

USAID **INVEST**

Mobilizing Investment
for Development

INVEST Year 4 Quarter 3 Report
April 1, 2021 – June 30, 2021

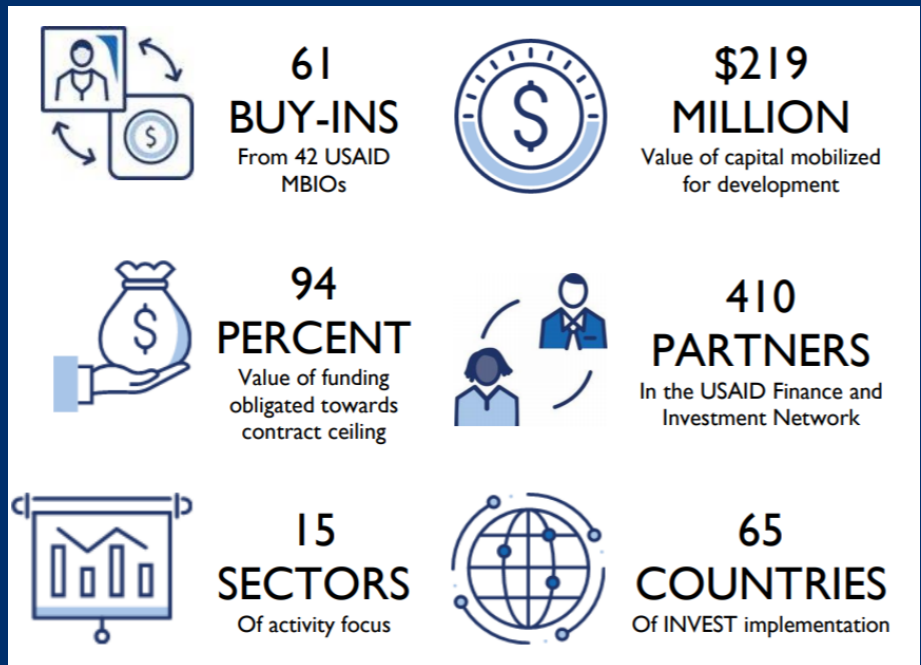


INVEST: ABOUT US

OVERVIEW

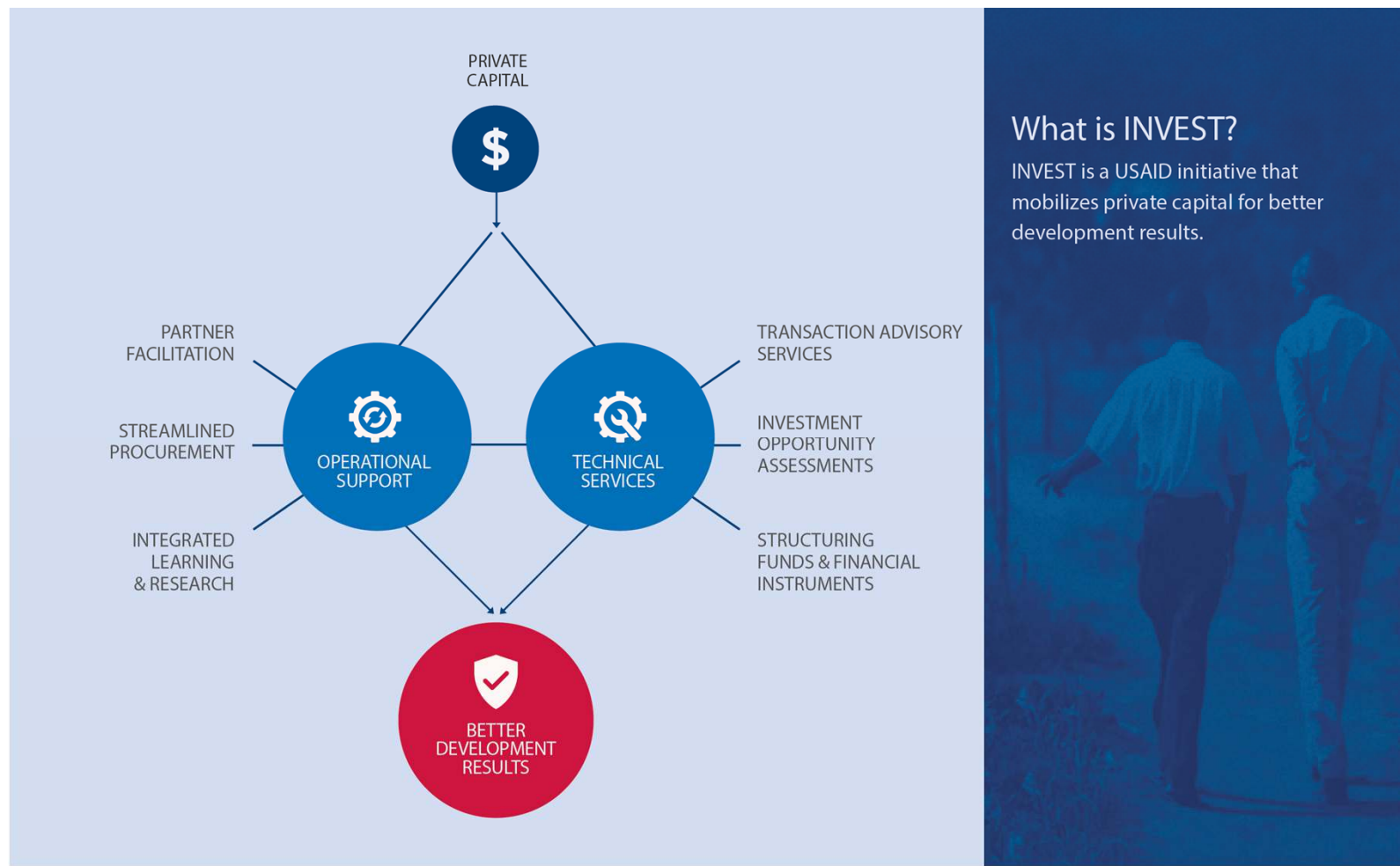
INVEST is a flexible buy-in mechanism designed to address the challenges that make it difficult for USAID to work alongside the private sector.

- 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

OUR APPROACH



What is INVEST?

INVEST is a USAID initiative that mobilizes private capital for better development results.

