
# Looking Forward: New Buy-ins

**Moldova:** To assist USAID/Moldova in the development of a comprehensive CDCS, INVEST will conduct a landscape assessment of private sector investment opportunities in Moldova. This analysis will help optimize private sector engagement in future activities and programs as the Mission embarks on the design and implementation of its new five-year strategy.

**India:** To help meet the capital needs of Tibetan businesses and enterprises and reduce dependence on informal, high cost loans, INVEST will provide technical assistance to the USAID-supported Gangjong Development Finance (GDF) on an organizational assessment to identify and document organizational capacities and needs as they relate to positioning the company for a capital raise, managing funds, and attracting investors. INVEST will also support GDF with a \$10 million capital raise.

**South Africa:** INVEST will support USAID/South Africa in the development of a new CDCS that reflects Agency priorities and outlines how USAID/SA will increase and deepen collaboration with the private sector. In doing so, INVEST will identify market-based approaches across South Africa's health, education, environment, and DRG portfolios with the highest potential to leverage private sector investment and collaboration.

**Vietnam:** The energy, health, and education sectors in Vietnam require private capital to meet the country's growth and development objectives. Encouraging investments in these high-impact sectors requires new forms of collaboration between USAID and the investment community. The INVEST Vietnam Investment Platform will catalyze business resources and market-based solutions to address development priorities. The platform will engage and mobilize private sector expertise to conduct market assessments and feasibility studies, enhance intermediation through investment funds and financing facilities, facilitate and structure transactions, and support strategic corporate engagements.



Submission Date: October 30, 2019

Contract Number: AID-OAA-C-17-00090

Activity Start and End Date: 09/28/2017 - 09/27/2021

COR Name: Cameron Khosrowshahi

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Kristi Ragan, DAI, Chief of Party  
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USAID INVEST is managed by



Shaping a more livable world.



# Annex I: List of Acronyms

ASHA	American Schools and Hospitals Abroad
BFS	Bureau for Food Security
BMZ	German Federal Ministry for Economic Cooperation and Development
CDCS	Country Development Cooperation Strategy
CDI	Center for Development Innovation
CIP	Corporate Investment Partnerships
CSE	Corporate Strategic Engagement
DCA	Development Credit Authority
DCCP	Digital Connectivity & Cybersecurity Partnership
DCHA	Democracy, Conflict and Humanitarian Assistance
DRC	Democratic Republic of Congo
EGEA	Economic Growth, Environment, Agriculture
FinGap	Financing Ghanaian Agriculture Project
GCF	Grant Challenge Fund
GDF	Gangjong Development Finance
GenDev	Gender Equality and Women's Empowerment
ITAN	Infrastructure Transaction and Assistance Network
MBIO	Missions, Bureaus, and Independent Offices
MENA	Middle East and North Africa
MiDA	Mobilizing Institutional Investors to Develop Africa's Infrastructure
OPIC	Overseas Private Investment Corporation
PPP	Public-Private Partnership
RFP	Request for Proposals
SOW	Scope of Work
TAF	Transaction Advisory Fund
UOMA	Uganda Off-grid Energy Market Accelerator
USAID	United States Agency for International Development
USAID/PCM	Office of Private Capital and Microenterprise
USG	United States Government
WASH	Water, Sanitation and Hygiene
WE4F	Water and Energy for Food
WOCCU	World Council of Credit Unions
WWB	Women's World Banking

## Annex II: INVEST Year 2 Spotlights

# June 2019 Spotlight: Catalytic Capital for Women's Economic Empowerment

*Investing in women's economic empowerment through blended finance*



## **PROBLEM**

Women's economic empowerment helps break the cycle of poverty and promote economic growth. USAID's GenDev office wanted to harness blended finance to catalyze commercial investment to empower low-income women. However, because USAID cannot act as a traditional investor—i.e. it cannot hold equity or deploy debt—it needed an innovative approach.



