

USAID

INVEST

Mobilizing Investment
for Development

INVEST Year 3 Annual Report

October 1, 2019 – September 30, 2020

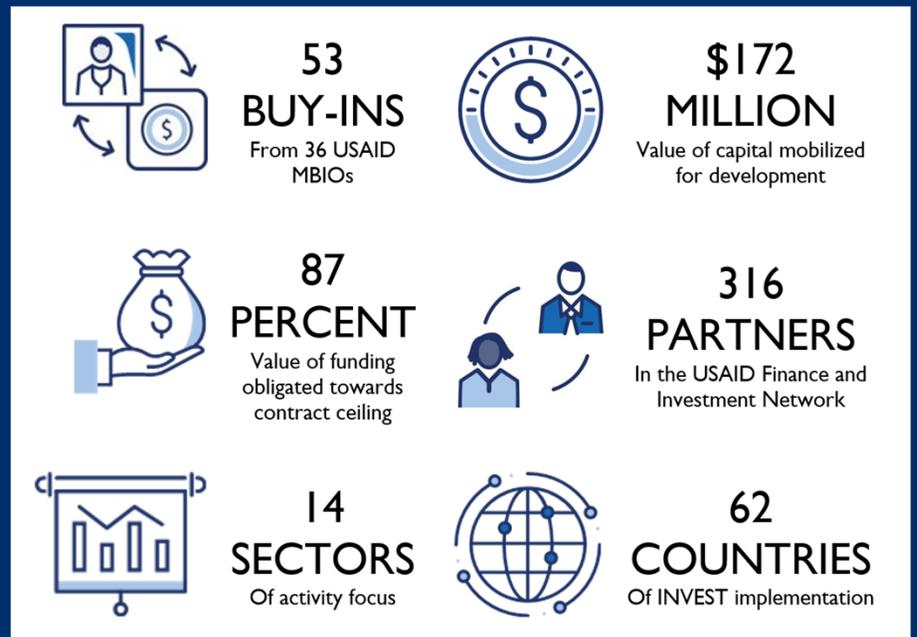


INVEST: ABOUT US

OVERVIEW

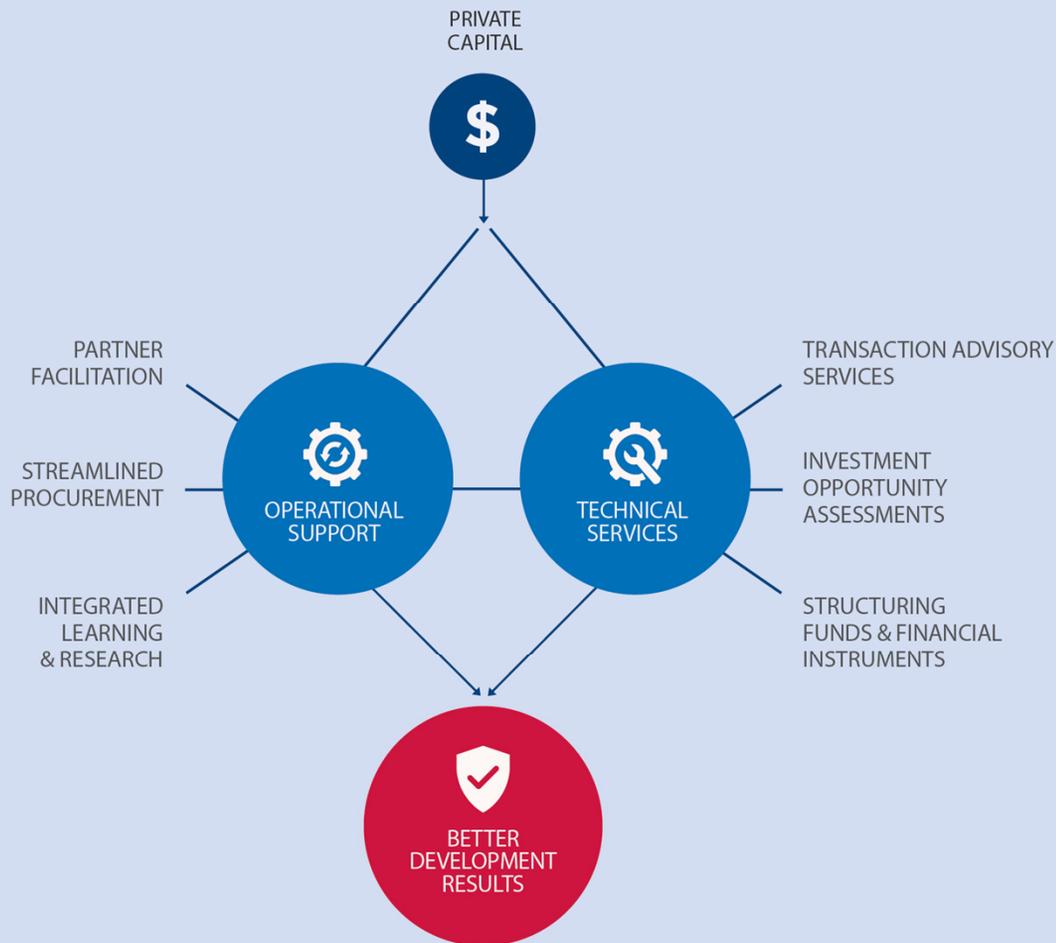
INVEST is a flexible buy-in mechanism designed to address the challenges that make it difficult for USAID to work alongside the private sector.

