

# USAID **INVEST**

Mobilizing Investment  
for Development

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INVEST Year 5 Quarter I Report  
October 1, 2021 – December 30, 2021



# INVEST: ABOUT US

## OVERVIEW

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

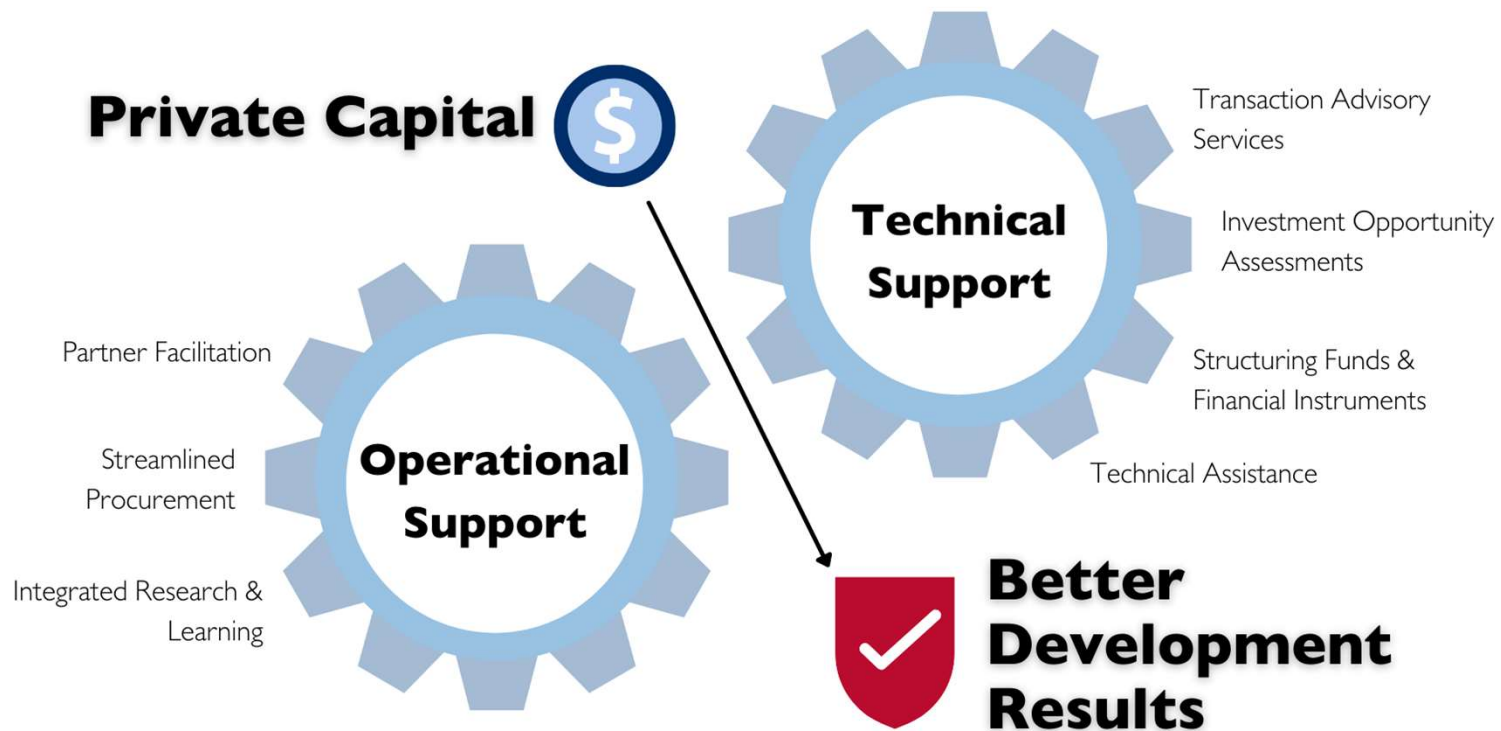
- INVEST works with the private sector to **mobilize private capital** for development and is a key mechanism that USAID can use to engage the private sector.
- INVEST is **fast and flexible** and can respond with tailored approaches to USAID and market needs.
- INVEST fosters **operational and technical innovation** for better development outcomes and impact across USAID.
- INVEST is the result of **co-creation** and is driven by a research and learning mandate.



# INVEST: ABOUT US

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*Our approach to mobilizing private capital for better development results*



# INVEST: ABOUT US

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## TECHNICAL SERVICES

*INVEST facilitates support in four main areas:*



### INVESTMENT OPPORTUNITY ASSESSMENTS, for example:

- Mapping the sustainable landscape sector and private investment opportunities in Mexico
- Assessing the feasibility of a credit enhancement guarantee facility for credit ratings in Africa



### STRUCTURING FUNDS AND FINANCIAL INSTRUMENTS, for example:

- Designing the AgriResilience Fund-I, a \$40 million blended finance fund, with a focus on climate-smart agriculture for USAID's Bureau of Resilience and Food Security
- Providing catalytic capital to design and launch Kiva's \$100+ million Invest in Women Fund



### TRANSACTION ADVISORY, for example:

- Helping a Haitian company that manufactures and installs solar and battery systems attract investors to expand their operations
- Engaging U.S. and international investors to raise capital for a first-time female-led fund that will invest in early-stage innovative technology companies in Southern Africa



### TECHNICAL ASSISTANCE, for example:

- Supporting wind and wave energy projects in Vietnam with feasibility studies, environmental and social impact assessments, and investment grade data analysis
- Providing mentorship and incubation support to women fund managers in Southern Africa

# INVEST: QUARTERLY HIGHLIGHTS

## LEARNING AND STRATEGIC COMMUNICATIONS

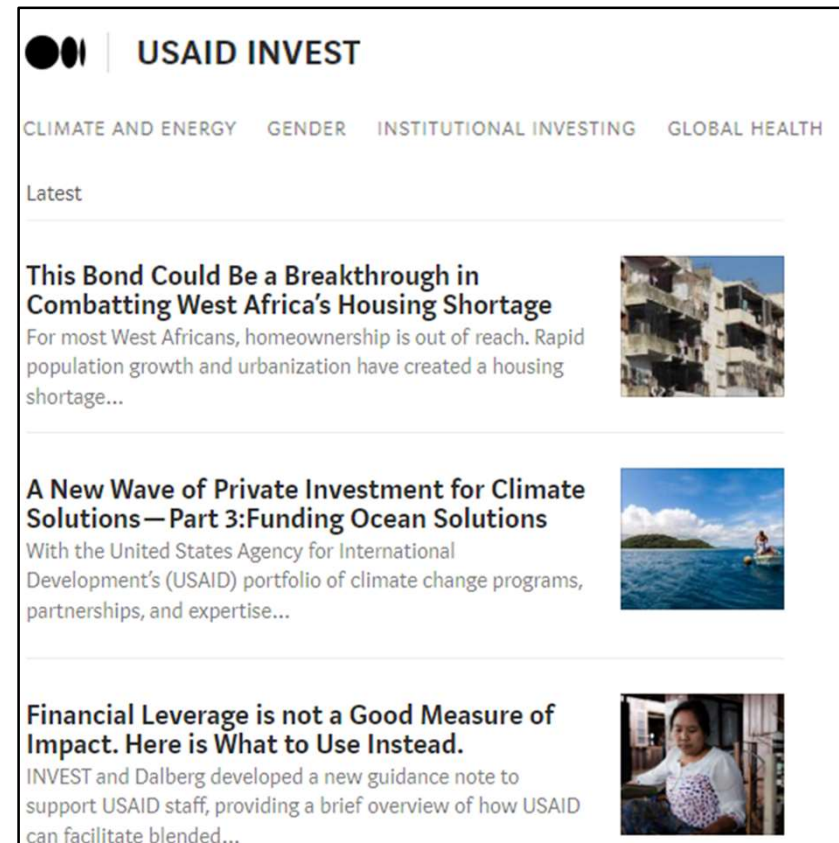
INVEST communications support technical and programmatic goals across the INVEST portfolio and captures and shares lessons learned with USAID and the network.

