



USAID **INVEST** Mobilizing Investment for Development

INVEST Year 5 Quarter 2 Report
January 1, 2022 – March 31, 2022

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INVEST: 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.



56
BUY-INS
From 36 USAID
MBIOs



\$299.6
MILLION
Value of private capital
mobilized for development



83
PERCENT
Value of funding
obligated towards
contract ceiling*



477
PARTNERS
In the USAID Partner
Network



15
SECTORS
Of activity focus

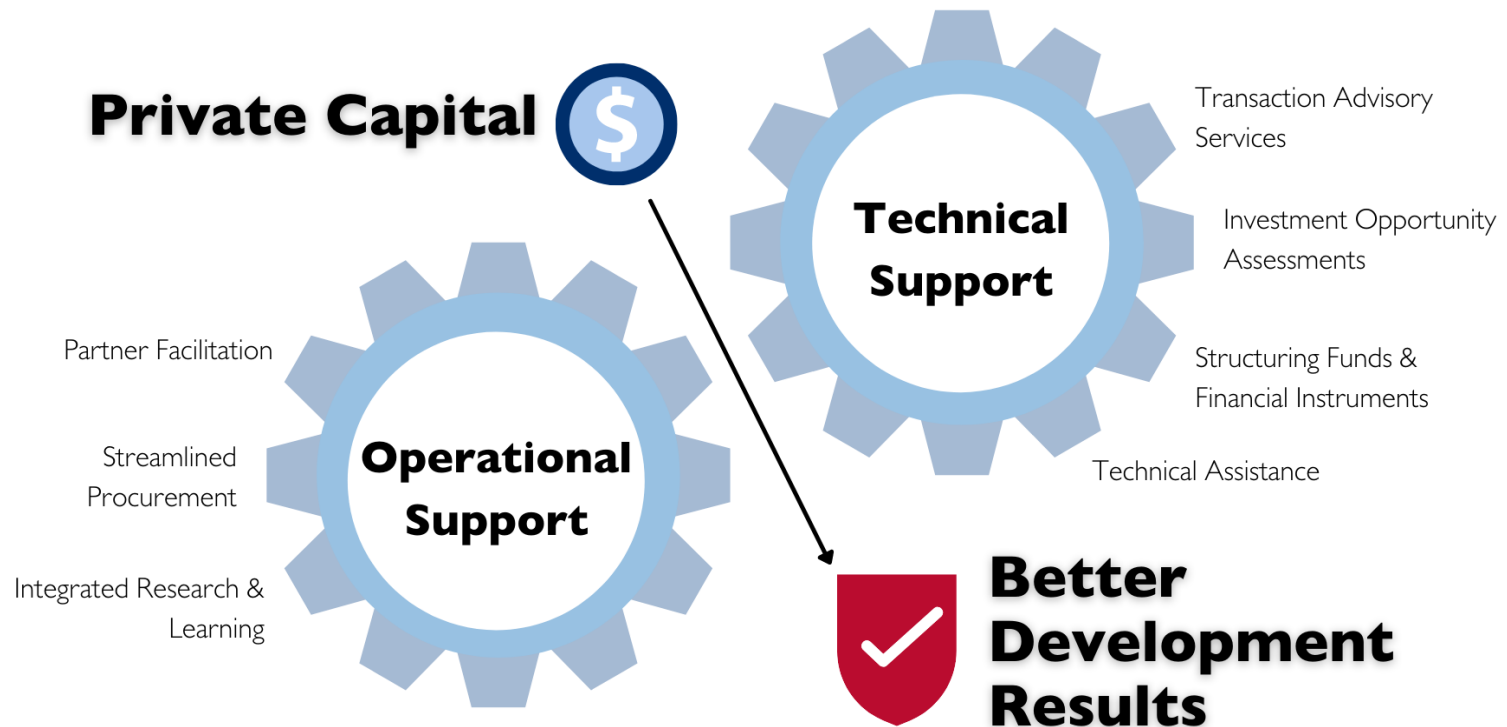


80
COUNTRIES
Of INVEST
implementation

**INVEST received a \$27mm ceiling increase in Y5Q2.*

INVEST: OUR APPROACH

Mobilizing private capital for better development results



INVEST: TECHNICAL SERVICES

Providing demand-driven services in four main areas



INVESTMENT OPPORTUNITY ASSESSMENTS

INVEST helps USAID understand market conditions and identify investment opportunities. **70%** of buy-ins to date have included this component.



TRANSACTION ADVISORY SERVICES

INVEST helps link capital suppliers to businesses that need investment to grow. **45%** of buy-ins to date have included this component.



STRUCTURING FUNDS AND FINANCIAL INSTRUMENTS

INVEST designs or structures blended finance funds, investment platforms, and other financial products. **36%** of buy-ins to date have included this component.