- 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.



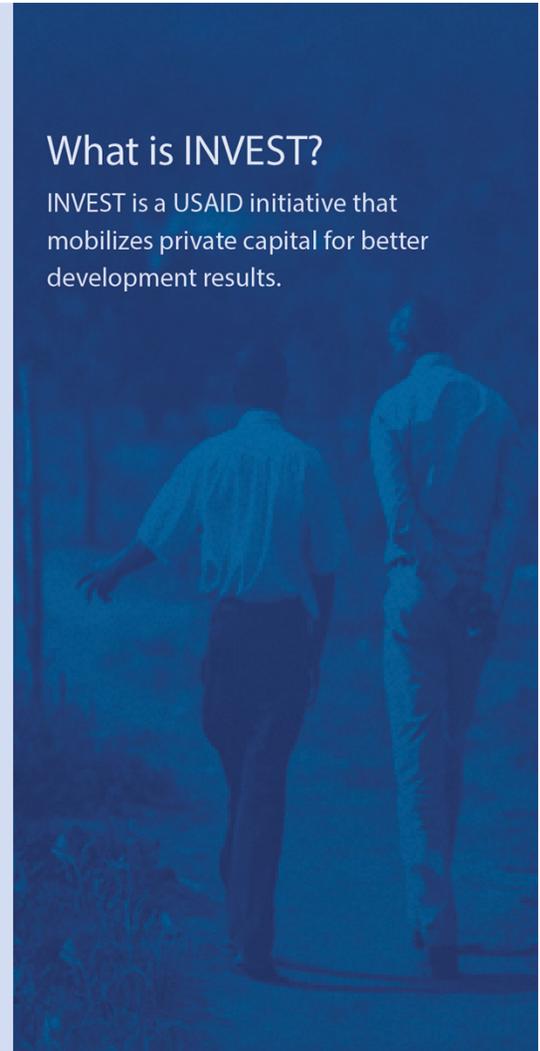
INVEST: ABOUT US

OVERVIEW



What is INVEST?

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



INVEST: OUR WORK

APPROACH



INVESTMENT OPPORTUNITY ASSESSMENTS

- Building the capacity of municipal governments in India and Vietnam to engage the private sector in education and clean energy initiatives
- Piloting new corporate investment models with Danone to provide safe and affordable water to underserved populations at scale
- Conducting research to build Mission capacity in South Africa, the Eastern and Southern Caribbean, and Ethiopia to identify and implement PSE opportunities



STRUCTURING FUNDS AND FINANCIAL INSTRUMENTS

- Structuring financing mechanisms that utilize catalytic capital to raise and deploy funds to enterprises in Italy and 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 capital and technical assistance to support six gender lens investment funds



TRANSACTION ADVISORY SERVICES

- Closing transactions to increase trade and investment between the U.S. and Africa
- Providing transaction support to off-grid energy companies in Kenya, mobilizing over \$105M
- Facilitating investment opportunities capable to channel institutional investment into USAID priority areas, such as a \$250M bond issuance for increased housing finance in West Africa

INVEST: THE NETWORK

USAID FINANCE AND INVESTMENT NETWORK

At the core of INVEST is a network of over 315 partner firms from the investment and development community with specialized technical and financial expertise.

The Network:

- Engages new and underutilized partners to leverage USAID resources and solve development challenges with market-driven solutions.
- 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: NEW AND UNDERUTILIZED PARTNERS