### PUBLICATION HIGHLIGHTS

This quarter, INVEST reorganized its learning blog for easier navigation at [medium.com/usaidtheinvest](https://medium.com/usaidtheinvest). INVEST also streamlined its publications page at [usaid.gov/INVEST/publications](https://usaid.gov/INVEST/publications).

INVEST has published 107 blogs since the launch of the initiative. In Q1, INVEST published ten learning blogs and one "Voices from the USAID Finance and Investment Network" interview.

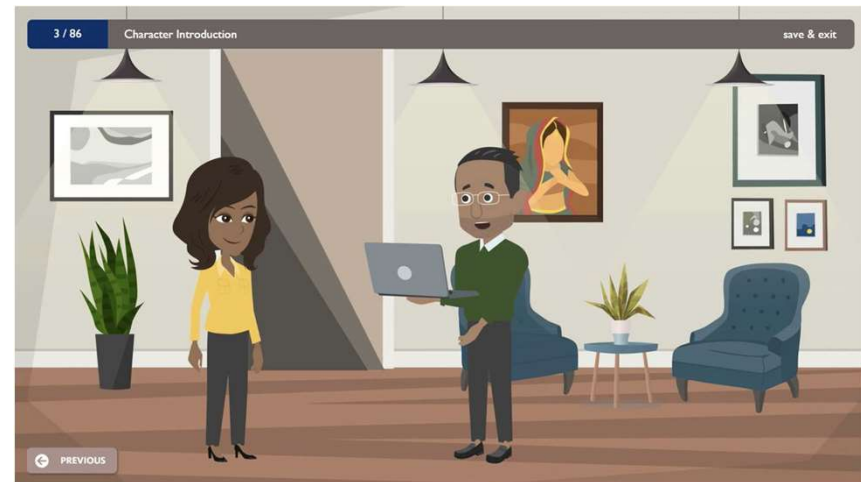
This quarter, INVEST communications focused on climate finance, and the team wrote blogs, developed a Spark toolkit of [climate finance resources](#), and developed newsletters and social media to disseminate INVEST's climate finance learning products and events.



# INVEST: QUARTERLY HIGHLIGHTS

## ELEARNING SPOTLIGHT

INVEST partnered with the PSE Hub to develop a two-part, self-paced eLearning course that underscores a key takeaway for USAID Mission staff: you don't have to be a finance expert to engage investors and mobilize capital for development results. *Mobilizing Private Investment: You Don't Have to Do It Alone* equips Mission staff with the knowledge, tools, and practical skills to address key development objectives through blended finance interventions.

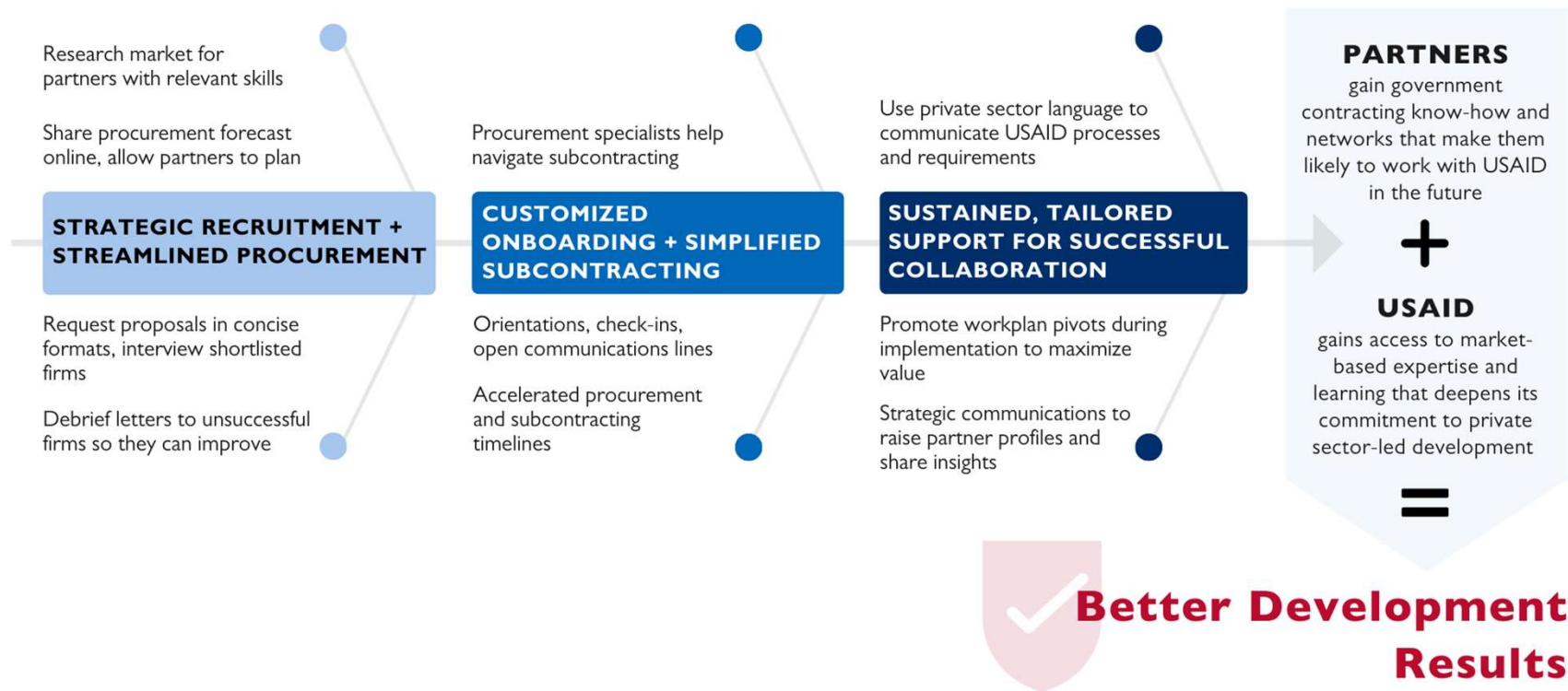


Built upon lessons learned across the INVEST portfolio, the course covers the role of investment intermediaries like fund managers and transaction advisors in encouraging the flow of capital in developed and frontier/emerging markets—and how USAID can work with them to harness investment. Through real-life examples, practical exercises, and firsthand accounts, learners build confidence in their ability to strategically use private investment approaches to help achieve development objectives. USAID staff can register for the course via [USAID University](#).