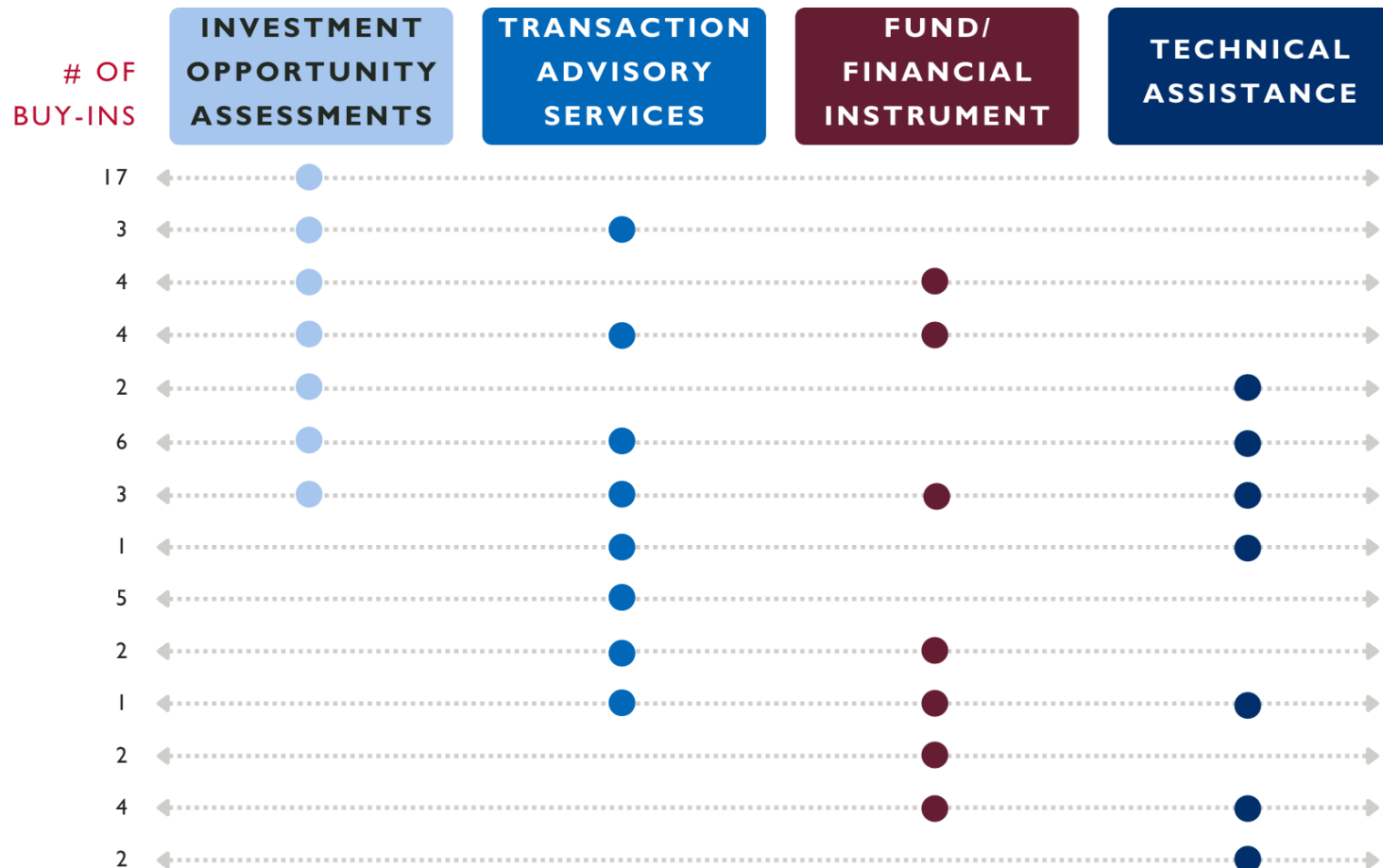


TECHNICAL ASSISTANCE

INVEST helps strengthen the commercial viability of a project at pre- or post-investment stages by developing the capabilities of fund managers or the businesses and projects in which they invest. **34%** of buy-ins to date have included this component.

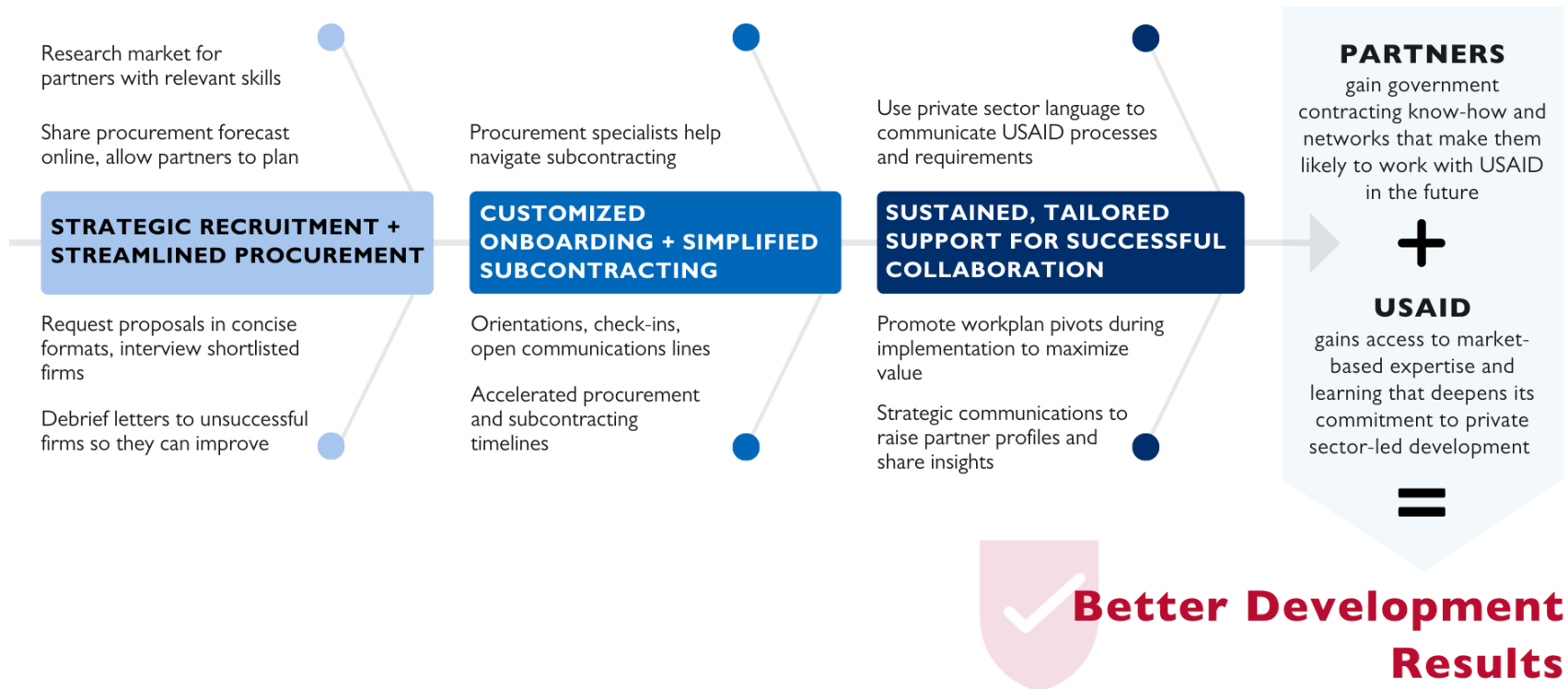
INVEST: TECHNICAL SERVICES

Offering tailored support to meet MBIO blended finance goals



INVEST: PARTNERSHIPS

Supporting new and underutilized partners and building better partnerships for development



INVEST: PARTNER NETWORK

At the core of INVEST is a network over **470 firms** from the investment and development community with specialized technical and financial expertise.