INVEST: OUR WORK

TECHNICAL SERVICES



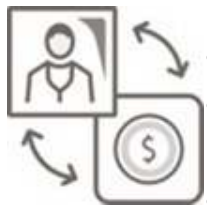
INVESTMENT OPPORTUNITY ASSESSMENTS

- Building municipal government capacity in India and Vietnam to engage the private sector in education and clean energy initiatives
- Piloting new corporate investment models to provide safe and affordable water at scale
- Conducting research to build Mission capacity in the Eastern and Southern Caribbean to implement PSE approaches



STRUCTURING FUNDS AND FINANCIAL INSTRUMENTS

- Structuring financing mechanisms that utilize catalytic capital to raise and deploy funds to enterprises in Tunisia working on COVID-19 response
- Supporting the creation of the Caribbean Resilience Fund to channel diaspora capital to enterprises in Haiti, the Caribbean Basin, and Central America
- Providing catalytic funding and technical assistance to support six gender lens investment funds



TRANSACTION ADVISORY

- Facilitating transaction closes that increase trade and investment between the U.S. and Africa
- Providing transaction advisory and investment facilitation to promote foreign direct investment in Georgia and Moldova
- Channeling institutional investment into USAID priority areas, such as a \$250M bond for housing finance in West Africa

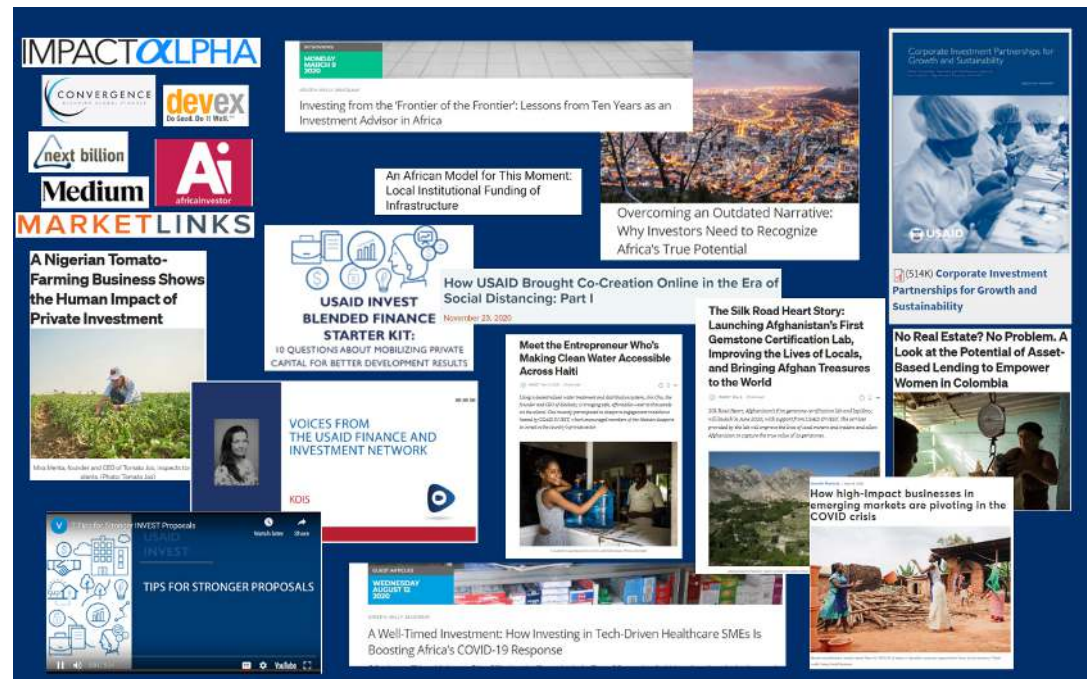
INVEST: OUR WORK

LEARNING AND STRATEGIC COMMUNICATIONS

INVEST generates evidence that builds the knowledge base on PSE and blended finance approaches for development. Widely distributed and targeted learning and communications products share this evidence with USAID and partners to build USAID capacity and improve future applications.

PUBLICATION HIGHLIGHTS

In Y4Q3 INVEST published 13 learning blogs and seven "Voices from the USAID Finance and Investment Network" interviews. Blogs shared lessons learned in promoting gender-lens investing practices, engaging the private sector in public goods, blended finance interventions in global health, piloting new approaches to deepen capital markets in South Africa, mobilizing institutional investors, and using catalytic funding for better development outcomes.



INVEST: OUR WORK

LEARNING AND STRATEGIC COMMUNICATIONS

INVEST's learning strategy supports all phases of the learning cycle: knowledge capture, synthesis, dissemination, and engagement. Learning events are considered a highly effective means to address these objectives.

EVENT HIGHLIGHTS

In Y4Q3 INVEST launched the **FINsights- Mobilizing Investment for Development Webinar Series** featuring members of the USAID Finance and Investment Network. The webinar structure encourages partners to work together to synthesize insights and share evidence derived from practical experience.

Y4Q3 WEBINARS

- Two FINsights webinars were offered in Y4Q3 attracting an average of **76 attendees**.
- These events were summarized in learning blogs and shared through multiple external platforms.



Virginia Schippers
CARE Enterprises



Rebecca Fries
Value for Women



Lisa Willems
AlphaMundi Foundation

FINsights: Mobilizing Investment for Development
presents

Beyond a Niche Strategy: Gender- Smart Technical Assistance

June 10
10 a.m. U.S. ET



Moderated by: **Gwen Snyder**
PSE Support, USAID Contractor

This webinar is part of the "FINsights: Mobilizing Investment for Development" series featuring members of the USAID Finance and Investment Network (FIN) as they share insights into partnering with USAID to mobilize private capital for development results.



Richa Natarajan
Unitus Capital



Apoorv Shukla
USAID India



Garima Batra
Boston Consulting Group

FINsights: Mobilizing Investment for Development
presents

Putting the Private Sector to Work for Public Goods

May 19
9:30 a.m. U.S. EST



Moderated by: **Eric Adams**, INVEST

This webinar is part of the "FINsights: Mobilizing Investment for Development" series featuring members of the USAID Finance and Investment Network (FIN) as they share insights into partnering with USAID to mobilize private capital for development results.