# INVEST: OUR PARTNERSHIPS

*Building Better Partnerships for Better Development: How INVEST supports new and underutilized partners*



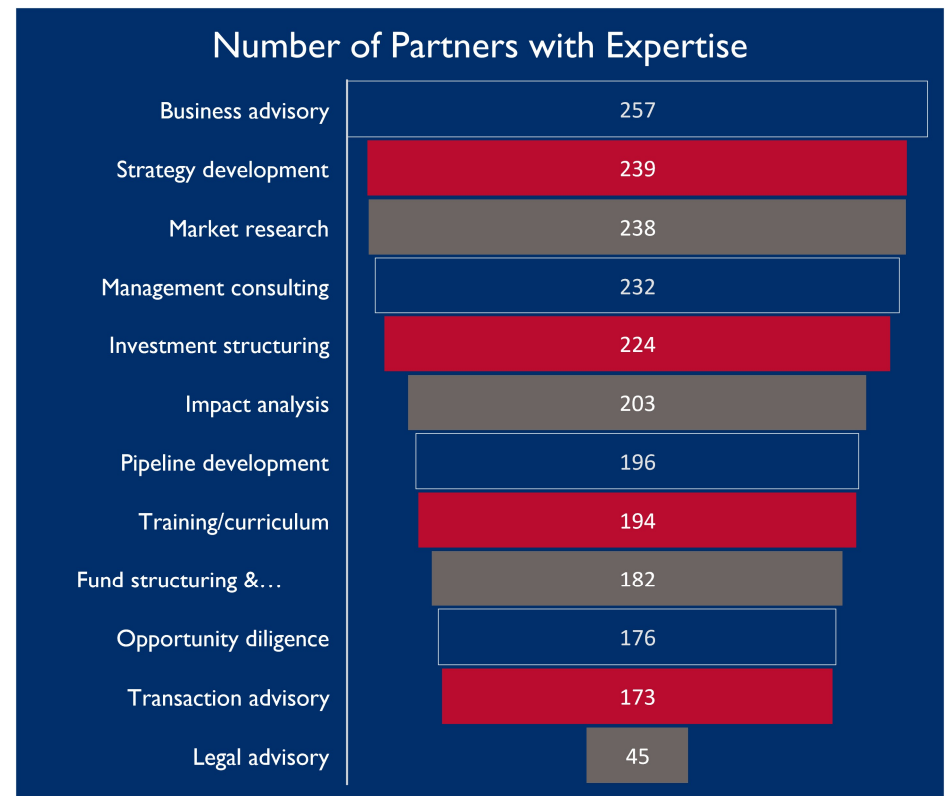
# INVEST: OUR PARTNERSHIPS

## USAID FINANCE AND INVESTMENT NETWORK

At the core of INVEST is a network of over 450 partner firms from the investment and development community with specialized technical and financial expertise across 15 sectors.

The Network:

- Engages new and underutilized partners to leverage USAID resources and solve development challenges with market-driven solutions and innovations
- Gives USAID on-demand access to the niche expertise necessary for solving the world's toughest development challenges
- Builds the capacity of private sector firms and small organizations to navigate USAID procurement and subcontracting processes, making it easier for them to successfully work with USAID

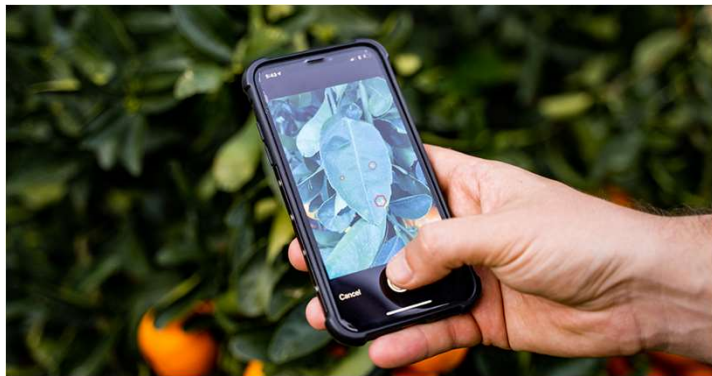




# INVEST: OUR PARTNERSHIPS

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## NEW AND UNDERUTILIZED PARTNERS HIGHLIGHT



*Source: Aerobotics, an Endeavor Entrepreneur*

By engaging strong partners with local expertise and providing guidance on USAID subcontracting and activity implementation, INVEST is helping new and underutilized partners (NUPs) to achieve significant development impact.

INVEST released a procurement for Southern Africa Catalytic Contribution for investors leading on impact investing. INVEST awarded four subcontracts to NUPs: Creative CFO, Endeavor, Linea Capital Partners, and ThirdWay Africa. One of the firms, Creative CFO, is a first-time fund manager, as well as a NUP. INVEST worked with Creative CFO on challenges related to the firm's representation of its relationship with USAID/INVEST, timing of deliverables, and strategy for capital raise. Creative CFO recently landed an anchor investor and doubled its capital raise target.