The **USAID Finance and Investment Network (FIN)**:

- Engages new and underutilized partners to leverage USAID resources and solve development challenges
- 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

Number of Partners by Expertise



INVEST: OVERALL PROJECT METRICS

Capital mobilization and procurement across the INVEST portfolio since project inception

INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

\$299.6M

TOTAL CAPITAL
MOBILIZED TO DATE

82

TRANSACTIONS
CLOSED TO DATE

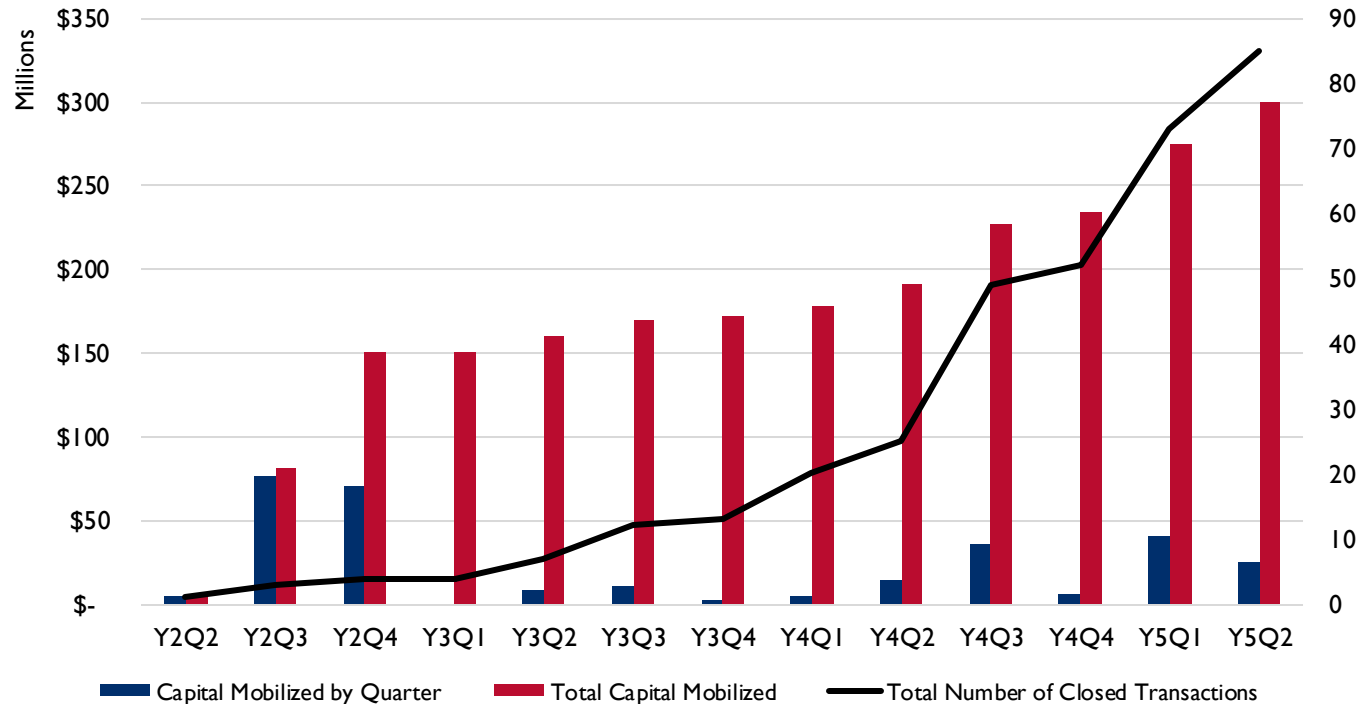
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TRANSACTIONS
SUPPORTED TO
DATE

\$1.25B

ADDITIONAL
CAPITAL SOUGHT

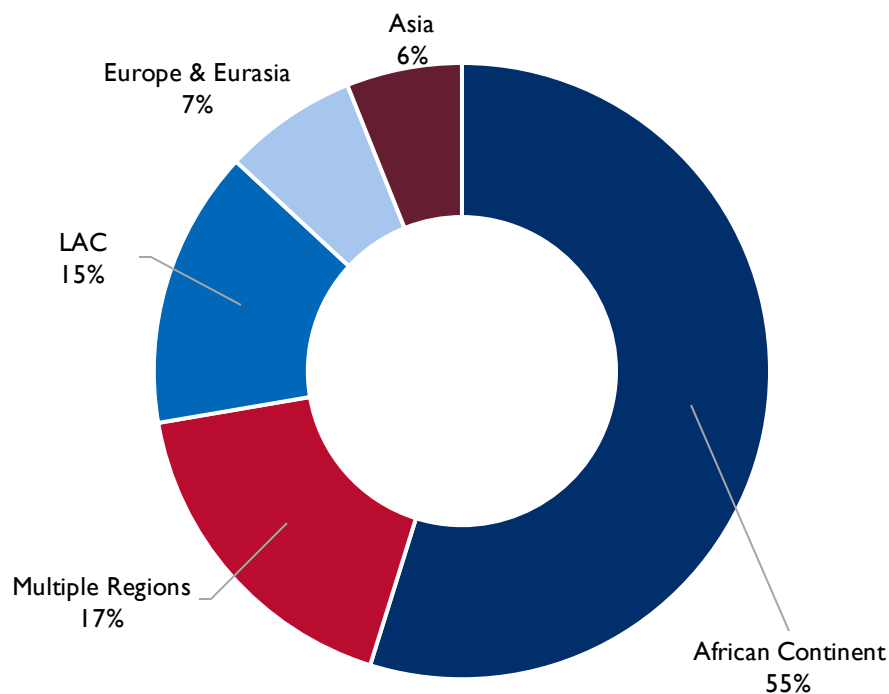
Capital Mobilized by Quarter



INVEST: MOBILIZING CAPITAL BY REGION

INVEST has mobilized capital across the globe. To date, 55% of capital mobilized has been invested in firms in Africa and funds targeting the African continent.