## **INVEST SOLUTION**

INVEST designed USAID's first subcontract-based, first-loss investment approach. Through INVEST, USAID will provide \$500,000 in catalytic capital to Women's World Banking Capital Partners Fund II upon successful completion of its capital raise. USAID will couple this financial support with \$100,000 in technical assistance.

# June 2019 Spotlight: Catalytic Capital for Women's Economic Empowerment

*Investing in women's economic empowerment through blended finance*



## OUTCOMES

This approach enabled USAID to deploy capital quickly to mobilize commercial investment without acting as a limited partner in the Fund. USAID-funded technical assistance will strengthen the fund's due diligence capabilities around digital financial services—like loans, savings, and insurance—which are critical to reaching low-income women in developing markets.



## LESSONS

Engaging early during the capital raise allows USAID to provide support at a critical point for engaging commercial investors. The technical assistance component is designed to ensure that USAID support leads not only to increased commercial investment, but to better development results. And, the combination of catalytic funding and technical assistance will have a greater impact than either component on its own. In addition to USAID's contribution, OPIC made a \$25 million debt investment in the Fund. This provides a concrete example of how USAID and the future U.S. International Development Finance Corporation can work together via INVEST.

# June 2019 Spotlight: Africa Bureau and PIVOT

*Building Mission capacity to engage the private sector through the PIVOT program*



## **PROBLEM**

USAID increasingly seeks to collaborate with the private sector as it rethinks how to address global poverty. Despite growing interest, many USAID Missions lack the knowledge, tools, and guidance to identify opportunities and build private sector partnerships that further their development objectives.



## **INVEST SOLUTION**

To build their capacity to form private sector partnerships, INVEST will provide in-person training, on-demand mentoring, monthly calls, and technical support for the six USAID Missions in the PIVOT cohort. For example, a recent webinar introduced Missions to blended finance tools and trends, highlighting how it aligns with their work.



# June 2019 Spotlight: Africa Bureau and PIVOT

*Building Mission capacity to engage the private sector through the PIVOT program*



## OUTCOMES

With support from INVEST, fellow PIVOT implementation partners LEARN and PEPSE, and USAID specialists, multidisciplinary teams from each of the six Missions developed individualized plans to guide their work over the course of the 1-year PIVOT program. Teams then presented the plans to their Missions, in many cases including Mission Directors who signed off on their participation in the change management and peer learning cohort.



## LESSONS

USAID staff are interested in building and practicing both hard and soft skills in private sector engagement; both are important. Initially, Missions have prioritized a focus on internal change management to build private sector engagement into existing USAID tools and processes, such as Country Development Cooperation Strategies and Project Appraisal Documents. Simultaneously, Missions must build a coalition of Agency staff fluent in and supportive of using private sector partnerships to achieve development objectives.

# June 2019 Spotlight: USAID Afghanistan

*Showcasing Afghan exports at a luxury trade show in Milan*



## **PROBLEM**

Afghan companies produce high quality gemstones, jewelry, marble, and carpets, but are typically not well known among European buyers. Developing new connections and expanding the export of luxury goods tailored to the European market is a priority for USAID Afghanistan and its partners.



## **INVEST SOLUTION**

INVEST played a key role in the USAID-hosted “Afghan Treasures in Italy Luxury Show,” a two-day event that brought prominent Afghan gemstone, jewelry, marble, and carpet companies to Milan to showcase their products to European buyers, foster partnerships, and catalyze investment in these key sectors.

# June 2019 Spotlight: USAID Afghanistan

*Showcasing Afghan exports at a luxury trade show in Milan*



## OUTCOMES

Interest in the event was so high that international fashion magazine Marie Claire covered participating Afghan companies for an upcoming story, and world-renowned jeweler Cartier sent four product line specialists. Several European companies placed orders for emeralds, rubies, and sapphires and one company signed a partnership agreement to sell gemstones to EU-based companies. As a result of matchmaking meetings organized by INVEST, a top Italian marble company is interested in having an exclusive agreement with an Afghan marble company.