SUPPORTING NEW AND UNDERUTILIZED PARTNERS

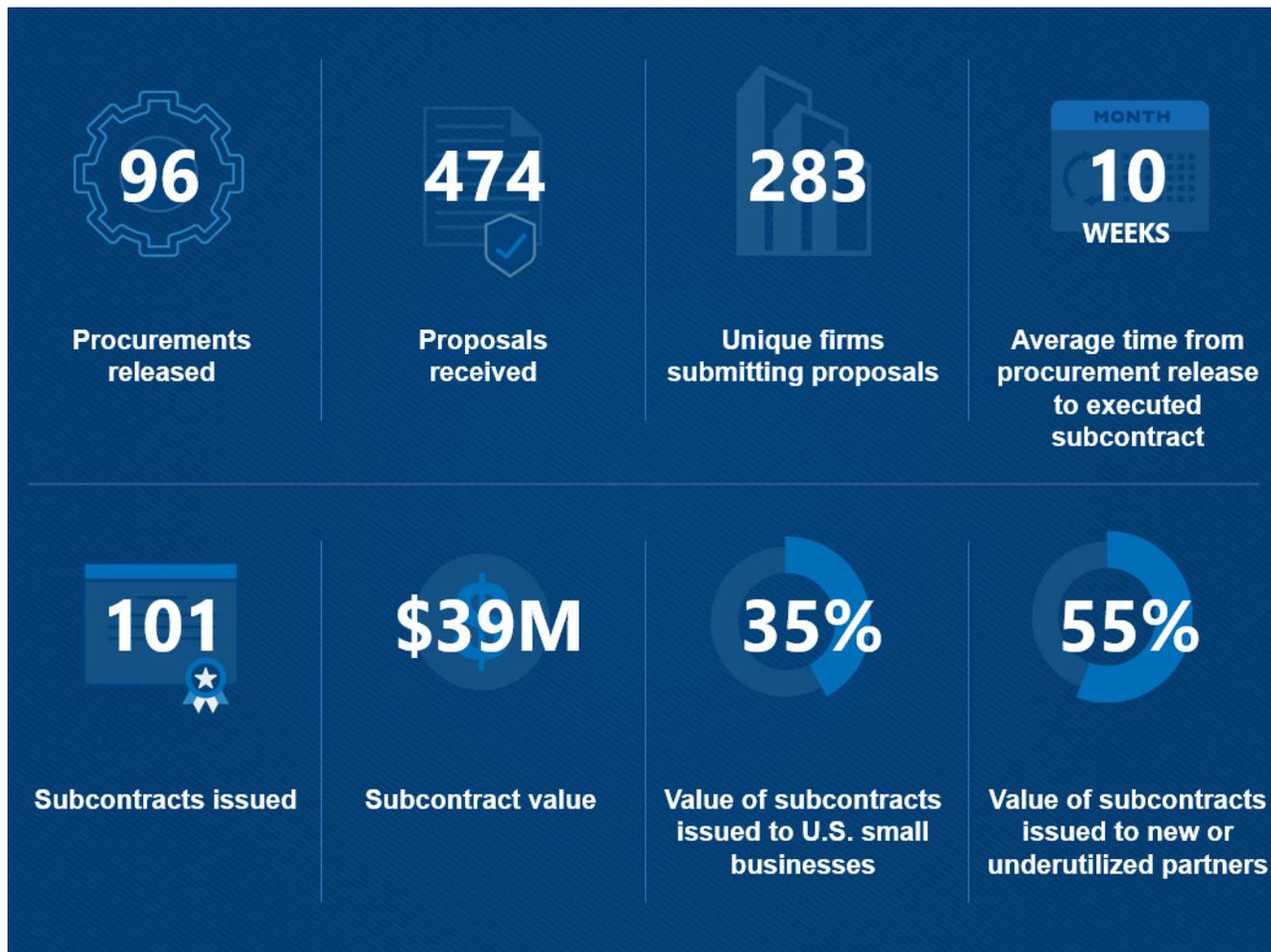
Through customized onboarding and coaching services, INVEST helps recruit partner organizations that have seldom or never worked with USAID.



INVEST: INNOVATIVE OPERATIONS

PROCUREMENT AND SUBCONTRACTING

Innovative procurement and rapid subcontracting processes have led to faster implementation.



INVEST: OUR PARTNERS

INVEST has engaged 64 partner firms to develop and implement technical activities.



INVEST: OUR PARTNERS



INVEST: EVIDENCE AND LEARNING

INVEST LEARNING CAPTURE AND DISSEMINATION:

- Generates evidence for influencing USAID behavior change for effective private sector engagement.
- Builds a knowledge base on private sector engagement and blended finance approaches for development.
- Shares lessons and successful approaches with USAID and partners to bring greater impact and efficiencies in future applications.
- Develops widely distributed and targeted learning and communications products.

In Year 3 INVEST:

- Launched a Medium blog and published 17 unique posts that share stories and learning from across its portfolio.
- Published 5 long form pieces, including 3 Close Ups, a Q&A on Blended Finance, and a report on Corporate Investment Partnerships for Growth and Sustainability.
- Launched a video series called Voices from the Finance and Investment Network, featuring interviews with network members.
- Published five external features in *ImpactAlpha*, *Next Billion*, and *Africa Investor*.