Capital Mobilized by Region of Investment

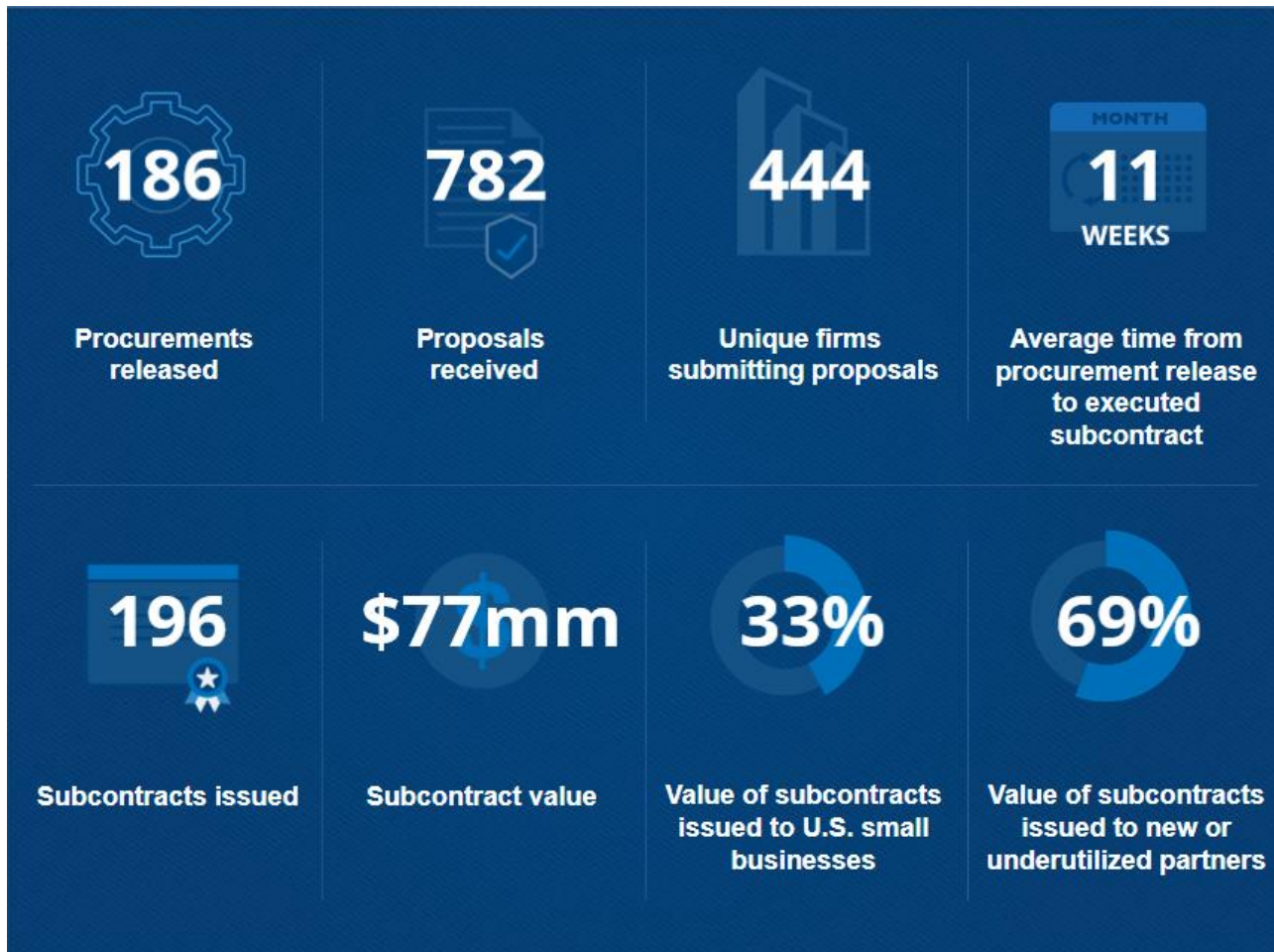


Region	Capital Mobilized
African Continent	\$ 164,209,172
Multiple Regions*	\$ 52,421,186
LAC	\$ 43,736,048
Europe & Eurasia	\$ 21,054,275
Asia	\$ 18,161,397
Total	\$ 299,582,078

**Multiple Regions includes transactions with investments that span more than one region.*

INVEST: INNOVATIVE PROCUREMENT

Over the life of the project, INVEST has engaged **101 partner firms** to develop and implement technical activities.