## LESSONS

Taking a media-intensive approach to this event paid off, showing how public relations (PR) and media can be integral to accomplishing technical work, in this case connecting Afghan companies with buyers and investors. The INVEST team worked hard to build relationships with media outlets, and two major Italian dailies published coverage of the event. Social media was also a big part of the PR push, with Facebook and Instagram accounts created and paid and unpaid influencers engaged to publish product images, generate buzz around the different sectors, and promote the event before, during, and after the show to audiences of as many as 335,000 followers.

# June 2019 Spotlight: INVEST+ BOA Support

*Supporting USAID Effective Partnership + Procurement Reform efforts*



## PROBLEM

In late 2018, the USAID mission in the Democratic Republic of Congo (USAID/DRC) conducted an assessment of finance needs in eastern Congo and how blended finance can play a role. INVEST recommended establishing an investment facilitation platform to connect interested investors to opportunities in DRC's key sectors (e.g. coffee, distributed energy) and assist local companies to prepare for outside investment. USAID/DRC supported this approach but required support to further develop the activity and prepare it for solicitation.



## INVEST SOLUTION

INVEST identified the newly-launched INVEST+ Basic Ordering Agreement (BOA) mechanism as a way to implement the investment facilitation platform. INVEST+ BOA complements INVEST and provides USAID MBIOs that require minimal technical and procurement support with direct access to 19 firms with specialized expertise to mobilize private capital. The INVEST team provided “bridge” technical support to USAID/DRC to flesh out key details to implement the recommended platform, including structure, incentives, and resources.

# June 2019 Spotlight: INVEST+ BOA Support

*Supporting USAID Effective Partnership + Procurement Reform efforts*



## OUTCOMES

The INVEST team sourced learnings and best practices from its portfolio to develop a scope of work (SOW) for an Investment Facilitation Platform targeting the DRC's most developed sectors and value chains (i.e., agriculture, energy, artisanal mining). The SOW fleshes out key details including the functions of the platform, key interventions, and a solicitation to elicit performance-based implementation.



## LESSONS

INVEST and INVEST+ BOA teams have valuable learning to share based on their respective portfolios. Regular engagements to exchange lessons and best practices are critical to enhance the technical and operational quality of both mechanisms and disseminate best practices across the Agency. Implementing programs and activities that mobilize private capital is new for most USAID staff. While the BOA embodies many objectives of USAID's procurement reform efforts, it requires additional technical and procurement support to develop the SOWs and release the RFPs. Consider engaging technical staff from PCM/CTP to build internal capacity and provide "bridge" support.

# March 2019 Spotlight: Strategic Corporate Engagement

*Understanding corporate investment models and assessing partnership opportunities*



## **PROBLEM**

Addressing global challenges in areas such as agriculture, water, energy, health and education has been largely the domain of governments and donors. However, a vanguard of global businesses recognizes that these issues directly impact their growth and viability. Given the scale and reach of multinational corporates, the mainstreaming and increased uptake of strategic corporate investment models is necessary to achieve global development goals.



## **INVEST SOLUTION**

USAID INVEST issued three RFPs to identify and evaluate the most innovative models through which corporations invest to access innovation, to secure supply chains, and within the communities in which they work. The work not only identifies specific opportunities to pilot USAID support, but provides a framework to understand corporate motivations, alignment and the best role for USAID to accelerate or increase corporate investments.

# March 2019 Spotlight: Strategic Corporate Engagement

*Understanding corporate investment models and assessing partnership opportunities*



## OUTCOMES

Thus far, INVEST partners have identified 175 unique corporate initiatives, developed 33 case studies and 37 venture briefs, and identified 16 partnership opportunities. The initiatives covered include corporate venturing, investments to build supply and value chains, and innovative uses of corporate social responsibility (CSR) to ensure long-term business growth. This body of work will provide the foundation for a set of 5 to 10 models that USAID missions and bureaus can support, based on alignment with development goals and resources.