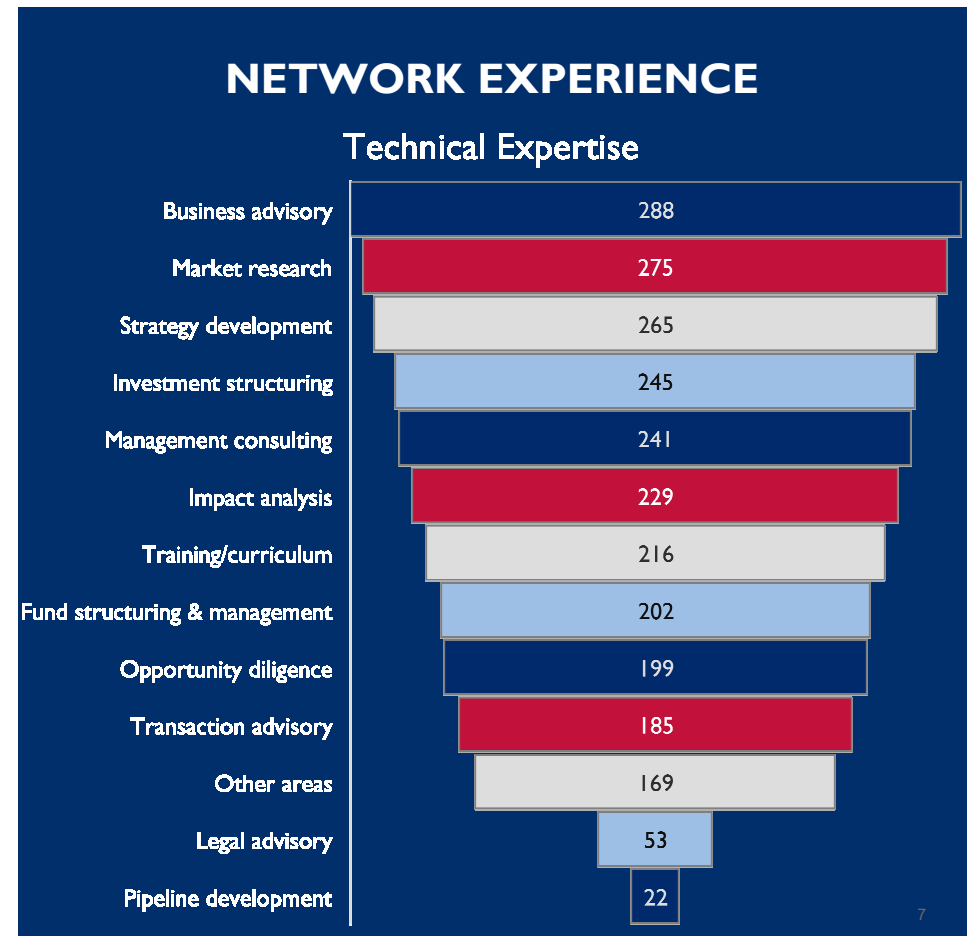
INVEST: OUR PARTNERSHIPS

USAID FINANCE AND INVESTMENT NETWORK

At the core of INVEST is a network of over 400 partner firms from the investment and development community with specialized technical and financial expertise across 15 sectors.

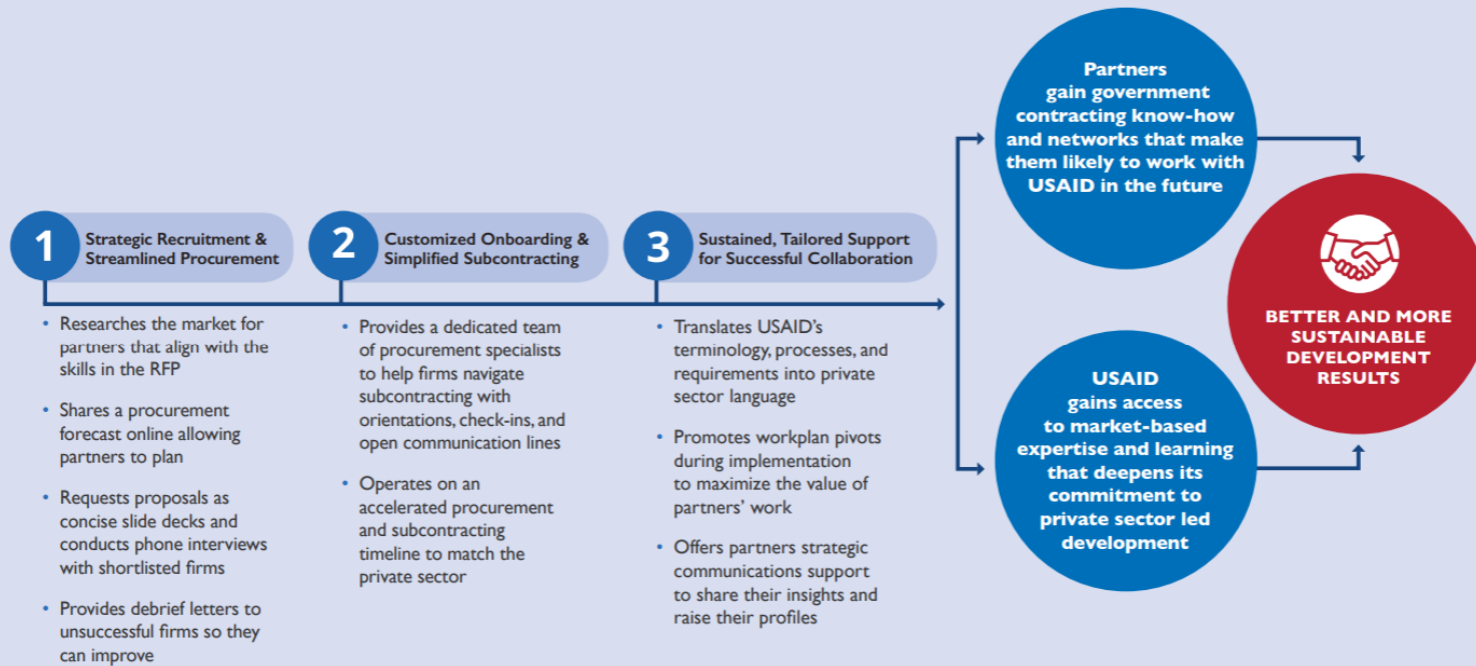
The Network:

- 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 process, making it easier for them to successfully work with USAID.



INVEST: OUR PARTNERSHIPS

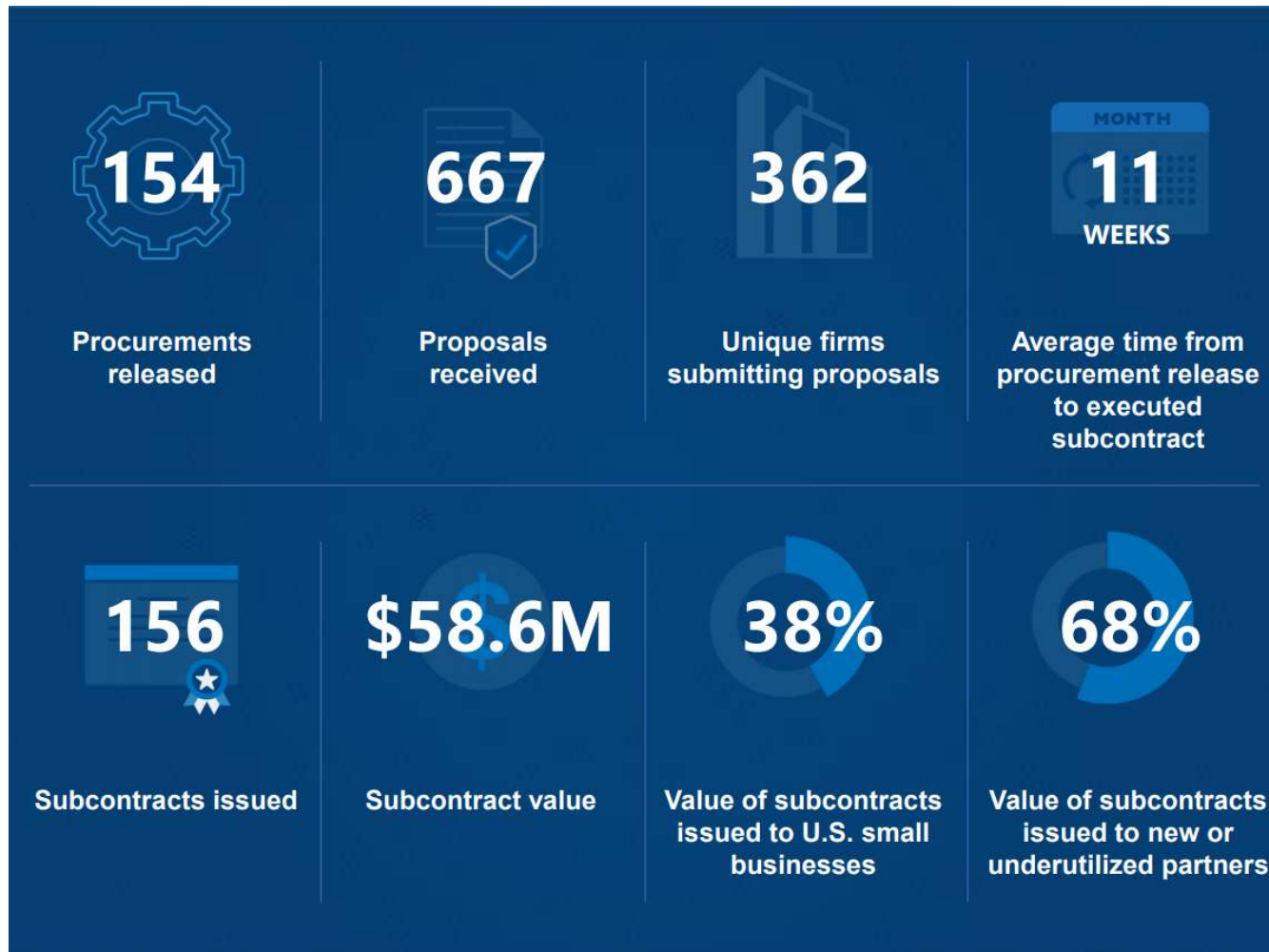
Building Better Partnerships for Better Development: How INVEST Supports New and Underutilized Partners