INVEST: QUARTERLY METRICS

Capital mobilization and procurement across the INVEST portfolio this quarter

INVEST: Y5Q2 CAPITAL MOBILIZED

\$24.8M

CAPITAL MOBILIZED
IN Y5Q2

12

TRANSACTIONS
CLOSED IN Y5Q2

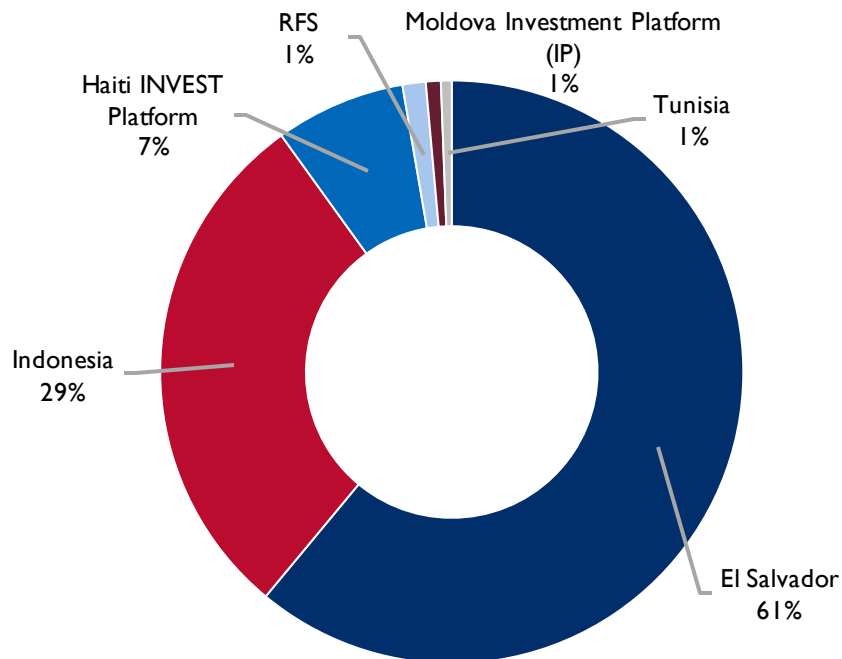
43

NEW
TRANSACTIONS
SUPPORTED IN
Y5Q2

\$135M

ADDITIONAL
CAPITAL SOUGHT
IN Y5Q2

Capital Mobilized Y5Q2 by Buy-In

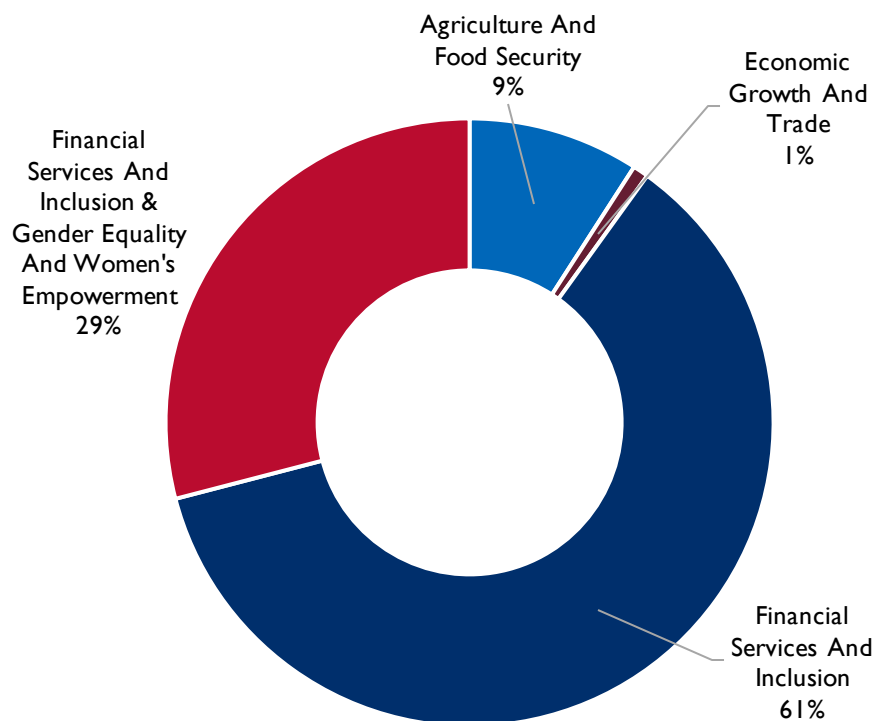


Buy-In	Capital Mobilized
El Salvador	\$ 15,125,000
Indonesia	\$ 7,200,000
Haiti INVEST Platform	\$ 1,789,768
RFS Water	\$ 320,000
Moldova Investment Platform (IP)	\$ 205,000
Tunisia	\$ 148,000
Total	\$ 24,787,768

INVEST: CAPITAL BY SECTOR

In Y5Q2, 90% of investments were in Financial Services and Inclusion and Gender Equality.

Capital Mobilized Y5Q2 by Sector

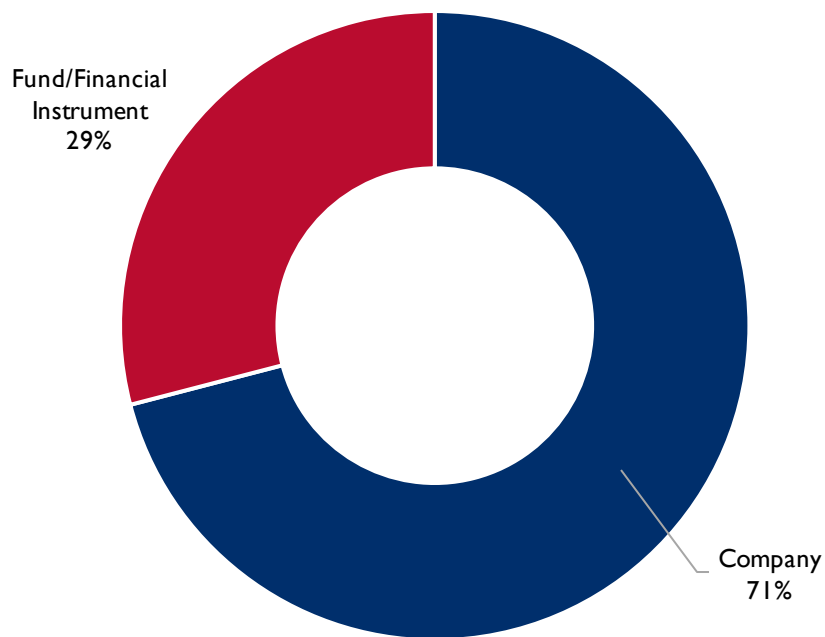


Development Sector	Capital Mobilized
Financial Services and Inclusion	\$ 15,125,000
Financial Services And Inclusion & Gender Equality and Women's Empowerment	\$ 7,200,000
Agriculture and Food Security	\$ 2,257,768
Economic Growth and Trade	\$ 205,000
Total	\$ 24,787,768

INVEST: CAPITAL BY TRANSACTION TYPE

71% of the total capital raised in Y5Q2 was invested directly into companies.