## LESSONS

USAID is already engaging with many of the partners at the forefront of these activities but can better align its support to core business and investment models with greater staying power than CSR activities. Since some models are more appropriate for certain markets and sectors, USAID needs to ask the right questions to ascertain how a partnership or investment will impact the market and beneficiaries. In addition, USAID will need to cultivate these relationships as many corporate actors are still unsure of how to engage with USAID and what a partnership entails.

# March 2019 Spotlight: USAID Afghanistan

*Unlocking the potential of private capital to drive inclusive growth in Afghanistan.*



## **PROBLEM**

To become less reliant on foreign aid, Afghanistan needs a more robust economy woven into international markets. That requires stronger exports and more international private investment in Afghanistan.



## **INVEST SOLUTION**

Through a multi-phased, five-year buy-in from USAID Afghanistan, INVEST is building business-to-business linkages between Afghanistan and foreign investors and partners. Sector-specific transaction advisors and firms are matchmaking and closing deals in energy, airport services, mining, marble, finance, carpets, gems, jewelry, and more.



# March 2019 Spotlight: USAID Afghanistan

*Unlocking the potential of private capital to drive inclusive growth in Afghanistan.*



## OUTCOMES

In Phase I, INVEST leveraged an international trade show to strategically introduce Afghan and Indian firms and investors that resulted in 44 agreements signed between them at the event. In Phase 2, INVEST convened the first ever Afghanistan Mining and Investment Forum in Dubai, providing a platform to announce 43 tenders for natural resource projects in talc, cement, chromite, oil, gas, and more. INVEST is already facilitating two major deals in cement and chromite as a result, identifying investors and accelerating the transactions to close.



## LESSONS

In Phase I, INVEST learned that some of the sectors that seemed ready for investment actually faced significant operational and policy challenges. INVEST shifted focus accordingly and, in Phase 2, is using its strengths in transaction support to focus on closing deals and facilitating investment events for the most promising sectors, especially energy and extractives, airport services, and locally sourced specialty goods. INVEST is also focused on collaborating with USAID India on Afghan investment promotion with Indian multinationals, and on cultivating ties with investors in the Gulf, Central Asia, and Europe.

# March 2019 Spotlight: Haiti INVEST

*Mobilizing private investment for inclusive development in Haiti*



## **PROBLEM**

Haiti needs investment to grow its economy and expand access to opportunities. USAID seeks to support Haitian development by facilitating private investment in small and medium enterprises (SMEs). SMEs often lack access to credit and equity investors to grow and professionalize their businesses.



## **INVEST SOLUTION**

Leveraging partnerships across the Haitian economy and diaspora, the four year, multi-million-dollar Haiti INVEST activity uses a pay-for-performance model to incentivize and support transaction advisors and to provide partial guarantees to incentivize equity investors and lenders to work with SMEs in need of financing.

# March 2019 Spotlight: Haiti INVEST

*Mobilizing private investment for inclusive development in Haiti*



## OUTCOMES

Led by a Haitian diaspora investment banking specialist, Haiti INVEST conducted a rapid landscape assessment of the investment ecosystem and organized an investor roundtable at the National Alliance for the Advancement of Haitian Professionals annual conference. The findings informed an RFP for transaction advisory services issued to a wide network of partners, as well as RFPs on diaspora engagement and to assess financing for agricultural value chains.



## LESSONS

Haiti INVEST requires a multi-pronged approach to engage investors and advisors, including those among the Haitian diaspora, that facilitate the flow of private capital to target companies in this frontier market. Opportunity exists to test pay-for-performance mechanisms, build networks, and generate capacity and demonstration effects in the Haitian investment ecosystem. The relatively small market and volatile investment climate necessitate innovative blended finance solutions to overcome the costs and risk of investing in Haitian SMEs.

# March 2019 Spotlight: INVEST Design Challenge Workshop

*Convening key donors around challenges in mobilizing private investment*



## **PROBLEM**

Donors are increasingly focused on mobilizing private capital, but their efforts are often siloed or uncoordinated. USAID's Office of Private Capital and Microenterprise (PCM) wanted a way to bring donors together to surface shared challenges, identify solutions, and build a network that can support and learn from each other.