INVEST: STRATEGIC COMMUNICATIONS

Publication Highlights

Growth Markets | May 18, 2020

How high-impact businesses in emerging markets are pivoting in the COVID crisis



Women manufacture ceramic water filters for SPOUTS of water, a Ugandan company supported by Yenza Social Business | Photo credit: Yenza Social Business



VOICES FROM THE USAID FINANCE AND INVESTMENT NETWORK

Open Capital

Private Investment Is Changing International Development. Here's What You Need to Know.

INVEST Nov 14, 2019 · 7 min read

The shifting priorities of corporations and investors are changing the world of international development.



BlackRock CEO Larry Fink (Photo: Bloomberg)

USAID INVEST Close-Up: Expanding Investment in Off-Grid Energy Access in Kenya

USAID, DAI

Overview | Relevant Deals

In sub-Saharan Africa, an estimated 600 million people live and work without regular access to electricity. Power Africa, a U.S. Government initiative coordinated by USAID, aims to enable energy sector transactions between public and private investors to increase access to electricity across the continent.

By partnering with USAID INVEST, an initiative that mobilizes private capital to address development outcomes, Power Africa has increased access to solar home systems and mini-grids in areas across Kenya where access to grid electricity had previously been nonexistent or prohibitively expensive.

CONVERGENCE INVESTMENT GROUP

CORPORATE INVESTMENT PARTNERSHIPS FOR GROWTH AND SUSTAINABILITY

How Companies, International Development Agencies, and Investors Align Around Purpose and Profit

Today's social and environmental challenges are putting new pressures on companies, international development agencies, and investors.

More than ever, companies see it as their responsibility to assume leadership on pressing global issues. This is not just good public relations. It is critical to companies' long-term viability. Investing in sustainability helps companies access new growth opportunities, remain competitive, and mitigate the costs and risks of a rapidly changing and interconnected world.

International development agencies recognize that they cannot solve large, complex development challenges on their own. They understand that working with the private sector can expand their reach by leveraging corporate resources, expertise, technologies, and distribution networks.

And investors realize that future opportunities lie in exploring new markets and disrupted sectors and in addressing social and environmental threats. Yet they need trusted partners to take full advantage of these opportunities.

The growing alignment between companies, development agencies, and investors is driving an emerging category of partnership: corporate investment partnerships. Corporate investment partnerships bring together the resources of these three key stakeholders, efficiently coordinating investments of capital and capabilities, such as talent, expertise, and local knowledge, to address business, social, and environmental challenges.



Corporate Investment Partnerships for Growth and Sustainability

THURSDAY APRIL 23 2020

CAMERON KHOSROWSHAHI / EMILY LANGHORNE

Overcoming an Outdated Narrative: Why Investors Need to Recognize Africa's True Potential

INTERVIEWS

MONDAY MARCH 9 2020

KRISTIN KELLY JANGCRAW

Investing from the 'Frontier of the Frontier': Lessons from Ten Years as an Investment Advisor in Africa

Meet the Entrepreneur Who's Making Clean Water Accessible Across Haiti

INVEST Nov 21, 2019 · 6 min read

Using a decentralized water treatment and distribution system, Zim Chau, the founder and CEO of *disiHaiti*, is bringing safe, affordable water to thousands on the island. Chu recently participated in diaspora engagement roadshows hosted by USAID INVEST, which encouraged members of the Haitian diaspora to invest in the country's private sector.



A customer purchases clean water from a *disiHaiti* kiosk. (Photo: *disiHaiti*)

An African Model for This Moment: Local Institutional Funding of Infrastructure



The Silk Road Heart Story: Launching Afghanistan's First Gemstone Certification Lab, Improving the Lives of Local, and Bringing Afghan Treasures to the World

INVEST May 8 · 12 min read

Silk Road Heart's Afghanistan First gemstone certification lab and laboratory will launch in June 2020, with support from USAID INVEST. The services provided by the lab will improve the lives of local miners and traders and allow Afghanistan to capture the true value of its gemstones.



USAID INVEST Blended Finance Starter Kit: 10 Questions for Mobilizing Private Capital for Better Development Results

USAID Invest

Overview | Relevant Deals

Blended finance is the strategic use of development funds, such as those from government aid and philanthropic sources, to mobilize private capital for social and environment results, such as improving infrastructure, education, agriculture, healthcare, and more. Blended finance strategies are designed to encourage members of the private sector, such as companies and investors, to invest in activities and projects that can achieve both financial returns and positive social and environmental outcomes.