Capital Mobilized Y5Q2 by Transaction Type



Transaction Type	Capital Mobilized
Company	\$ 17,587,768
Fund/Financial Instrument	\$ 7,200,000
Total	\$ 24,787,768

INVEST: INNOVATIVE PROCUREMENT

6

PROCUREMENTS
RELEASED IN
Y5Q2

5

SUBCONTRACTS
ISSUED IN Y5Q2

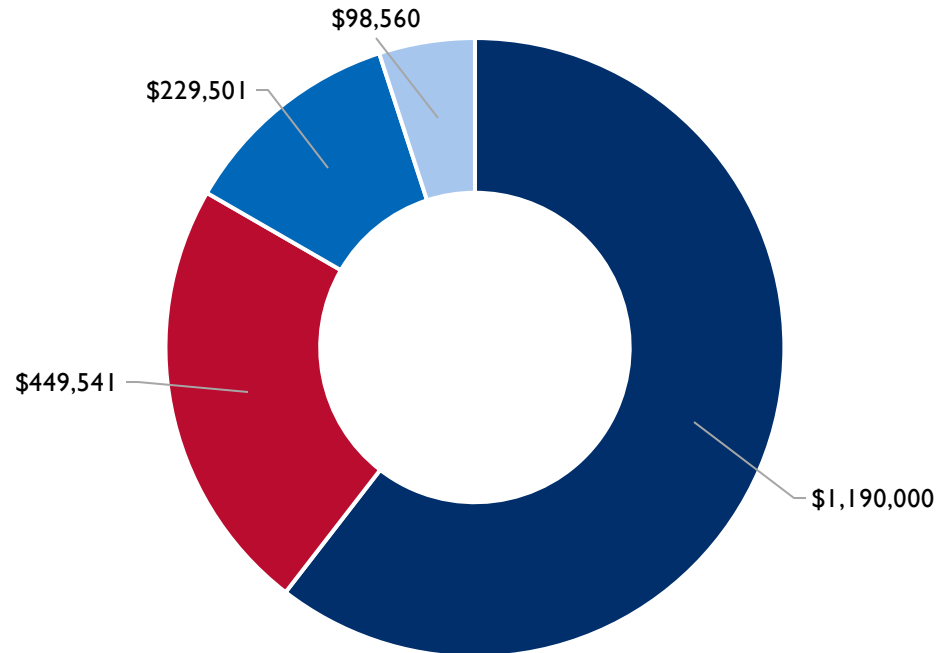
\$2M

SUBCONTRACT
VALUE IN Y5Q2

8

NEW
FIN MEMBERS
IN Y5Q2

Contract Value by Buy-In and Type



- RFS Water (Fund/Financial Instrument)
- Eastern and Southern Caribbean (Market Assessment & Transaction Advisory Services)
- Vietnam (Technical Assistance & Transaction Advisory Services)
- Prosper Africa (Market Assessment)

INVEST: QUARTERLY HIGHLIGHTS

Achievements in INVEST communications, learning, and partnership building this quarter

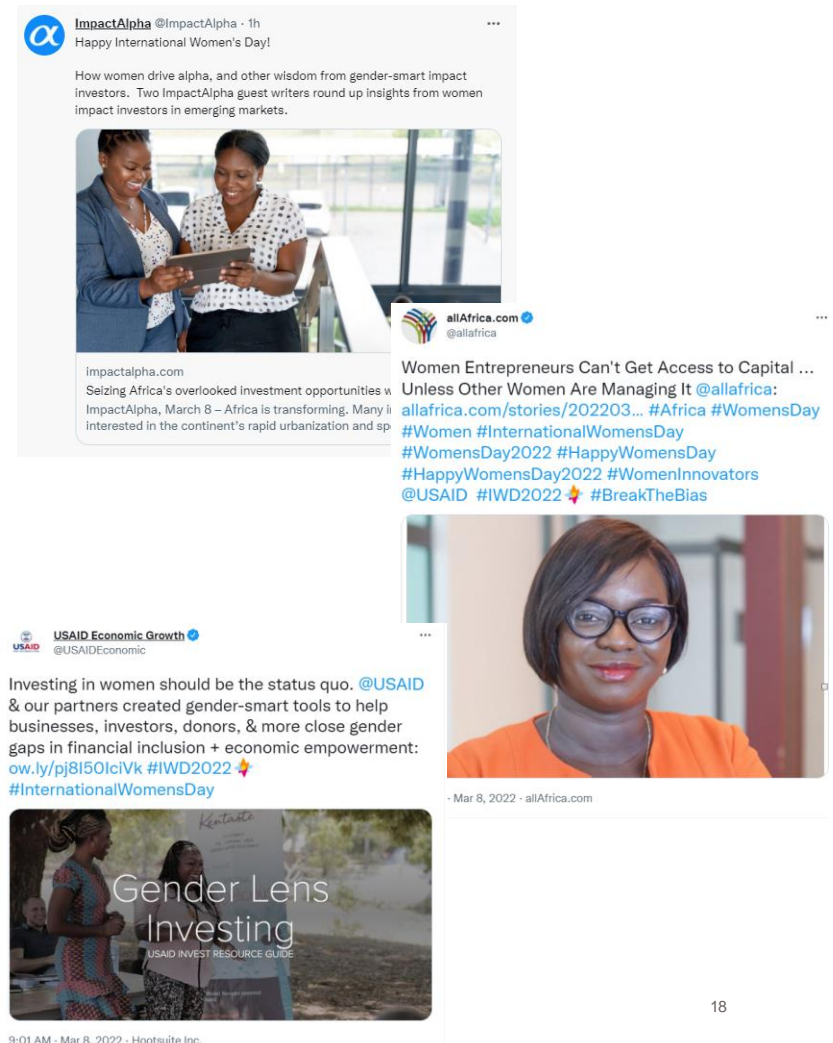
INVEST: STRATEGIC COMMUNICATIONS

INVEST's communications support technical and programmatic goals across the INVEST portfolio. They capture and share lessons learned with USAID and the network.