## **INVEST SOLUTION**

INVEST partner Tideline led a two-day workshop at the Ford Foundation's headquarters, co-hosted by USAID, Global Affairs Canada, the Shell Foundation, and the Ford Foundation. The workshop focused on building shared knowledge, creating catalytic investment vehicles, and identifying what donors need to be able to scale private investment for development.

# March 2019 Spotlight: INVEST Design Challenge Workshop

*Convening key donors around challenges in mobilizing private investment*



## OUTCOMES

The workshop brought together 30 carefully chosen representatives from bilateral donors, foundations, and DFIs who are working in the private investment space, including DFID, DFAT, UNDP, the Rockefeller Foundation, EBRD, and the U.S. Impact Investing Alliance. It identified potential areas for collaboration and built stronger connections amongst the participants. INVEST will continue to engage this group of key partners to strengthen donors' efforts to mobilize private investment.



## LESSONS

Donors recognized the need to coordinate efforts and share knowledge both formally and informally. They also recognized the need for stronger evidence on how to use concessional capital in a way that maximizes impact. Participants highlighted initiatives that were previously launched to address similar challenges and recommended that USAID align future efforts with this ongoing work.

# December 2018 Spotlight: USAID Haiti

*Mobilizing private investment to electrify North-East Haiti*



## **PROBLEM**

USAID Haiti constructed a power utility to electrify an industrial park in North-East Haiti. Unable to find a private sector entity to operate it, USAID financed the management of the plant and grid – an unsustainable arrangement it wanted to resolve.



## **INVEST SOLUTION**

INVEST supports the public procurement process launched to find a private investor to operate and expand the power utility. It identified and brought on board financial and legal advisors who are working directly with the Government of Haiti to award a concession to a private sector entity.

# December 2018 Spotlight: USAID Haiti

## *Mobilizing private investment to electrify North-East Haiti*



### **OUTCOMES**

Six months into the activity, INVEST has defined and structured the transaction to award a concession to operate and expand the power plant and grid. It developed all documents required for the Government of Haiti to launch the tender. During this work, the Government expressed its intention to award additional power-grid concessions across the country. INVEST's process and tender documents will inform the work to unlock private investment across multiple regions.



### **LESSONS**

Public-private partnerships like this require transaction advisors aware of the political climate. By quickly adapting to policy priorities and constraints, the team supports the original tender and the government's broader goal of electrifying different regions of the country. Investors are averse to long-term capital commitments given market volatility and the lack of hedging and other de-risking instruments in frontier markets. Risks include currency and fuel cost fluctuations, as well as inability to secure financing when structuring the transaction, among others. Transaction advisors must employ alternatives such as dollar pricing, indexation, and fuel pass-throughs.

# December 2018 Spotlight: USAID Ghana

*Recommending an appropriate investment vehicle for USAID Ghana to launch*



## **PROBLEM**

USAID Ghana's FinGAP project, which focused on improving financing in agribusinesses, was nearing its end date. The Mission wanted to launch an investment vehicle to build on FinGAP's work. To make the best choice, it wanted an expert assessment of the investment vehicle options that had been suggested.



## **INVEST SOLUTION**

Within weeks, INVEST designed a scope for the assessment and mobilized CrossBoundary to perform it. CrossBoundary conducted research and interviews on FinGAP's work and how USAID could expand upon it. It also evaluated the four proposed vehicle structures against a rigorous set of criteria.



# December 2018 Spotlight: USAID Ghana

*Recommending an appropriate investment vehicle for USAID Ghana to launch*



## OUTCOMES

CrossBoundary's assessment recommended a vehicle that could finance Ghanaian agribusinesses directly and co-finance with financial institutions. It also highlighted the value of an enhanced role for USAID Ghana in launching and capitalizing the vehicle to better align with USAID goals. The Mission subsequently launched a co-creation process with private-sector partners to identify how to launch a vehicle. If successful, USAID Ghana will play a key role in increasing the level of commercial financing for agriculture in Ghana through a blended finance vehicle.