CONVERGENCE INVESTMENT GROUP

GUEST ARTICLES

WEDNESDAY AUGUST 12 2020

KRISTIN KELLY JANGCRAW

A Well-Timed Investment: How Investing in Tech-Driven Healthcare SMEs Is Boosting Africa's COVID-19 Response

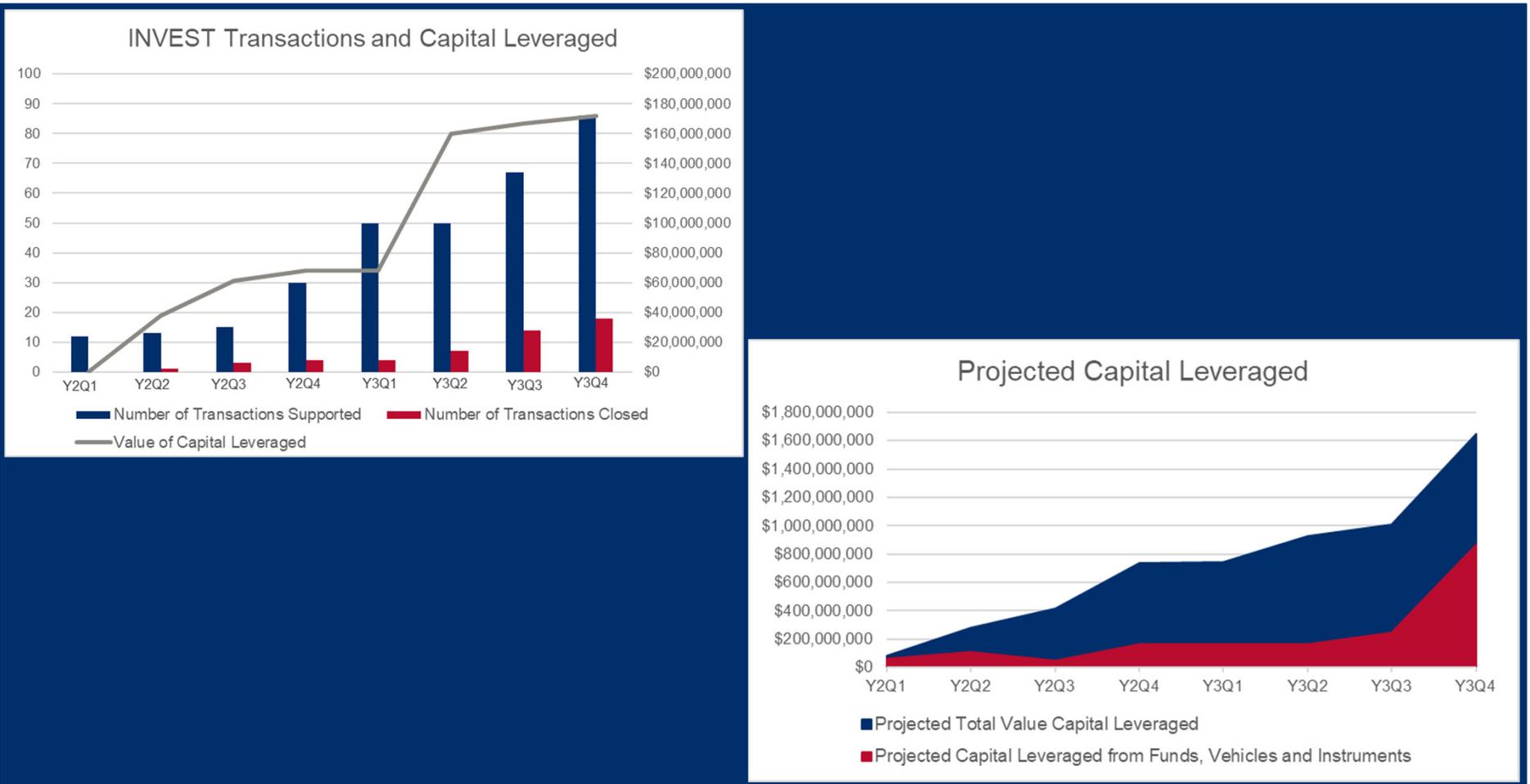
INVEST Transaction Support



INVEST: TRANSACTIONS AND CAPITAL LEVERAGED

PROGRESS TO DATE AND PROJECTIONS

Projected portfolio growth as of Y3Q4 is attributed to a significant increase in projected capital leveraged from investment funds, vehicles and instruments.



INVEST: TRANSACTION HIGHLIGHTS



WOMEN'S GLOBAL DEVELOPMENT AND PROSPERITY (W-GDP) FUND SUPPORT

Patamar Capital launched its new evergreen Beacon Fund to serve women-led and gender-focused businesses in Southeast Asia. INVEST supported the use of \$1M as a first-loss tranche for the Beacon Fund through the W-GDP presidential initiative. The fund has a targeted raise of \$50M and plans to invest in 20 to 30 businesses in the near term. The new Kiva Invest in Women Fund, a \$100M gender-focused impact fund, also launched this quarter with support from INVEST under W-GDP.

HAITI INVEST

Haiti INVEST local transaction advisor partner SOFIHDES announced it closed its first transaction, a \$104,835 loan to an auto-body repair company. This is the third investment receiving INVEST support in Haiti that closed this year, bringing the total capital mobilized for local small and medium enterprises to over \$600,000.