HIGHLIGHTS

This quarter, INVEST communications focused on gender. For **International Women's Day** on March 8, we ghost-wrote and placed three pieces in Impact Alpha and AllAfrica.com, all featuring first-time fund managers and INVEST partners. This was a strong opportunity to help our partners raise their public profile, build credibility, and amplify their work with USAID.

INVEST used the above pieces and a resource guide featuring best deliverables from subcontractors to execute a communications campaign with USAID, subcontractors, and the media sharing the content on social media throughout the day. Impact Alpha featured two of the stories in its newsletter, which reaches 70,000 people in the impact investment space.



INVEST: PUBLICATIONS

This quarter, INVEST published **12** new blogs and op-eds, including four op-eds in external outlets, three stories on the USAID PSE Exposure site, and five learning blogs on Medium. INVEST has published **119** articles over the life of the project.

MEDIA OUTLETS

- [Changing the Gatekeepers: Why Female Fund Managers are the Key to Unlocking More Inclusive Capital](#) (NextBillion)
- [Seizing Africa's Overlooked Investment Opportunities with an Inclusivity Lens](#) (Impact Alpha)
- [How Six Impact Investors are Giving Their Portfolios a 'Gender-smart' Boost](#) (Impact Alpha)
- [Africa: Women Entrepreneurs Can't Get Access to Capital...Unless Other Women are Managing It](#) (AllAfrica)

EXPOSURE

- [Uganda: Using the Sun to Make Ice](#)
- [Africa: Improving U.S. Pension Outcomes While Boosting African Growth Prospects](#)
- [Kenya: Partnering with a Coconut Processor to Improve Business by Benefiting Women](#)

MEDIUM

- [The Case for Africa as an Infrastructure and Real Assets Investment Destination](#)
- [USAID Bureau for Resilience and Food Security \(RFS\) Support to Agriculture-Oriented Funds](#)
- [Investments Bring Light to Haitian Households](#)
- [Building Pathways Between Wall Street and the Global South – A Conversation with IIX](#)
- [Womvest and Secha Capital Pilot Gender-Based Debt Fund for South Africa's Small Businesses](#)

INVEST: LEARNING

INVEST aims to generate, synthesize, and share evidence in mobilizing investment for inclusive development outcomes.

HIGHLIGHTS

The "**Promoting Gender Equity through Finance**" [webinar](#), organized in collaboration with USAID's Private Sector Engagement Hub on February 24, provided case studies on increasing access to finance for women through credit unions, a gender-focused fund, and a public bond offering. It featured two INVEST partners, WOCCU and Deetken Capital.

INVEST released the "**Accelerating Institutional Investment for Development Impact at Scale**" [learning brief](#) in March 2022 and held a [webinar](#) to share the findings on March 24. Both highlighted opportunities to attract this investor class (pension funds, insurance companies, and sovereign funds), as well as the type of support that USAID and other donors could provide to achieve the most additionality and impact.



INVEST: PARTNERSHIP BUILDING

INVEST engages the Finance and Investment Network to build capacity among the members and share learnings on topics of interest across firms.

HIGHLIGHTS

This quarter, INVEST hosted the biannual **FIN webinar** on February 15 in partnership with USAID and CATALYZE. The [webinar](#) featured presentations from INVEST, the Gender Equality and Women's Empowerment Hub (GenDev), CATALYZE, and partners RENEW (INVEST) and Sarona Asset Management (CATALYZE). 91% of post-event survey respondents reported the content was relevant to their work.

INVEST: Advancing Women's Economic Empowerment

A globally-focused, sector agnostic portfolio of activities funded by GenDev to address persistent gender gaps in financial inclusion and economic empowerment.

\$23 million

22 activities

40 partners

28 countries



114

TOTAL
PARTICIPANTS

69

UNIQUE FIRMS
ATTENDING

2

SPEAKERS FROM
USAID

2

PARTNERS
FEATURED

INVEST: PARTNER SPOTLIGHT

Mennonite Economic Development Associates (MEDA), in conjunction with consortium partners Criterion Institute, Business Partners International (BPI), and Volta Capital, are working to test approaches and build a useful evidence base that can help women entrepreneurs overcome barriers to finance in East Africa.



MEDA worked with the Criterion Institute to learn how the provision of technical assistance can improve the investment viability of women-owned businesses. The research identified two types of women-run small businesses: those not invited to submit a business application to BPI's investment fund, or *touchpoint businesses*; and those invited to apply, but not approved by the fund, or *second chance businesses*. To meet the needs of the latter, MEDA established the "Second Chance Success Window" in partnership with Volta Capital. At the end of the project, up to six second chance businesses will be eligible for funding thanks to this window.

By offering this additional opportunity, MEDA and its partners are putting into action innovative ways to help women-owned businesses become investment ready.

INVEST: PROJECT SPOTLIGHTS

Illustrative activities from across the INVEST portfolio this quarter

SPOTLIGHT I: INSTITUTIONAL INVESTMENT

Driving Kenyan pension savings into local infrastructure development



PROBLEM

Africa needs infrastructure investment. The continent faces a \$3.3 trillion funding gap for achieving electricity, water, and sanitation access alone, requiring a significant increase in private capital. However, the perception of investment in Africa as high risk poses a serious challenge to channeling private investment at scale into infrastructure projects. The longer-term, larger investments institutional investors can make are particularly well suited to drive development impact in sustainable infrastructure and other sectors which require patient capital.



SOLUTION

INVEST is supporting the development of local pension fund investment consortiums throughout Africa. Facilitating collaboration and knowledge exchange among these funds has resulted in increased local investment in long-term infrastructure and alternative assets in the region. In Kenya, INVEST developed an infrastructure transaction pipeline for the Kenya Pension Fund Investment Consortium (KEPFIC), a consortium of private and public sector pension funds organized in 2020 with support from INVEST, MiDA Advisors, and CrossBoundary. Through this pipeline development exercise, five projects valued at over \$86 million were shortlisted by KEPFIC for further development, due diligence, and presentation to the pension funds and their fund managers.