# INVEST: INNOVATIVE PROCUREMENT

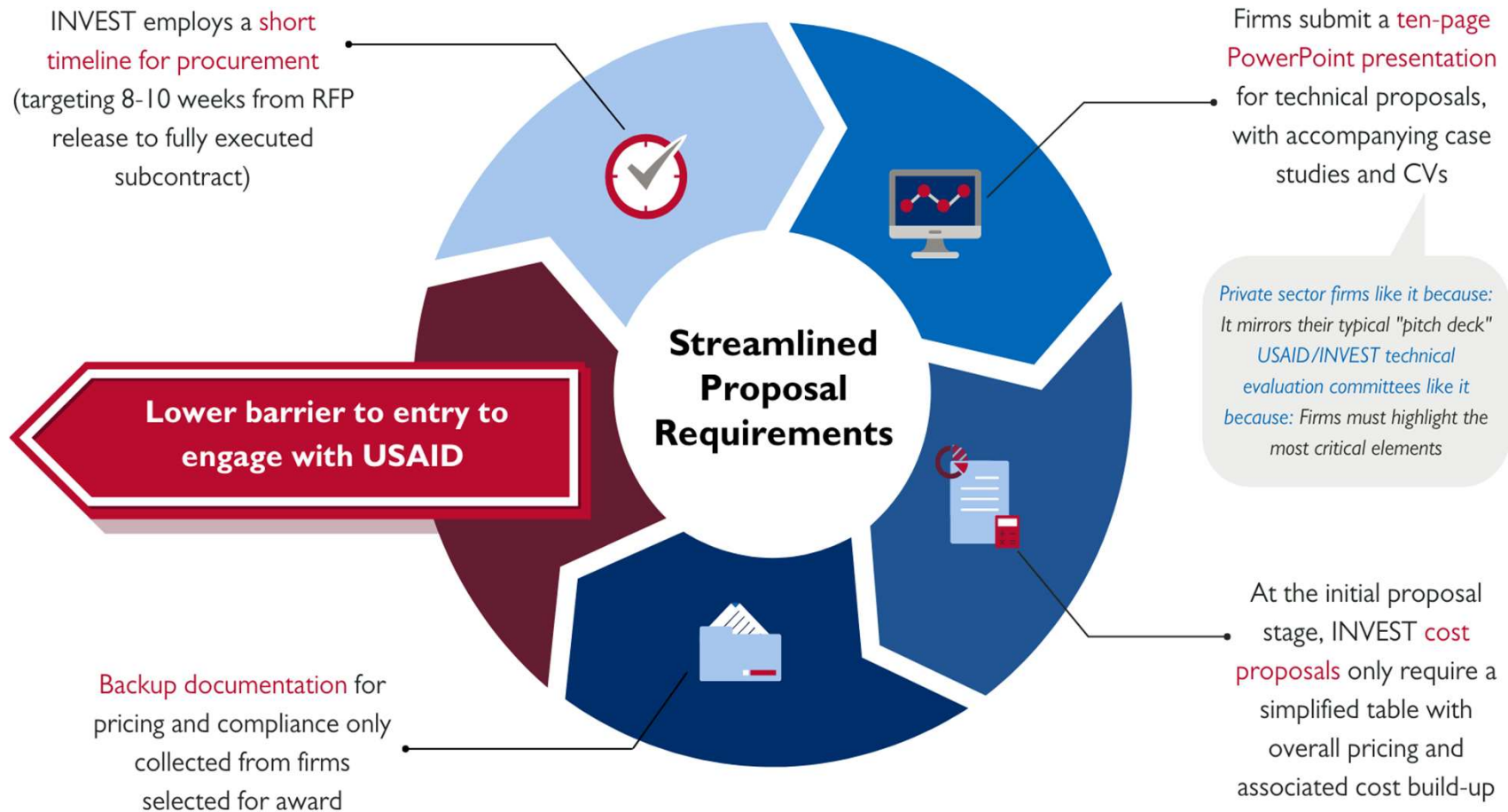
## PROCUREMENT AND SUBCONTRACTORS

INVEST has engaged **98 partner firms** to develop and implement technical activities.



# INVEST: OPERATIONAL LEARNING

## ADAPTING PROCUREMENT TO MIRROR PRIVATE SECTOR PRACTICES



# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## MORE THAN \$44 MILLION CLOSED THIS QUARTER

INVEST-facilitated investments increased by **20 percent**; the value of capital sought associated with current capital raise efforts increased by **37 percent**.