## LESSONS

Agricultural loans in Ghana are prohibitively expensive—32.6% per year according to CrossBoundary. Blended finance vehicles can lend at better rates, but may risk crowding out other financial institutions. For this reason, CrossBoundary recommended that any blended finance vehicle cap the amount they lend directly to businesses and to lend only to those businesses that have been refused a loan by a financial institution. FinGAP provided valuable technical assistance to financial institutions, and CrossBoundary also recommended a technical assistance component to maximize the development impact of the investment vehicle.

# December 2018 Spotlight: USAID GenDev Office

*Advancing gender equality through Gender Lens Investing*



## **PROBLEM**

Gender-Lens Investing (GLI) is a promising approach to funnel greater investment into under-financed women-owned businesses, promote better gender balance at other companies, and invest in products and services that improve the lives of women. While investing in and for women is gaining traction globally, GLI remains nascent in sub-Saharan Africa (SSA).



## **INVEST SOLUTION**

INVEST partner CrossBoundary conducted a market assessment of investment funds, initiatives, and transactions that could promote women's economic standing in Ghana, Kenya, Nigeria, Senegal, and South Africa. It identified common barriers to GLI and made recommendations on how USAID can promote it.

# December 2018 Spotlight: USAID GenDev Office

*Advancing gender equality through Gender Lens Investing*



## OUTCOMES

The five-country assessment synthesized common barriers to GLI in SSA and identified 25 funds or entrepreneurs that would benefit from USAID support. It recommended that GenDev programming should: fund women's networks to improve access to information and representation; build evidence on the benefits of female or mixed teams to increase interest from investors in GLI in SSA; develop best-practice guidance on investing in women-led businesses; and provide funding and support to GLI funds and impact investors shifting toward GLI.



## LESSONS

GLI can be attractive to investors because it has the potential to increase returns, diversify portfolios, and generate social impact. However, it does not yet have a strong track record in SSA, and the data generated in other markets and contexts will not be enough to convince investors in SSA of the benefits to GLI. In addition, women-owned businesses in SSA face unique challenges requiring flexible instruments, and ticket sizes can be small, both of which contribute to high transaction costs. Supporting the GLI ecosystem in SSA will likely require a multi-pronged approach by USAID.

# December 2018 Spotlight:

## USAID Democratic Republic of Congo

*Exploring blended finance approaches to grow the agricultural sector in Eastern Congo*



### **PROBLEM**

Access to finance severely constrains growth in the Eastern Congo, despite its vast natural resources and population size. High collateral loan requirements and interest rates of up to 40% reflect the perceived security risks, limited infrastructure, and lack of intermediaries to conduct due diligence on investment opportunities.



### **INVEST SOLUTION**

INVEST partner CrossBoundary engaged financial institutions and investors to understand the key financing challenges in target sectors, such as coffee and artisanal mining. CrossBoundary then designed four approaches to attract commercial capital by reducing investment costs and risks through a mix of technical assistance, guarantees, and grant capital.

# December 2018 Spotlight:

## USAID Democratic Republic of Congo

*Exploring blended finance approaches to grow the agricultural sector in Eastern Congo*



### OUTCOMES

INVEST presented pros and cons of the four approaches and how they would help deepen the impact of current USAID programming through DCAs and support to agriculture value chains. INVEST was also able to share lessons from similar work happening in other regions, such as Haiti where USAID is also establishing an investment facilitation platform. USAID DRC is weighing these pros and cons as it integrates the learnings and approaches into its strategy and programming.



### LESSONS

INVEST can and should provide USAID clients with multiple options and ways to move forward on recommendations, especially for establishing an investment facilitation platform. Recommendations depend on the state of the market. For example, if intermediaries exist within a market, INVEST can advise on how to work with them, and if not, on how to build the market. Sharing insights and lessons from the experiences of other countries with similar contexts and challenges in access to finance has also been valuable for USAID clients.