INVEST: INNOVATIVE PROCUREMENT

PROCUREMENT AND SUBCONTRACTING

INVEST has engaged over 85 partner firms to develop and implement technical activities.



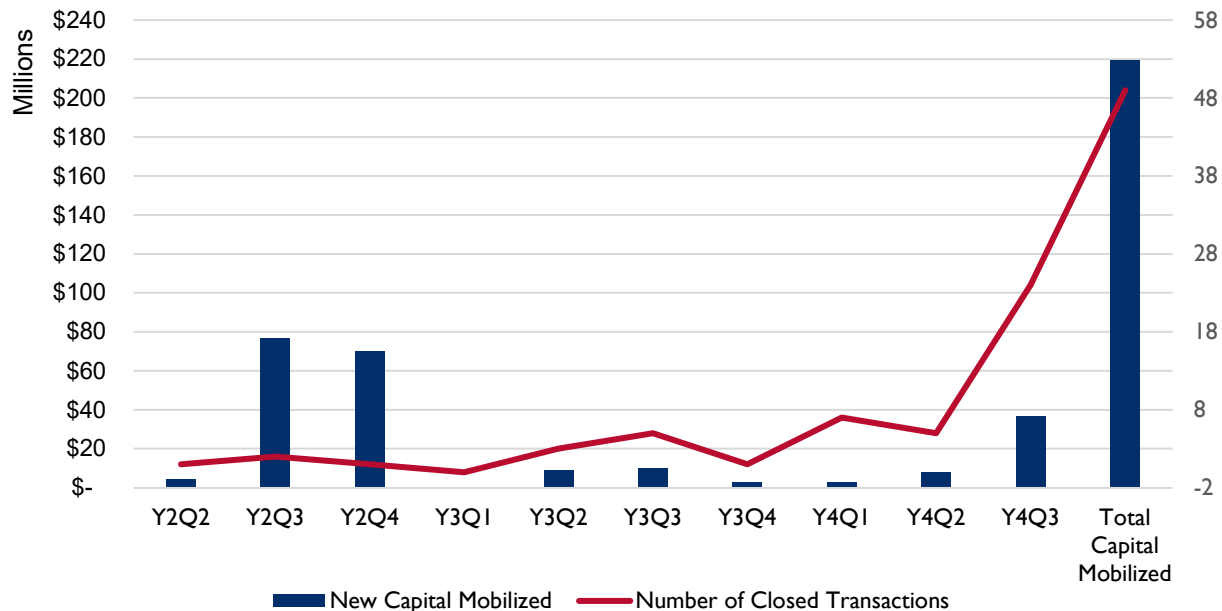
INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

TRANSACTION OVERVIEW

INVEST provides transaction advisory services targeted at closing investment deals and catalytic funding for asset managers to leverage USAID resources and mobilize capital for development.