**\$274mm**

TOTAL CAPITAL  
MOBILIZED

**71**

TRANSACTIONS  
CLOSED TO DATE

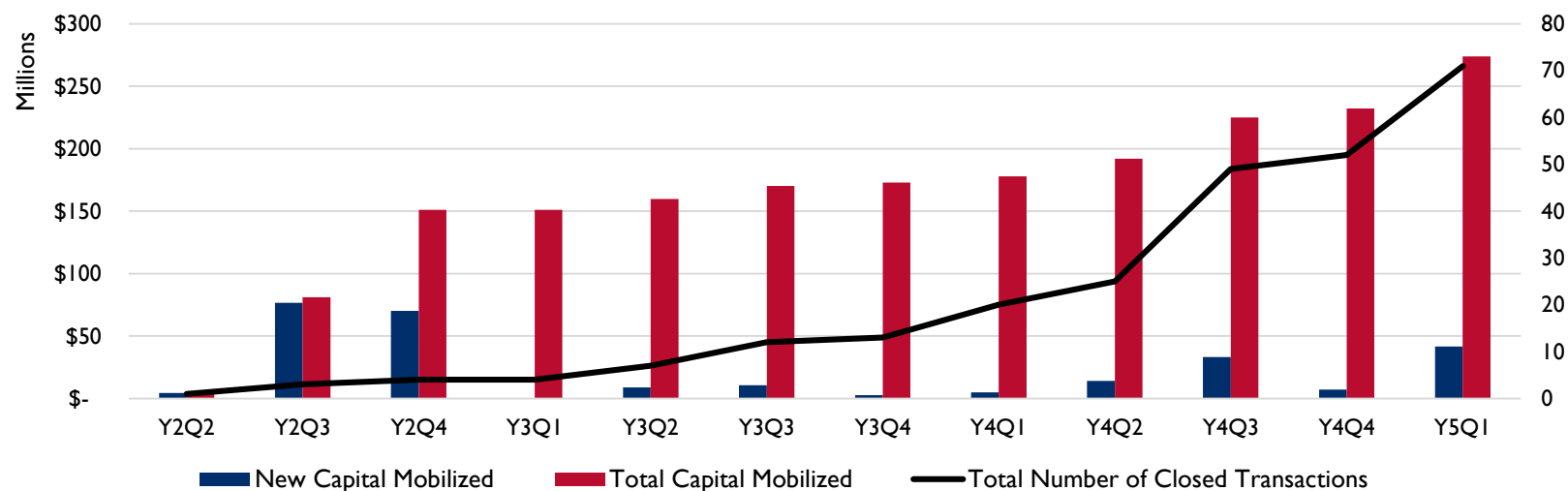
**90**

ACTIVELY  
SUPPORTED  
TRANSACTIONS

**\$1.15bn**

ADDITIONAL  
CAPITAL SOUGHT

*Capital Mobilized by Quarter*

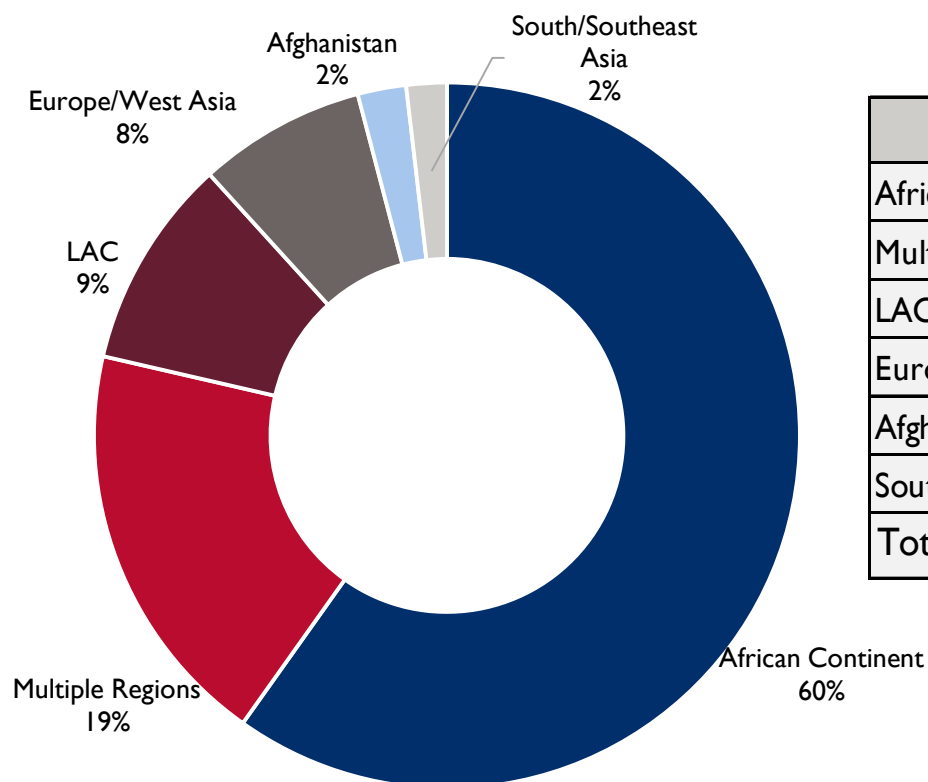


# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## AFRICAN CONTINENT REMAINS FOCUS FOR INVESTMENT

INVEST has mobilized capital across the globe; 60 percent of the capital mobilized to date was invested in Africa.

*Capital Mobilized by Region of Investment*

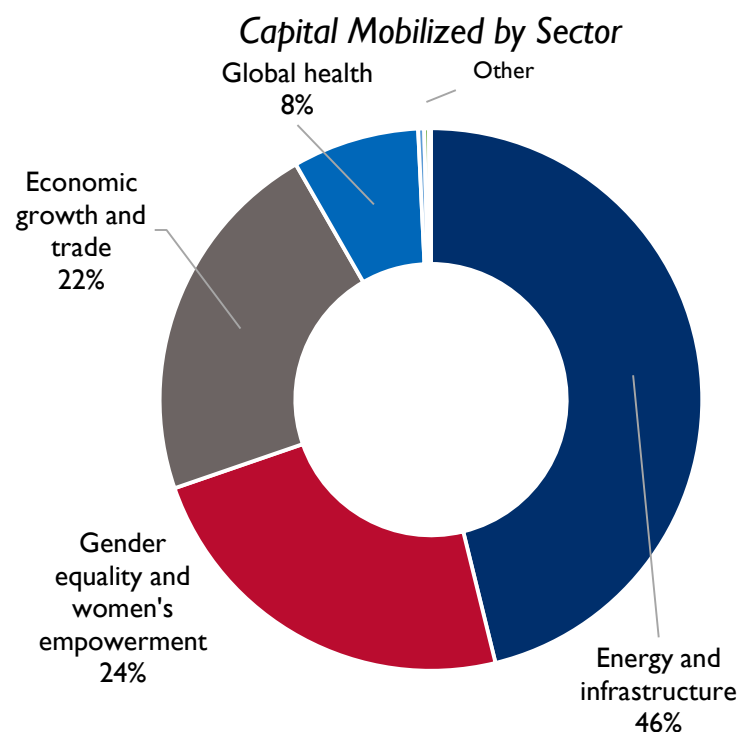


Region	Capital Mobilized
African Continent	\$ 165,490,068
Multiple Regions	\$ 50,672,290
LAC	\$ 25,989,705
Europe/West Asia	\$ 20,708,484
Afghanistan	\$ 5,961,397
South/Southeast Asia	\$ 5,000,000
Total	\$ 273,821,944

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## ENERGY AND INFRASTRUCTURE REPRESENT LARGEST SHARE OF INVESTMENT, FOLLOWED BY FOCUS ON GENDER

INVEST has mobilized capital across eight sectors; 46 percent of investments were made in the Energy and Infrastructure sector.



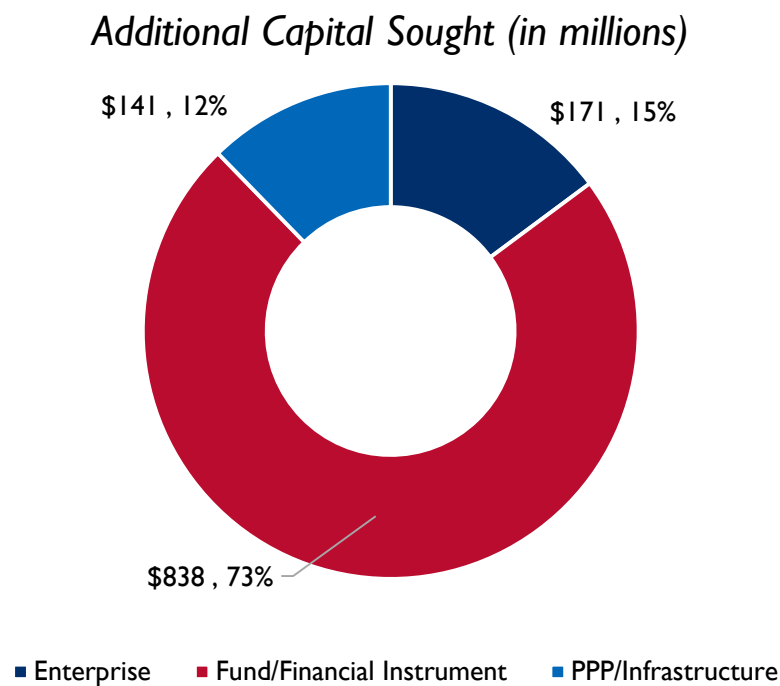
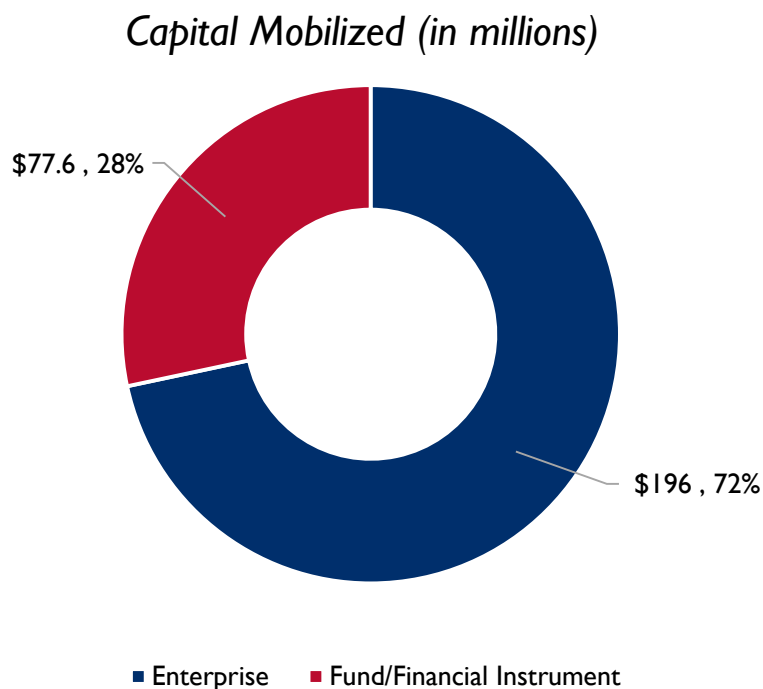
Sector	Capital Mobilized
Energy and Infrastructure	\$ 126,496,486
Gender equality and women's empowerment	\$ 64,421,186
Economic growth and trade	\$ 60,227,027
Global health	\$ 20,708,484
Financial services and inclusion	\$ 872,909
Agriculture and food security	\$ 750,000
Environment and natural resource management	\$ 305,382
Education	\$ 40,471
Total	\$ 273,821,944



# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## MAJORITY OF INVESTMENT DIRECTED TO ENTERPRISES

INVEST mobilizes capital for **Investment Funds/Financial instruments, Enterprises, and PPP/Infrastructure**. The majority of capital mobilized to date (72 percent) has been invested in Enterprises. Future investments are projected to be concentrated primarily in Funds/Financial Instruments (73 percent).