## Annex III: INVEST Financials and Buy-Ins

# Annex III. INVEST Financials

## TOTAL FUNDING

Amount Obligated:  
**\$80.9M**

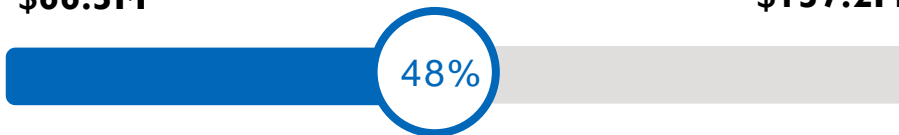
Contract Ceiling:  
**\$167.1M**



## BUY-IN FUNDING

Obligated:  
**\$66.3M**

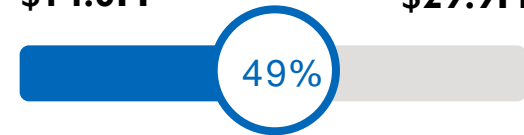
Buy-In Ceiling:  
**\$137.2M**



## CORE FUNDING (PCM)

Obligated:  
**\$14.6M**

Core Ceiling:  
**\$29.9M**



## Annex III. INVEST Buy-Ins

Buy-In Client	Buy-In Name	Obligated Amount
USAID/PCM	INVEST Core Funding	\$8.31 million
Power Africa	Power Africa Kenya	\$0.9 million
USAID/Afghanistan	Afghanistan Trade and Investment	\$15 million
USAID/Africa Bureau	PIVOT Training	\$0.4 million
USAID/BFS	Strategic Corporate Engagement BFS	\$2 million
USAID/CDI	WE4F Landscape Assessments	\$1.38 million
USAID/DCCP	Digital Connectivity & Cybersecurity Partnership (DCCP)	\$0.15 million
USAID/ASHA	ASHA Strategic Framework and Finance Opportunity Assessment	\$0.08 million
USAID/DRC	DRC Blended Finance Opportunity Assessment	\$0.75 million
USAID/GenDev	Gender Equality and Women's Empowerment	\$4.16 million
USAID/Ghana	Ghana FinGap Legacy Assessment	\$0.61 million
USAID/Global Health	Global Health CII Blended Finance Roadmap	\$0.35 million
USAID/Global Health	Innovative Finance for Cholera in Haiti	\$0.65 million
USAID/Haiti	Haiti Public-Private Partnerships	\$1.43 million
USAID/Haiti	Haiti INVEST	\$3.59 million



## Annex III. INVEST Buy-Ins

Buy-In Client	Buy-In Name	Obligated Amount
USAID/India	India 3.0 Innovative Funding Platform	\$0.5 million
USAID/India	Tibetan Banking Support	\$0.7 million
USAID/Liberia	Telecom Privatization Assessment	\$0.23 million
USAID/Moldova	Investment Platform Assessment	\$0.5 million
USAID/Serbia	Media Fund Assessment	\$0.06 million
USAID/Southern Africa, USAID/East Africa	Prosper Africa	\$4 million
Prosper Africa Executive Secretariat	Prosper Africa	\$2.8 million
USAID/Tunisia	Strategic Corporate Engagement Tunisia	\$5 million
USAID/Uganda	Power Africa Uganda Off-grid Energy Market Accelerator (UOMA)	\$1.05 million
USAID/Vietnam	Vietnam INVEST	\$5 million
USAID/Asia Bureau	Infrastructure Transaction and Assistance Network (ITAN) Transaction Advisory Fund	\$10 million
USAID/South Africa	South Africa CDCS	\$0.25 million
USAID/Southern Africa Region	U.S. Pension Funds	\$0.5 million
USAID/Africa Bureau	AFR-TBD	\$0.89 million
USAID/Africa Bureau	AFR/SD/EGEA	\$1.71 million
USAID/WGDP	Women's Global Development and Prosperity (W-GDP) Initiative	\$10 million