SPOTLIGHT I: INSTITUTIONAL INVESTMENT



OUTCOMES

Of the proposed pipeline of opportunities, the consortium was immediately interested in the Northern Kenya Road Development Bond Project. It includes the finance, design, construction, and maintenance of two sections of a road near the border with Somalia, an area with little access to paved roads. Given its proximity to other major roads, it is a high-profile project and is being closely monitored by the Government of Kenya, major DFIs like the World Bank and GuarantCo, and the Multilateral Investment Guarantee Agency. Stanbic Bank issued a bond to raise capital for the project, securing a 100% guarantee on both principal and interest payments from GuarantCo. Ultimately, two insurance companies and 88 pension funds made bids to invest in the project bond, and the pioneering bond was oversubscribed by 157%.



LEARNING

Despite the inherent risk associated with greenfield infrastructure projects, support for the project demonstrates that pension funds and insurance companies are eager to invest when debt service payments are guaranteed by a trusted guarantor. Further, if a bond can achieve a full financial guarantee from a rated third-party guarantor, the bonds themselves do not have to be rated, reducing lengthier processes to seek bond-level ratings. Most importantly, USAID's development of an ecosystem of pensions via a consortium and provision of pipeline development and transaction advisory support plays a key role in bringing pioneering transaction models to closure.

SPOTLIGHT 2: FINANCIAL ACCESS FOR WOMEN

Investing in women agricultural entrepreneurs through the Women's Livelihood Bond



PROBLEM

In Indonesia, many women entrepreneurs work in agriculture, yet have little access to capital, financial knowledge, and modern farming technology. They are hesitant to borrow from banks due to a lack of property ownership that can be used as collateral and fear of complex loan application procedures. Banks are less likely to lend to women in the first place, due to gender biases and the false perception that women-owned businesses are less profitable. The impacts of climate change are further complicating their business operations. As a result, women working in agriculture are often trapped in subsistence living.



SOLUTION

In partnership with the Impact Investment Exchange (IIX), INVEST identified three microfinance institutions (MFIs) – Komida, Crowdo, and KSP TLM – who provide microloans to women-led and women-owned SMEs in climate-susceptible sectors. IIX provided impact assessments and due diligence documentation so these MFIs could apply for the Women's Livelihood Bond for Climate (VLB4Climate), a \$30 million impact bond issued in the Singapore capital market focused on creating sustainable livelihoods for women in Southeast Asia and transitioning to clean and affordable energy. Crowdo and KSP TLM are first-time borrowers in this bond series, which will reach a total of \$150 million.

SPOTLIGHT 2: FINANCIAL ACCESS FOR WOMEN



OUTCOMES

Komida, Crowdo, and KSP TLM qualified for the VLB4Climate loans in December 2021. Financing of \$3 million, \$3 million, and \$1.2 million, respectively, was disbursed in January 2022. Komida had been hit hard by COVID-19 and was nearing a negotiated moratorium on principal payments on its loans from foreign lenders, but the financing instead allowed it to expand support to clients. Crowdo is using the financing to expand financial services to women-focused SMEs. KSP TLM, which had reached its lending maximum with local financiers, was able to tap a new and vital source of finance for growth. In total, the bond will allow these MFIs to reach an estimated 250,000 Indonesian women.



LEARNING

The advantages of bond financing include longer tenors and a balloon payment of capital at the end of the term, which allows borrowers to maximize the use of the principal to generate income. Qualifying for a bond, however, requires comprehensive due diligence documentation, particularly when issued in another country like Singapore. Further, the additional rigor of qualifying for an impact-focused bond makes it difficult for first-time borrowers. As a result of INVEST's technical assistance and transaction advisory services in meeting bond financing requirements, the MFIs accessed key financing that will allow them to positively impact women living in climate change-susceptible areas and support sustainable livelihoods.

INVEST: LOOKING FORWARD

Key activities planned for the next quarter

SPOTLIGHT: EL SALVADOR

Unlocking private capital to foster growth in the local economy, support job creation, and address climate action



NEW ACTIVITY

INVEST is working with USAID/El Salvador to advance open, free-market, enterprise-driven development to foster growth in the formal economy. So far, INVEST has engaged two partners – Deetken Impact and CrossBoundary – to develop a pipeline of opportunities and advise at least 18 projects and companies to mobilize at least \$30 million. They employ different approaches and support to engaged companies, including project acceleration and co-investment, as well as targeted transaction advisory services with investor matchmaking. INVEST is also exploring other potential activities with USAID, such as supporting innovative vehicles with catalytic capital and interventions that can help Salvadoran remittance recipients channel funds into investment. To date, INVEST activities in El Salvador have mobilized \$15.125 million, creating 43 new jobs and supporting 243 existing jobs, and facilitating better access to financial services for more than 12,000 Salvadorans.



IMPACT

Transactions receiving support from INVEST partners are prioritized based on their potential for development impact and alignment with USAID objectives to mobilize investment, support job creation, and address the root causes of irregular migration in El Salvador. INVEST partners are targeting strategic sectors that can unlock development results beyond capital mobilization. For example, transactions in non-traditional agriculture will increase exports and create more jobs that directly benefit populations likely to migrate, while companies working on innovative solutions for workforce development enhance likely migrants' job skills and placement. Deals in renewable energy and trade related infrastructure are key to promoting growth in the formal economy, and companies working on fintech and financial inclusion enhance economic opportunities for thousands of low-income Salvadorans.

Submission Date: April 29, 2022
Contract Number: AID-OAA-C-17-00090
Activity Start and End Date: 09/28/2017 - 09/27/2024
COR: Steven Shira

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This document was produced for review by the U.S. Agency for International Development Private Sector Engagement Hub (USAID/PSE).

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