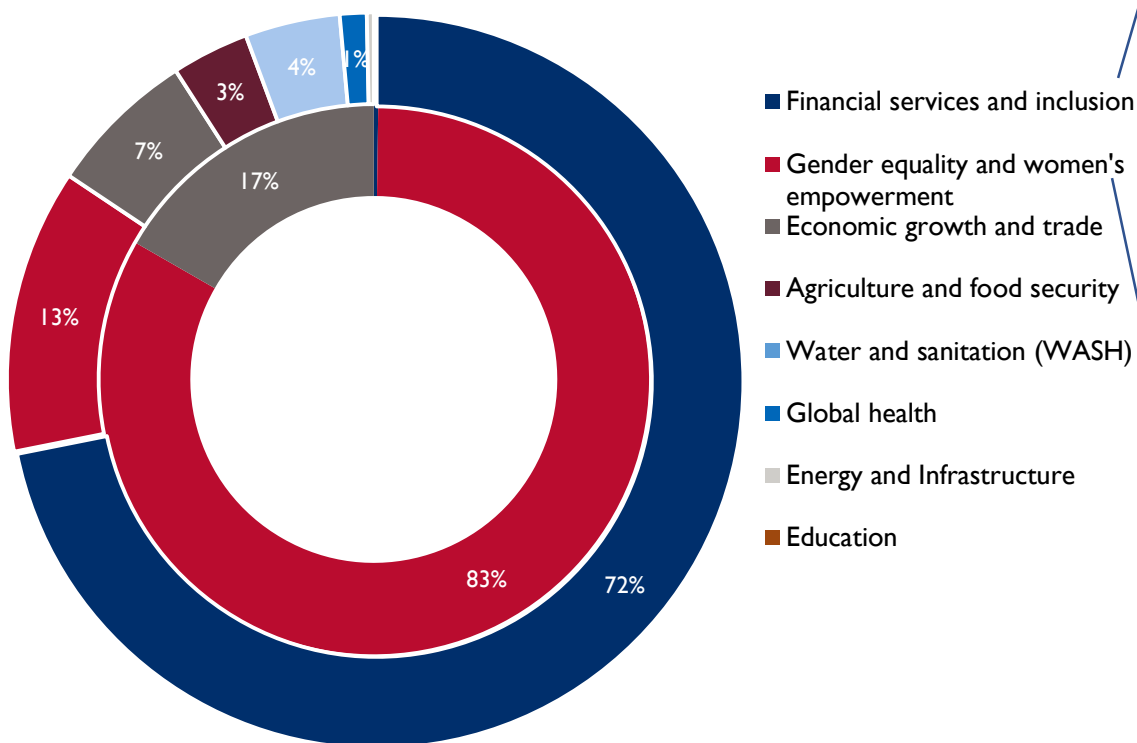


# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## THROUGH INVESTMENT FUNDS, INVEST REACHES 9 DEVELOPMENT SECTORS

### Sectors Benefitting from Investment Funds

Outer circle illustrates the makeup of Capital Sought  
Inner circle illustrated the makeup of Capital Mobilized



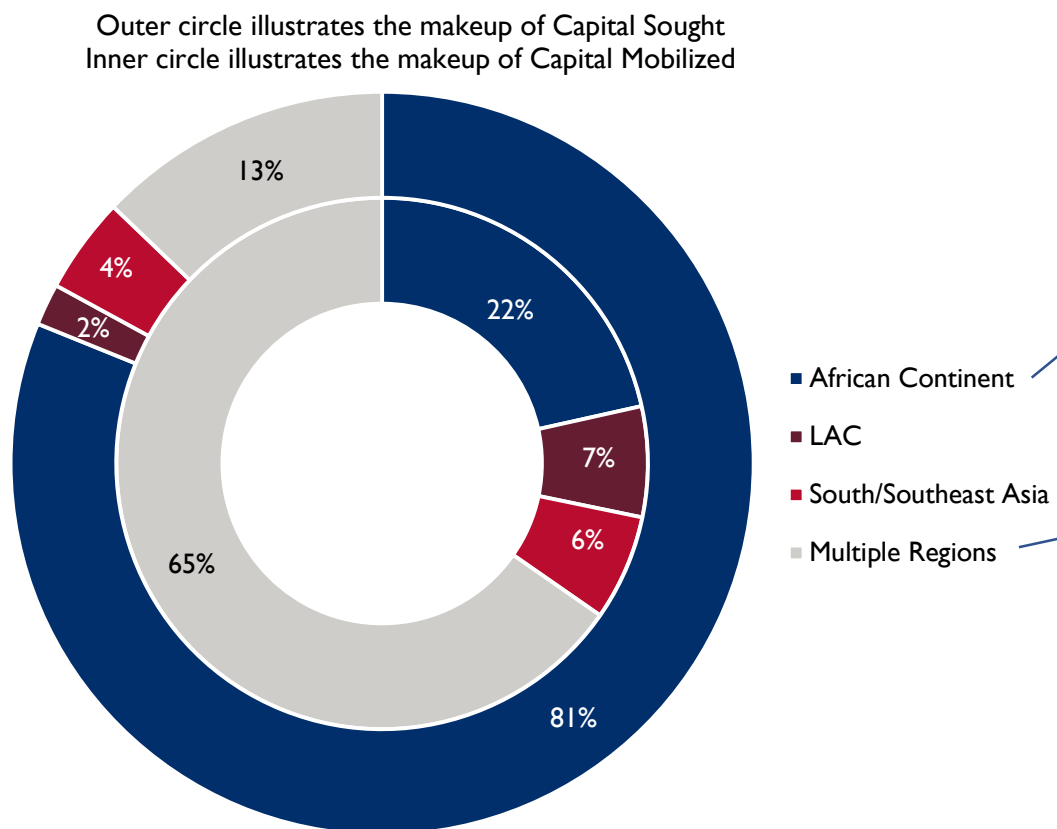
Of the \$837.7mm additional capital sought, \$602mm (72 percent) will be directed to Financial Services and Inclusion.

To date, \$64.4mm (83 percent) of Fund Capital Mobilized (\$77.6mm) is directed to gender equality and women's empowerment.