AFGHANISTAN

INVEST brokered a deal between Revival Rugs, a California-based carpet retailer, and Kabul-based Afghan Rug. INVEST is working with the U.S. Development Finance Corporation and others to explore working capital financing so Revival can increase its purchases from Afghan Rug for sale in the U.S. market.

INVEST Y3Q4 Spotlights



SPOTLIGHT: ASSET-BASED LENDING IN COLOMBIA

Standardizing evaluation criteria for asset-based lending to increase women's access to affordable financing



PROBLEM

In February of 2014, Colombia enacted a new law, which allows moveable property to be used as collateral for loans and registered in a central database that lenders can access. Asset-based lending has the potential to increase women's access to financing because women are more likely to own moveable assets than real estate. However, uptake of moveable property lending in Colombia has been hampered by lack of a process for and expertise in the valuation of movable property. Without a standardized valuation procedure, lenders have been unwilling to make loans against moveable assets, despite the existence of the law and the registry.



INVEST SOLUTION

The International Finance Corporation (IFC), working with the Colombian Government program Banca de las Oportunidades, identified this lack of a uniform process for field examinations as an impediment to the use of the national moveable property registry. INVEST and USAID's Office of Gender Equality & Women's Empowerment partnered with Dopkins & Co., an accounting and consulting firm based in New York, to develop a Field Examiner's Handbook setting out a complete process for examiners in Colombia to use for valuating movable property. Having previously developed a similar product for use in the U.S., Dopkins was identified as the ideal partner to create a handbook with detailed steps and tools and templates to ensure a valid and uniform process for assessing the value of moveable property.

SPOTLIGHT: ASSET BASED LENDING IN COLOMBIA



OUTCOMES

Dopkins adapted its existing handbook and tools for Colombia's landscape and translated these products into Spanish. The IFC, Banca de las Oportunidades, and other partners will disseminate the Field Examiner's Handbook. INVEST and USAID will track the uptake of the handbook to determine whether the creation of this missing piece resulted in increased asset-based lending and use of the national registry. By standardizing the valuation process, the handbook has the potential to increase lenders' engagement with the national registry and their willingness to accept moveable property as collateral, which would ultimately make affordable financing more accessible to Colombian women.



LESSONS

Dopkins & Co. had not previously worked with USAID. Outreach to a highly-skilled, U.S.-based partner allowed USAID to create a much-needed component for supporting the investment of the Colombian Government in asset-based lending. Through this pilot, USAID can learn whether this new tool drives usage of the registry and whether that usage does in fact lead to increased financing for women. If so, USAID will apply these learnings in other countries and contexts where investment in infrastructure to support asset-based lending can reduce barriers for women borrowers.

SPOTLIGHT: AFGHANISTAN GEMSTONE LAB

Working closely with Afghan and U.S. gemstone business partners to launch Afghanistan's first gemstone lab and lapidary



PROBLEM

Between 90 and 95 percent of Afghanistan's gemstones leave the country illegally. They enter markets in Pakistan, India, the United Arab Emirates, and other countries as rough, uncertified gemstones. Because little to no value addition is performed in Afghanistan, most of the gemstones' value is captured by these other economies. In 2015, the United States Geological Survey estimated the value of these uncut and uncertified stones at \$267 million, and in 2016, approximately 32,000 kgs were mined and sold. Without certification and international-quality finishing services in-country, the local gemstone industry has not been able to capitalize on the stones' true world-market value. If finished and certified, these stones could earn an estimated three to five times more for Afghanistan.



INVEST SOLUTION

To keep more of the gemstone value chain in the country, USAID assisted with the establishment of Afghanistan's first gemstone lab and lapidary. INVEST collaborated with three Afghan businessmen and their American partner to open the Silk Road Heart Laboratory & Lapidary in Kabul. INVEST provided key technical assistance from set-up to the launch of the lab on July 1, 2020. INVEST helped draft the partnership agreement, assisted with business registration, and identified and offered operational and financial consulting. INVEST also developed the company's brand identity and created its brand and marketing strategy, including a logo, templates, a [website](#), and more. All marketing materials were created in two languages to reach international and local customer bases.

SPOTLIGHT: AFGHANISTAN GEMSTONE LAB

OUTCOMES



Silk Road's lab will provide rough stone storing along with identification, gemological, and origin reports for miners and traders. Its lapidary will offer cutting and polishing services and trainings on those services. Silk Road has invested in hiring an internationally certified gemologist and purchasing cutting-edge equipment so that it can provide top-quality services. Through these services, Silk Road is enabling Afghanistan to prove the provenance and ethical sourcing of the stones and help capture their true value. The establishment of Silk Road creates an opportunity for all phases of the production cycle to occur in-country, from mining to certification to value-added services, strengthening Afghanistan's gemstone sector. Activating this sector can strengthen the country's economy and create employment opportunities in rural and urban areas.