Capital Mobilized by Quarter

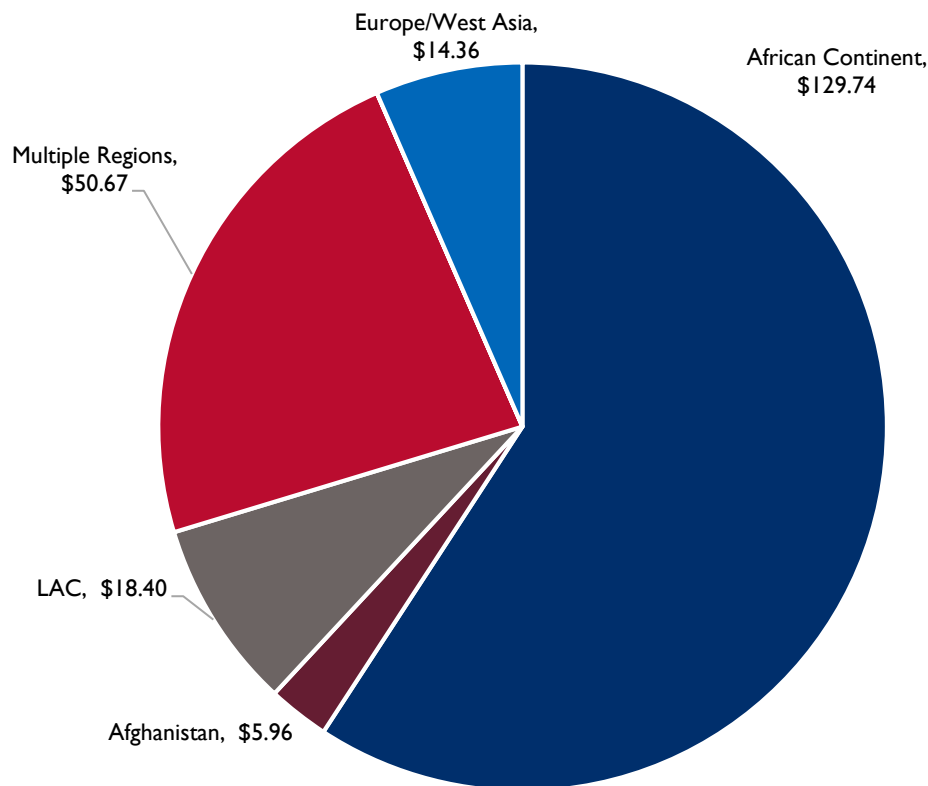


INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

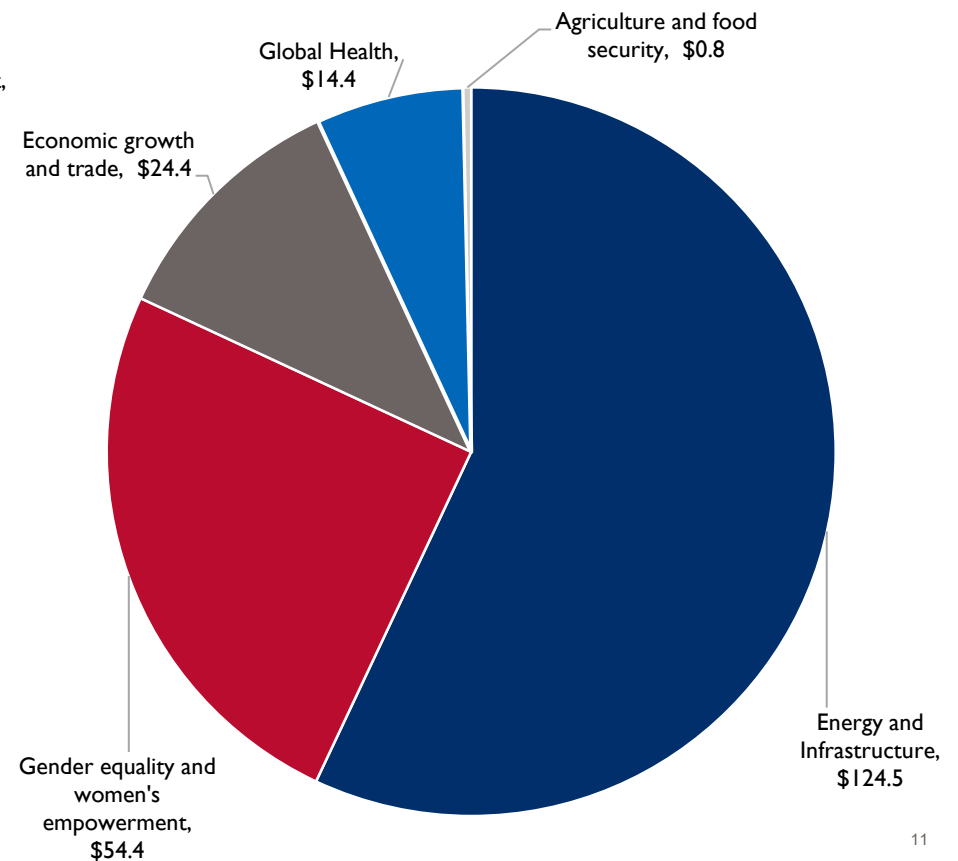
TRANSACTIONS OVERVIEW: WHERE CAPITAL IS MOBILIZED

To date, INVEST has mobilized capital across the globe, now including Europe. The Energy and Infrastructure sector has received 57% of capital mobilized.

Project to Date Capital Mobilized by Region (in millions)



Project to Date Capital Mobilized by Sector (in millions)