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## INVESTMENT FUNDS ARE LARGELY FOCUSED ON THE AFRICAN CONTINENT, TREND EXPECTED TO CONTINUE

### *Regions Benefitting from Investment Funds*

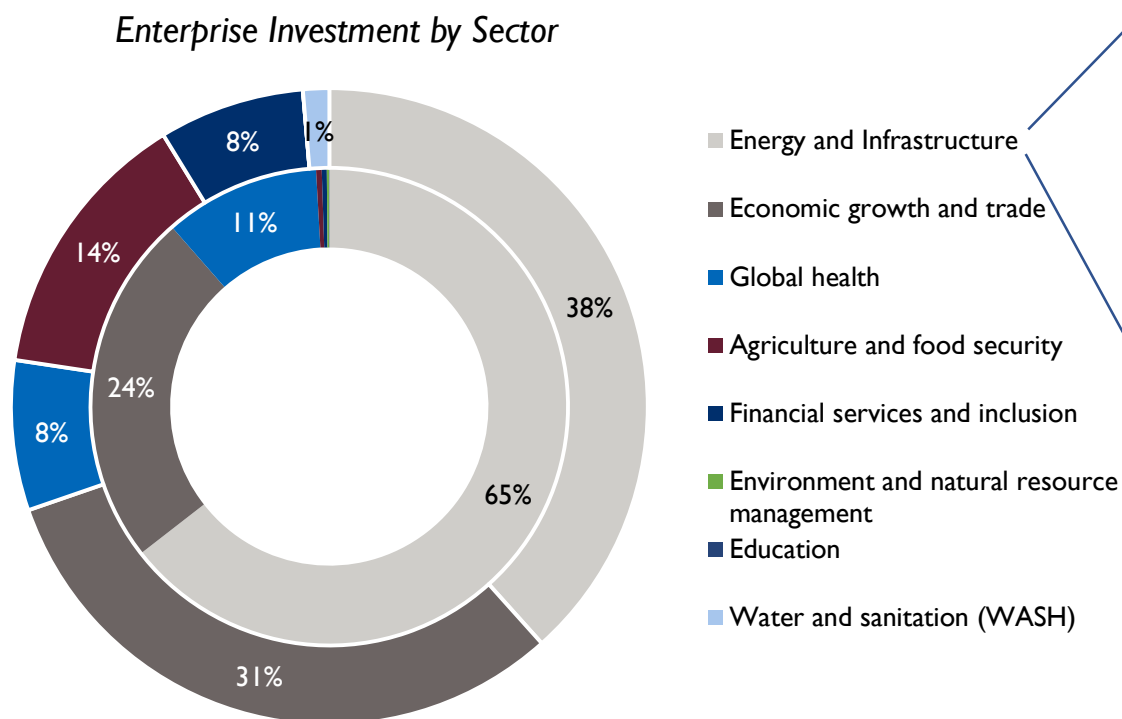


Of the \$837.7mm additional capital sought, \$679.6mm (81 percent) will be directed to the African Continent.

To date, 65 percent of Fund Capital Mobilized (\$77.6mm) is directed to funds that benefit multiple regions.

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## ENTERPRISE INVESTMENTS REACH 8 DEVELOPMENT SECTORS



To date, \$126mm (65 percent) of Enterprise Capital Mobilized (\$196mm) is directed to Energy and Infrastructure.

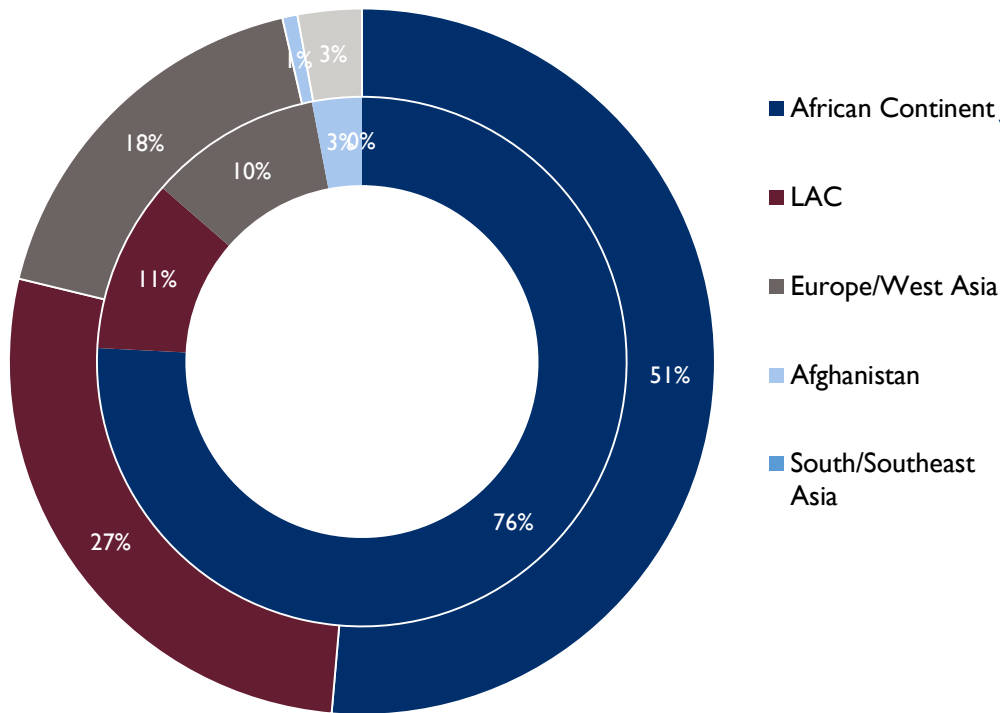
Of the \$170.5mm additional capital sought, \$65.4mm (38 percent) will be directed to Energy and Infrastructure.

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## ENTERPRISE INVESTMENTS ARE FOCUSED ON AFRICA, FUTURE GROWTH EXPECTED IN LATIN AMERICA

### *Regions Benefitting from Enterprise Capital*

Outer circle illustrates the makeup of Capital Sought  
Inner circle illustrates the makeup of Capital Mobilized



To date, 76 percent of Enterprise Capital Mobilized (\$192mm) is directed to enterprises on the African continent.

Of the \$170.5mm additional capital sought directed to Enterprises, \$87.6mm (51 percent) will be directed to the African continent.

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

## CAPITAL MOBILIZED FROM 10 INVESTOR TYPES

To date, INVEST has facilitated 89 investments from ten different investor types across 71 closed transactions. Commercial Banks represent the largest investor group, having been involved with funding \$61.8mm (22.6% of investments) to date.

Number of Investments by Investor Type



# INVEST: QUARTERLY SPOTLIGHTS

*Illustrative activities selected from across the INVEST portfolio this quarter*

# SPOTLIGHT: HAITIAN DIASPORA ENGAGEMENT

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*Haitian-Americans renew commitment to leverage resources and expertise in Haitian recovery*



## PROBLEM

Haiti consistently faces political and environmental shocks and stresses that exacerbate and perpetuate the country's challenges. The past six months alone have been an especially difficult period for Haiti, with the COVID-19 pandemic, assassination of President Moïse, and a devastating 7.2 magnitude earthquake followed by a major tropical storm and floods. As the country struggles to provide relief to its citizens, it must do so within a fragile political and economic climate, contending with growing insecurity caused by gang violence, kidnappings, a faltering power grid, impaired infrastructure, and fuel shortages.