LESSONS



Launching a first-of-its-kind gem lab in a conflict-affected area had its challenges. Understanding the local context and maintaining open communication between Silk Road's shareholders and USAID (via written agreements and in-person meetings) were crucial for a successful launch. Before moving forward with establishing the lab, USAID and shareholders needed to fully understand the gem-stone value chain, its gaps and inefficiencies, and how the services and goods expected to result from the proposed investment would address these issues and create positive development outcomes. To successfully understand the landscape, USAID sought advice from similar businesses operating in other markets. Outlining the roles and responsibilities of each stakeholder in concrete terms and early in the planning process was critical for successful implementation. USAID and Silk Road's shareholders outlined investor exits, decision-making processes, and a timeline that contained milestones and the corresponding actions required of each party.

SPOTLIGHT: PROSPER AFRICA EXECUTIVE SECRETARIAT

Using communications to drive trade and investment between the United States and Africa



PROBLEM

The Prosper Africa initiative aims to boost two-way trade and investment between the United States and Africa. Strategic communications have a critical role to play in achieving that goal. The initiative needed to demystify the risks of investing in Africa for U.S. investors and demonstrate how its resources help mitigate those risks. It also needed to communicate its successes widely—both to put a human face to the work and demonstrate concrete examples of how Prosper Africa helps U.S. and African businesses. Finally, it needed a one-stop shop that could build its credibility as a “whole-of-government” initiative, showcase its resources, and connect businesses and investors with the tools most appropriate for their needs.



INVEST SOLUTION

Because the Prosper Africa Executive Secretariat (PAES) needed ongoing, focused communications support, INVEST dedicated full-time staff to assist the PAES senior communications advisor. INVEST staff provided strategic communications, writing, graphic design, and social media support. INVEST contracted Teal Media to design and launch a public website. INVEST also partnered with the Center for Strategic and International Studies (CSIS) Africa Program to host three virtual roundtables, bringing together U.S. and African Government officials and private sector actors. The roundtables presented Africa’s investment opportunities and challenges, featured discussions on real and perceived risks, and showcased Prosper Africa’s tools.

SPOTLIGHT: PROSPER AFRICA EXECUTIVE SECRETARIAT



OUTCOMES

INVEST and Teal Media launched Prosper Africa’s public website at prosperafrica.dfc.gov. This website allows users to find the Prosper Africa tools most relevant to their needs. The website also gives the initiative a place to showcase its success stories and COVID-19-focused resources. INVEST and PAES interviewed U.S. business leaders on why other U.S. businesses should join them in investing in Africa and where to find investment opportunities in the COVID-19 landscape. INVEST then packaged these interviews in blogs, videos, and social media content that would be shared through Prosper Africa’s website and Twitter handle. Finally, INVEST and CSIS hosted its first virtual roundtable, focused on the greater Miami and African healthcare markets. Florida companies highlighted the real and perceived obstacles they face when doing business in Africa while Prosper Africa representatives shared information on U.S. Government resources to overcome those obstacles.



LESSONS

To reinforce its credibility with the private-sector community, Prosper Africa needed to ensure its communications and outreach remained laser-focused on its core audience. The external website needed a modern, business-like design that appealed to the trade and investment community and didn’t follow the same design as traditional U.S. Government websites. Prosper Africa also needed to rely on businesspeople as the faces of the initiative. Through the blog series and accompanying videos, the initiative shined a spotlight on investors and businesses that have benefited from Prosper Africa’s services while keeping the U.S. Government as the supporting player in the story.

SPOTLIGHT: PROSPER AFRICA EXECUTIVE SECRETARIAT



Increasing Trade and Investment Between the United States and Africa

Prosper Africa is a U.S. Government initiative that brings together the full range of U.S. Government resources to connect U.S. and African businesses with new buyers, suppliers, and investment opportunities.

[Learn more about Prosper Africa →](#) [See our response to COVID-19 →](#)

For U.S. Businesses

Export to Africa

Access financing, loan guarantees, advocacy, and other tools to identify and close deals.

[Learn more →](#)

Invest in Africa

Obtain insurance, financing, and advisory services to make strategic investments in growing markets.

[Learn more →](#)

For African Businesses

Export to the U.S.

Learn critical information for selling to the United States, explore financing, and benefit from technical assistance.

[Learn more →](#)

Invest in the U.S.

Explore matchmaking, advisory services, and market intelligence to make strong investment decisions.

[Learn more →](#)

What's coming next?