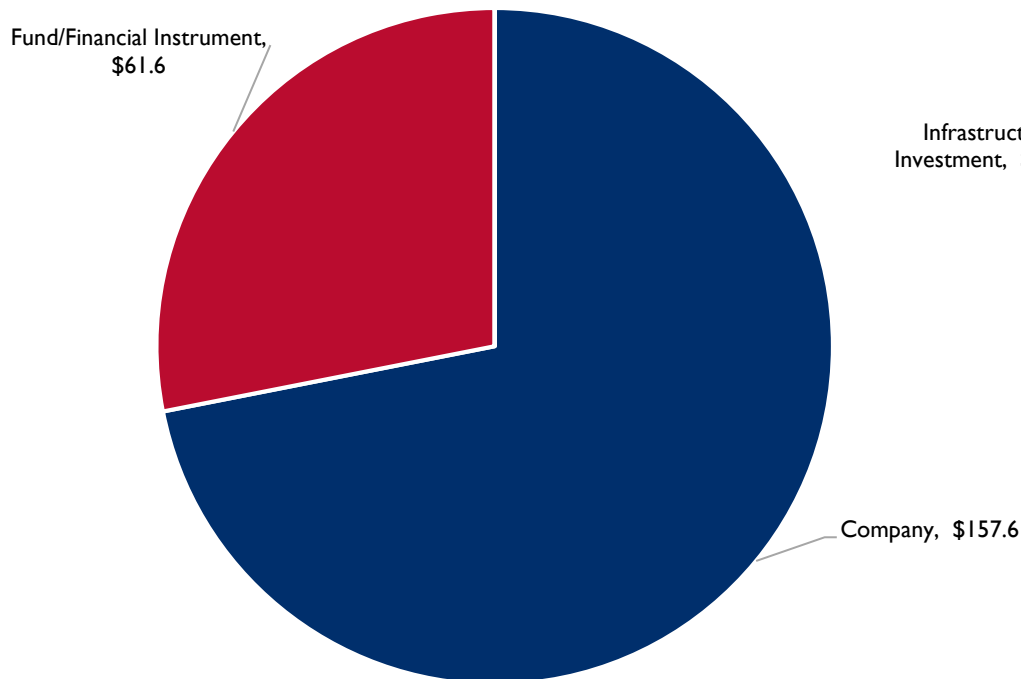


INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

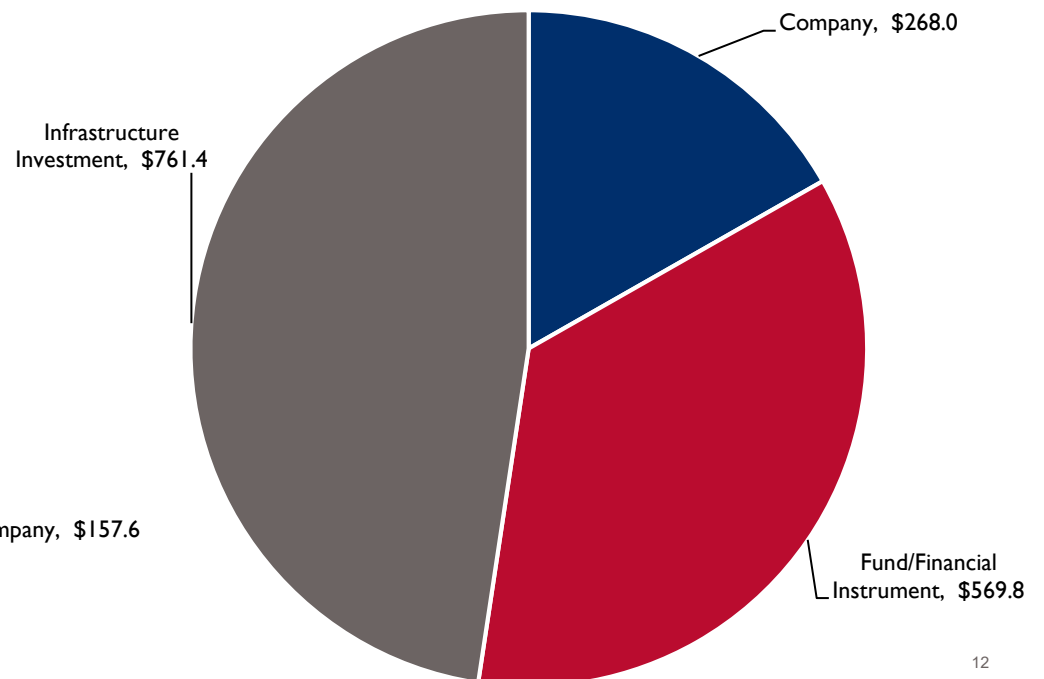
TRANSACTIONS OVERVIEW: WHERE CAPITAL IS MOBILIZED

To date, INVEST has mobilized 72% of total capital directly to companies and 28% to funds or other financial instruments. Across the entire INVEST portfolio, INVEST estimates of all capital mobilized upon project completion, 47% will be in infrastructure; to date no infrastructure transactions have closed.

Project to Date Capital Mobilized by Transaction Type
(in millions)



Project to Date Capital Sought by Transaction Type
(in millions)

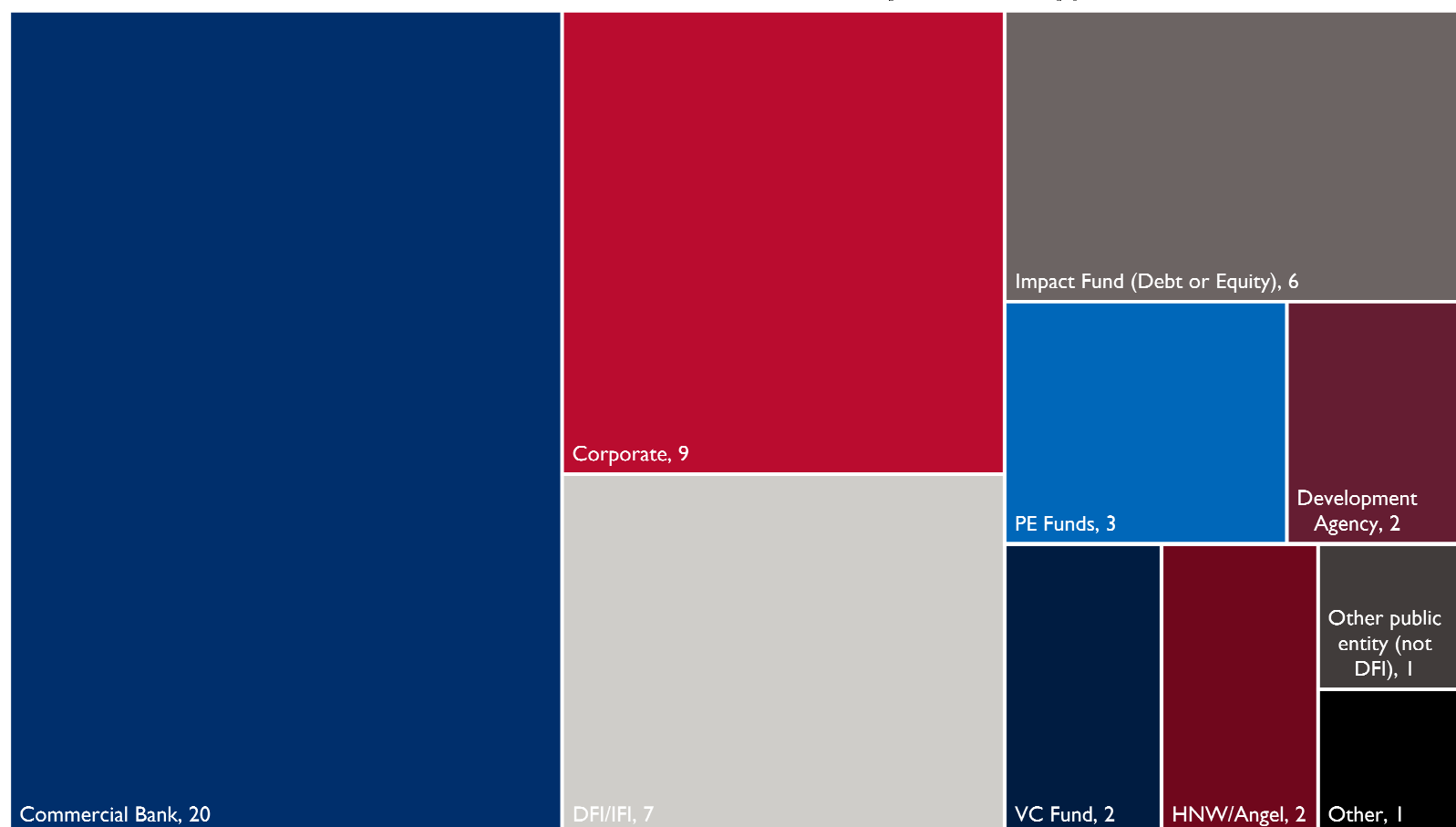


INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

TRANSACTIONS OVERVIEW: INVESTOR TYPES

To date, INVEST has received 53 investor commitments from 10 investor types across 49 closed transactions

Number of Investor Commitments by Investor Type



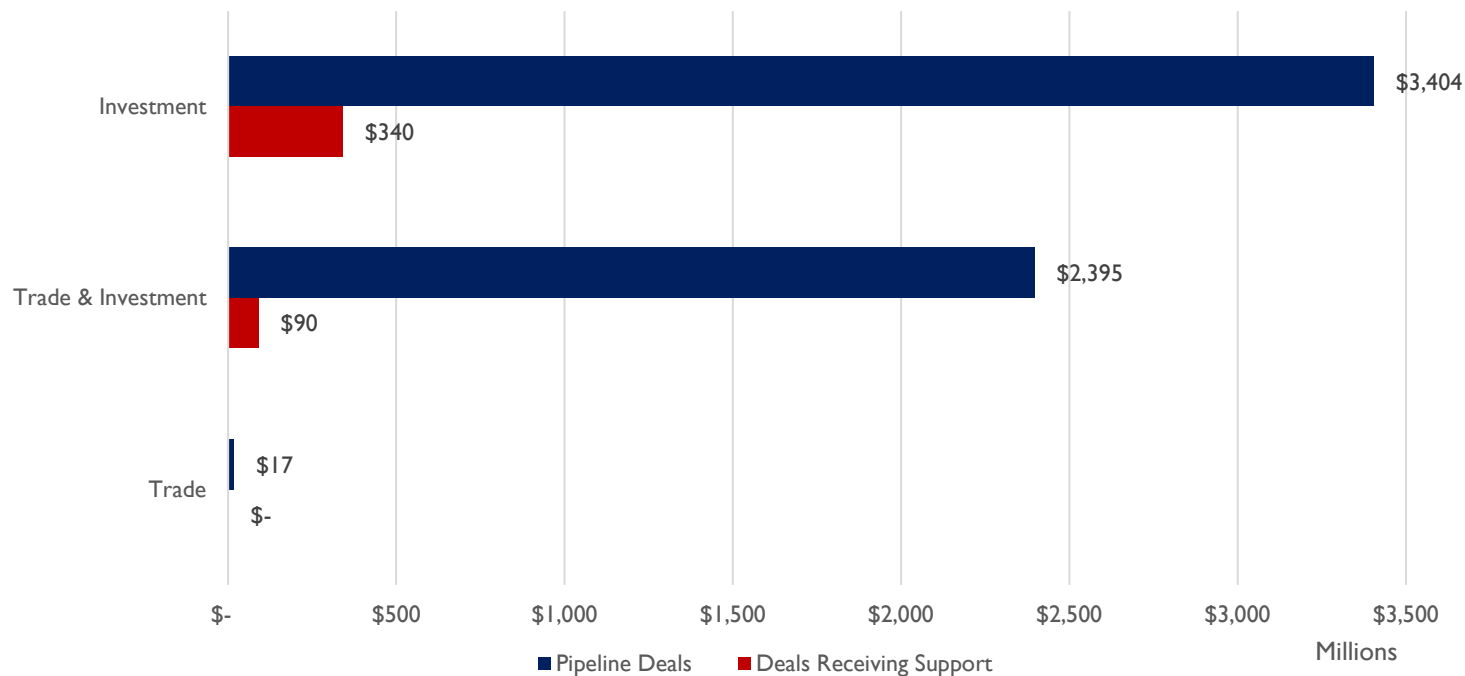
INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