## INVEST SOLUTION

In December 2021, Haiti INVEST worked with USAID to identify additional ways to partner with the Haitian diaspora and better support the country's development and resilience efforts. On December 15, Haiti INVEST held an in-person meeting of the Advisory Committee in NYC, followed by a public event on December 16 to discuss opportunities for partnership and investment in Haiti as part of USAID/Haiti's ongoing engagement with the Haitian-American diaspora. The Haitian-American Diaspora Engagement 2021 brought together diaspora members from Haitian-American philanthropic and professional organizations, chambers of commerce, and the financial sector. Sixty participants from 24 organizations discussed new approaches to leverage the skills and capital of the diaspora to support post-earthquake recovery and to build a resilient Haiti through investments in sectors like health care and education, as well as micro-, small-, and medium-sized enterprises.



# SPOTLIGHT: HAITIAN DIASPORA ENGAGEMENT

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## OUTCOMES

The engagement signaled a recommitment between USAID and the Haitian-American diaspora to continue working together in partnership to build resilience in Haiti. The meeting provided an opportunity for diaspora members to network with diaspora organizations, community influencers, and philanthropic organizations. USAID/Haiti Mission Director Christopher Cushing made several announcements at the event: additional funding for long-term recovery efforts, the launch of a matching grant program to work directly with diaspora, and the co-design of a \$15 million activity to strengthen civil society. The event concluded with a call for Diaspora Partnership Concept Papers seeking ideas for targeted, community-specific investor engagement; inclusive and sustainable business models; and ways to work with the diaspora to create diversified and sustainable livelihood options consistent with USAID Haiti's strategic framework.



## LESSONS

With 3.5 million Haitian diaspora accounting for \$3.3 billion of revenue sent back to Haiti in 2020—25 percent of the country's GDP—USAID and Haiti INVEST recognize the enormous potential that the diaspora wield in supporting resilience efforts. Discussions at the December 2021 meetings reflected the importance of keeping local voices at the center of interventions and the value of bringing together diverse stakeholders to analyze and propose solutions. The discussions emphasized the ability of Haitian nationals and the diaspora community to make investments in Haiti's economy. The meetings also showcased the importance of transaction advisors in providing assistance to Haitian businesses and connecting them to sources of investment.

# SPOTLIGHT: RESILIENCE AND FOOD SECURITY

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*Building a pipeline of investable opportunities in Agriculture and WASH*



## PROBLEM

Many agricultural small- and medium-sized enterprises (SMEs) fall into the "missing middle," the gap between microfinance and commercial banking that is considered a key frontier in financial inclusion. To increase access to finance for all actors (particularly SMEs) in the agriculture and water sectors, USAID's Bureau for Resilience and Food Security (RFS) seeks to mobilize finance for investment in agriculture, nutrition, water, and sanitation through partnerships with multilateral development institutions, investors, banks, and the private sector. However, the lack of investment-ready projects poses a serious challenge for attracting and channeling private investments.



## INVEST SOLUTION

INVEST released a call for Expressions of Interest (EOI) to identify potential partners and innovative approaches that leverage USAID resources to build a pipeline of investments and catalyze commercial capital. Four awards were made, including to FINCA Ventures to use \$500,000 in catalytic capital from USAID to support the creation of a \$50 million Ag/WASH Umbrella Fund that will support private sector investments in innovative agriculture and WASH-focused companies. FINCA Ventures' scope also included dedicated engagement with USAID Missions to ensure activity and investment alignment with Mission objectives.

# SPOTLIGHT: RESILIENCE AND FOOD SECURITY

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## OUTCOMES

FINCA Ventures targets equity investments in early-stage companies with prospects for growth and social impact in RFS priority countries and sectors, including Kenya and Tanzania. Investments have included (1) NatureLock, a company that turns surplus and ripe produce sourced from smallholder farmers and mid-size farms into affordable and nutritious foods with a long shelf life; (2) YYTZ, an expanding cashew producer; (3) East Africa Fruits, a fruit company modernizing its infrastructure to avoid post-harvest loss; and (4) Jibu, a franchise for the distribution of essential goods, including clean water. The combined value of these investments is \$700,000.



## LESSONS

Impact investment funds face a unique set of challenges when building a pipeline of opportunities. Each company they consider is likely to require extensive due diligence before a fund can complete an investment. Providing access to catalytic capital with flexible terms allows fund managers to apply resources where they are most needed to facilitate transactions. This is especially important for funds with development objectives, as it provides the resources necessary to identify a robust pipeline and conduct a thorough vetting of potential investees. By partnering with USAID, FINCA Ventures was able to provide much-needed capital to four companies that present strong investment opportunities, offer products and services that respond to market demands, and address priority development goals in the agriculture and WASH sectors.

# LOOKING FORWARD: CLIMATE ACTION

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*Supporting action-oriented learning to operationalize USAID's Climate Strategy for Mission teams in Africa*

## ACTIVITY

USAID Africa Bureau has engaged INVEST to support the design and implementation of the Climate and Finance Practicum. The program draws on the success of the PIVOT model (Practical InnoVative On-the-Job Training) that was supported by INVEST in collaboration with PEPSE. The Climate and Finance Practicum will incorporate similar methodological approaches to cultivate the competencies needed to operationalize USAID's Climate Strategy. The program will be implemented over 16 weeks (February to June 2022) and is expected to engage six to eight Missions in Africa. By the program's conclusion, Mission teams will have developed an integrated programming option for climate action that leverages financing from public and/or private sources.

## WHY IT MATTERS

Addressing climate change is a top priority for USAID under the U.S. Government's renewed and strengthened commitments to building climate resilience and helping limit warming to 1.5 degrees Celsius, as called for under the Paris Agreement. The Agency's Climate Strategy, spanning 2022 to 2030, represents an effort to align USAID's programs and investments with this significant challenge. The Strategy sets six high-level targets that represent the breadth of achievements USAID aims to generate. Achieving these targets requires a significant effort to build technical; collaborating, learning and adapting (CLA); and leadership skills; as well as capacities for strategic collaboration with local governments, the private sector, and other climate stakeholders—such as Indigenous Peoples, local communities, women and youth.

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

Activity Start and End Date: 09/28/2017 - 09/27/2024

COR Name: Kathleen Hunt

Submitted by:

Nora Brown, Chief of Party

DAI Global LLC

7600 Wisconsin Ave, Suite 200

Bethesda, MD 20814

Tel: 301-771-7600

Email: [Nora\\_Brown@dai.com](mailto:Nora_Brown@dai.com)

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Nora Brown, Chief of Party  
Kathleen Hunt, USAID, Contracting Officer's Representative

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Shaping a more livable world.