INVEST: LOOKING FORWARD

Assessing human impact and additionality of blended finance programming

INVEST released a \$1.7 million RFP for a platform focused on research, data, evidence, and learning across the INVEST portfolio. Three years into implementation, INVEST hopes to mine the rich body of evidence emerging as activities mature. The first task is designing a framework and research roadmap for assessing human impact and additionality in blended finance programming.

WHY IT MATTERS: Deepening the evidence base on additionality and human impact related to INVEST's various approaches for mobilizing private capital is important to informing USAID's learning around blended finance and market-based development. The envisioned conceptual framework and research roadmap methodology will be applied across INVEST's buy-in portfolio, which contains a wealth of existing evidence that can be analyzed and built upon to inform best practices in market-based solutions to development challenges. The evidence from INVEST activities as well as those conducted under similar USAID mechanisms present an opportunity to assess what does and does not work in blended finance, identify the best methods for measuring additionality and human impact, test variations in how these methods are employed, and detect challenges to their implementation. The lessons learned from this research will be of value to the entire development community, and a practical dissemination strategy focused on accessible learning will help ensure uptake among USAID and other key audiences.

INVEST: LOOKING FORWARD

Identifying approaches for greater private sector engagement in the Eastern and Southern Caribbean

INVEST will support USAID in the development of its new Regional Development Cooperation Strategy (RDCCS) for the Eastern and Southern Caribbean (ESC). Through a competitive award process, INVEST partners CrossBoundary and the Pan American Development Foundation were selected as a consortium to identify barriers that have prevented private sector involvement in addressing development challenges within key sectors in the region. They will then propose approaches with the highest potential for fostering more private sector involvement and/or investment. Through this activity, USAID/ESC is looking to engage regional stakeholders and collaborate with the private sector in a successful partnership to overcome development challenges in education, resilience to climate variability and natural disasters, clean energy, agriculture, citizen security and youth, and contribute to self-reliance in the Eastern and Southern Caribbean.

WHY IT MATTERS: USAID/ESC will incorporate the outcome of this activity into its RDCCS to inform agency strategy in the region for the next five years. It will identify opportunities and tools that the Mission can use to work hand-in-hand with the private sector and harness its resources to open markets and provide opportunities for businesses and citizens across the Eastern and Southern Caribbean.

INVEST: LOOKING FORWARD

Supporting renewable energy in Vietnam

In Vietnam, significant uncertainty exists for private sector developers seeking to partner with all levels of government—municipal, district, and central—to invest in clean energy projects. This uncertainty stems from challenges such as undefined policy intentions and incentive programs for 2021-2030, unclear regulations for public-private partnerships, and difficult permitting and land use issues. USAID/Vietnam seeks to unblock some of these challenges and facilitate private investment into clean energy projects through its Municipal Clean Energy Development Facility (MCEDF) activity. In January 2021, following the completion of an ongoing feasibility study, the MCEDF will structure a pilot development facility in the city of Danang. The pilot program aims to strengthen the skills of government officials to procure, manage, and implement quality public-private partnerships for clean energy investment projects at the municipal level. Through the provision of legal, financial, and technical experts, the pilot will provide day-to-day support to government teams as they develop project concepts, design the solicitations and programs, and advise on the transparent and efficient execution of competitive selection of bidders.

WHY IT MATTERS: Vietnam must make significant investments into expanding and modernizing its energy production and transmission network capacities to meet the anticipated demand over the next 10 years. Unblocking and encouraging private sector investment in clean energy projects will help to ensure access to quality and consistent energy, which in turn has significant economic, social, and commercial impacts for families, communities, and businesses in Vietnam.

LOOKING FORWARD: NEW BUY-INS

Three of the new Buy-Ins received by INVEST in Y3Q4 are highlighted below.

BUY-IN DESCRIPTION
<p>USAID/BUREAU FOR EUROPE AND EURASIA (E&E) : This Buy-In expands the provision of technical assistance into Greenland where INVEST will collaborate closely with E3, E&E, and the State Department to assess development challenges and identify opportunities for economic diversification and investment. INVEST’s recently-launched work in Greenland supports USAID as it pushes the traditional geographic boundaries for engagement and validates the relevance of blended finance abroad.</p>
<p>USAID/GEORGIA: INVEST is supporting the USAID/Georgia’s Attracting Foreign Investment Program by providing transaction advisory and investment facilitation services between the Government of Georgia’s economic development agency, Enterprise Georgia, and foreign investors. INVEST seeks to close at least three foreign direct investment transactions, totaling \$10 million, with a particular focus on high value job creation in the manufacturing sector.</p>
<p>USAID/EL SALVADOR: This new buy-in will start with an investment assessment to prioritize opportunities for support with USAID/El Salvador. This work will take place within the framework of the America Crece MOU between GoES and the USG to promote investment in the country.</p>

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Activity Start and End Date: 09/28/2017 - 09/27/2022
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Shaping a more livable world.