PIPELINE OPPORTUNITY HIGHLIGHTS: PROSPER AFRICA

INVEST has identified over 200 pipeline opportunities, valued at nearly \$6 billion across five buy-ins under the INVEST Prosper Africa Portfolio.



VALUE OF PIPELINE AND SUPPORTED DEALS



SPOTLIGHT: TUNISIAN SME SUPPORT

Helping high-potential Tunisian SMEs bridge critical financing gaps exacerbated by COVID-19



PROBLEM

Small and medium-sized enterprises (SMEs) have historically been significant drivers of job creation in Tunisia where unemployment remains high, particularly among young people. However, as economic conditions deteriorated due to pandemic-related restrictions, Tunisian SMEs experienced serious cash flow problems. In the absence of agile investments and tailored financial products to bridge critical financing gaps, many of these companies are likely to fail, decreasing the number of high-quality employment opportunities for Tunisians.



INVEST SOLUTION

To ensure that Tunisian SMEs could obtain the working capital and funding needed to sustain and grow their businesses, USAID Tunisia partnered with INVEST to support high-potential entrepreneurs and companies impacted by COVID-19. This work uses a two-pronged approach, providing transaction advisory support and resilience funding. INVEST provides tailored transaction advisory support to SMEs, connecting them with U.S. and international investors as well as financial institutions to catalyze investment. Through this activity, USAID also provides resilience funding in the form of catalytic contributions and technical support to mobilize additional private capital. This work will foster a resilient startup ecosystem in Tunisia, accelerate investment readiness and opportunities for SMEs, and help them bridge financing gaps.

SPOTLIGHT: TUNISIAN SME SUPPORT



OUTCOMES

INVEST, in partnership with CrossBoundary, closed transactions for two Tunisian SMEs identified during the Prosper Africa Conference held in Tunis in February 2020: Methania, a solutions provider for biogas and combined power technology; and Fulfillment Bridge, a logistics platform that allows e-commerce sellers to access a global customer base. The companies raised a combined \$3.4 million, which they will use to scale their operations, hire new employees, and continue to grow their revenues. INVEST also supported CrossBoundary to structure and create a resilience fund for Tunisian SMEs—a \$600K first-loss funding mechanism to increase access to finance for early-stage Tunisian companies by mobilizing at least \$6.4 million in private capital. At the same time, CrossBoundary is providing advisory support to firms that represent approximately \$50 million of total funding need.



LESSONS

Because of Tunisia's difficult political and economic conditions and its nascent entrepreneurship ecosystem, INVEST has prioritized transactions that have the potential to drive new sources of capital into Tunisia and create new jobs. In partnership with CrossBoundary and MENA-focused startup accelerator Flat6Labs, INVEST conducted a Tunisian Investment Landscape webinar designed to engage and proactively address international investors' questions and concerns around investing in Tunisia. The webinar was followed by meetings between investors and Tunisian SMEs to develop new connections and accelerate fundraising efforts. Targeted engagement with international investors is critical in highlighting Tunisia's compelling investment opportunities and its attractive startup ecosystem.

SPOTLIGHT: USAID AFRICA BUREAU PIVOT PROGRAM

Advancing PSE through technical and leadership skills-building for greater development impact

PROBLEM



USAID's Private Sector Engagement (PSE) policy, launched in 2018, is an Agency-wide call to work hand-in-hand with the private sector to design and deliver development and humanitarian programs across all sectors. However, this mandate was only a first step towards a larger cultural and operational transformation to enable USAID to increase their engagement with the private sector to achieve outcomes of shared interest. To fully implement the mandate, staff across offices and functions must enhance not only their technical skills, but also the collaboration and leadership skills required to effectively engage with the private sector and collaborate with colleagues across the Agency.

INVEST SOLUTION



Practical, InnoVative On-the-job Training (PIVOT) is the Africa Bureau's organizational change management program that advances PSE. An immersive, cohort-based training, PIVOT builds leadership and collaborating, learning, and adapting (CLA) skills to equip USAID staff to be catalysts for change in their Missions. For this year's program (PIVOT 2.0), implementing mechanisms INVEST and PEPSE built on the competency-based foundational curriculum created by the inaugural program while adapting and improving content and delivery methods. Due to COVID-19, PIVOT 2.0 was delivered virtually via highly interactive weekly cohort sessions, group deep dive sessions, four all-cohort weeks, and one virtual TDY per participating Mission. Additionally, INVEST delivered new content reflecting feedback from PIVOT 1.0.

SPOTLIGHT: USAID AFRICA BUREAU PIVOT PROGRAM



OUTCOMES

According to survey data, participants experienced a statistically significant skill level increase in four of the five PIVOT competency areas and all technical pillars (PSE, CLA, and leadership). In “pause and reflect” sessions throughout the program, participants noted the value of being part of a cross-sector team and the relationships they built through PIVOT. They reported that these relationships—formed with members of USAID/Washington and their own Missions—made it easier to navigate a large, complex organization like USAID. The sessions also revealed the development of participants’ leadership and CLA skills. These skills not only increase staff well-being, resilience, and confidence, but enable participants to build stronger relationships across USAID and with the private sector for greater development impact.



LESSONS

Virtual facilitation was not only successful but allowed for participation from senior leadership, private sector, and technical consultants who may not have otherwise been able to participate. In future iterations, PIVOT and similar training sessions can still take advantage of highly interactive virtual sessions to access a diverse set of otherwise inaccessible stakeholders. Additionally, PIVOT 2.0 validated that a “low-dose, high-frequency” content delivery method worked well for staff, which was developed in response to PIVOT 1.0 participant feedback. Finally, in future iterations of PIVOT, we would recommend front-loading more of the “learning by doing” work, such as private sector engagements and TDYs. Both participants and observers found these to be the most beneficial, inspiring, and momentum-building types of learning engagements..

SPOTLIGHT: PROSPER AFRICA SECRETARIAT

Increasing trade and investment between the U.S. and Africa



PROBLEM

The Prosper Africa initiative increases two-way trade and investment between the United States and Africa. In order to draw in private sector actors from both the U.S. and Africa, Prosper Africa needed a brand that embodied the partnership inherent in the initiative—one that would equally highlight the roles of both the U.S. and Africa, representing both in the initiative's visual identity. At the same time, Prosper Africa wanted to showcase active deal opportunities from across the African continent through a Virtual Deal Room (VDR), providing a tangible way for investors and businesses to engage with Prosper Africa's tools and resources.



INVEST SOLUTION

INVEST, with partners Teal Media and Reingold, developed a new visual brand for the Prosper Africa initiative. Reingold facilitated a series of focus groups with U.S. and African businesses and investors to test a range of brand concepts and refine the overall identity. INVEST also worked with partners CrossBoundary and Asoko Insight to design and launch the Prosper Africa Virtual Deal Room. The Virtual Deal Room allows businesses and investors to engage with curated trade and investment opportunities from across the African continent. To drive engagement with the VDR, INVEST and Prosper Africa hosted Investing in Africa's Women Tech Founders and Portfolio Managers—a virtual roundtable that connected U.S. investors with women-led tech companies from the VDR.

SPOTLIGHT: PROSPER AFRICA SECRETARIAT

OUTCOMES



For the new Prosper Africa brand, INVEST worked closely with the Prosper Africa Secretariat to select a visual identity that best conveys the two-way partnership between the United States and the African continent and establishes the U.S. Government's leadership role in this space. INVEST partner Reingold developed the overall brand and graphic standards manual while partner Teal Media implemented the brand across the Prosper Africa website. Teal Media also supported PAES in migrating the site to its own domain at prosperafrica.gov. Meanwhile, the Prosper Africa Virtual Deal Room was launched at prosperafrica.asokoinsight.com and features 29 live deal opportunities with additional deals in the pipeline. Though promotion and outreach, including the Investing in Africa's Women Tech Founders and Portfolio Managers event, the Virtual Deal Room now has 361 users that have been vetted for legitimacy and meet Prosper Africa "U.S. nexus" requirements, e.g. by being based or registered in the U.S., having U.S. majority shareholding, having US citizen management, or significant US limited partners.



LESSONS

To better evoke partnership, Prosper Africa needed a brand that communicated a true partnership between the U.S. Government and its African partners, and that represents a two-way flow of trade and investment between them. Creating branding that celebrated the two-way partnership has been key in promoting this initiative. Additionally, Prosper Africa recognized the need to have a high-quality, well-curated external engagement tool in order to demonstrate a viable pipeline and engage investors on tangible deals. The VDR has been a valuable tool alongside events and bespoke outreach to deepen engagement with companies and investors that wouldn't otherwise have connected.

INVEST: LOOKING FORWARD

Providing technical assistance and investment facilitation services to promote women-owned and women-managed funds in Southern Africa

ACTIVITY: USAID's Southern Africa Regional Mission has engaged INVEST to implement the inaugural Women Empowerment Mentoring and Incubation Fund Manager Program (“WE>MI”) to support the successful development, growth, and long-term sustainability of women-owned and women-managed fund managers in Southern Africa. INVEST partnered with MiDA Advisors and the Southern African Venture Capital and Private Equity Association (SAVCA) to provide technical assistance and investment facilitation support to mobilize at least \$20 million in impact investing for program participants.

WHY IT MATTERS: This activity will not only increase investments into Southern African women-owned and women-managed funds through the WE>MI program but will also strengthen the soft and hard skills of female fund managers, helping them lead funds that are more attractive to investors and more successful. In addition, by apportioning more capital under the management of qualified local women-owned and women-managed fund managers, enhanced equitable economic outcomes are expected across key sectors – including job creation, gender lens investments, financial inclusion, and more stable communities – as women reinvest into their communities at higher rates, generating a multiplier effect that accelerates economic growth and increases socioeconomic resiliency.



INVEST: LOOKING FORWARD

Designing a financial vehicle for healthcare network sustainability in Tanzania

ACTIVITY: Through INVEST, USAID will support an innovative financing approach to strengthen part of Tanzania's healthcare system, creating a revolving fund to help finance a network of faith-based hospitals and healthcare facilities—the Christian Social Services Commission, or CSSC. INVEST has partnered with KOIS Invest and Banyan Global to design, establish, and capitalize the revolving fund mechanism, building on the solution identified in INVEST's Blended Finance Roadmap for Global Health in 2018. INVEST and its partners will also build CSSC's capacity in order to ensure the fund's sustainability.

WHY IT MATTERS: Faith-based organizations deliver 44% of Tanzania's healthcare. As the Government of Tanzania reappropriates funding from faith-based organizations to public facilities, CSSC must upgrade its organizational model to a more sustainable, private-sector approach. The revolving fund will help bridge the working capital gap that network hospitals and facilities face. It will provide a path for CSSC and its member facilities to develop good financial practices and build credit in order to negotiate directly with Tanzanian commercial banks in the future. Finally, the revolving fund will help facilitate an organizational shift within CSSC toward a more sustainable and independent business model.



INVEST: LOOKING FORWARD

Expanding women's access to commercial finance in partnership with USAID/Colombia

ACTIVITY: With support from INVEST, USAID launched a new Grand Challenge to increase women's access to finance. In partnership with USAID/Colombia, USAID's Office of Gender Equality and Women's Empowerment (GenDev) and the Innovation, Technology, and Research Hub (ITR) engaged INVEST to launch "Expanding Women's Access to Commercial Finance." INVEST partners DesignThinkers Group and Pro Mujer conducted one of the first virtual workshops based on the "Whole System in a Room" (WSR) methodology, with 80 representatives participating in seven virtual sessions over four weeks. Participants from 50 entities—from grassroots women's organizations to financial institutions—identified actionable approaches to address systemic barriers that constrain rural women's access to commercial finance.

WHY IT MATTERS: This activity connects diverse stakeholders from across the financial ecosystem, including both demand- and supply-side actors, to explore barriers to rural women's access to finance and collectively develop solutions that can be tested, replicated, or scaled. These stakeholders – including many new partners for both INVEST and USAID – will have the opportunity to pursue these solutions together through INVEST during the next phase of the Grand Challenge, continuing to strengthen partnerships across the financial ecosystem. The activity serves as a test case for implementing the WSR approach virtually and will provide a helpful framework for how a Grand Challenge can be used to address access to finance and spur collective action.



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Activity Start and End Date: 09/28/2017 - 09/27/2024
COR Name: Cameron Khosrowshahi

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Shaping a more livable world.

