



**USAID**  
FROM THE AMERICAN PEOPLE

USAID  
**INVEST** Mobilizing Investment  
for Development

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INVEST Year 5 Quarter 3 Report  
April 1, 2022 – June 30, 2022

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of DAI and do not necessarily reflect the views of USAID or the United States Government.

# INVEST: OVERVIEW

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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



**\$375.1**  
**MILLION**  
Value of private capital  
mobilized for development



**83**  
**PERCENT**  
Value of funding  
obligated towards  
contract ceiling\*



**499**  
**PARTNERS**  
In the USAID Partner  
Network



**15**  
**SECTORS**  
Of activity focus



**81**  
**COUNTRIES**  
Of INVEST  
implementation

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

# INVEST: TECHNICAL SERVICES

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*Providing demand-driven services in four main areas*



## INVESTMENT OPPORTUNITY ASSESSMENTS

INVEST helps USAID understand market conditions and identify investment opportunities. **68%** 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.

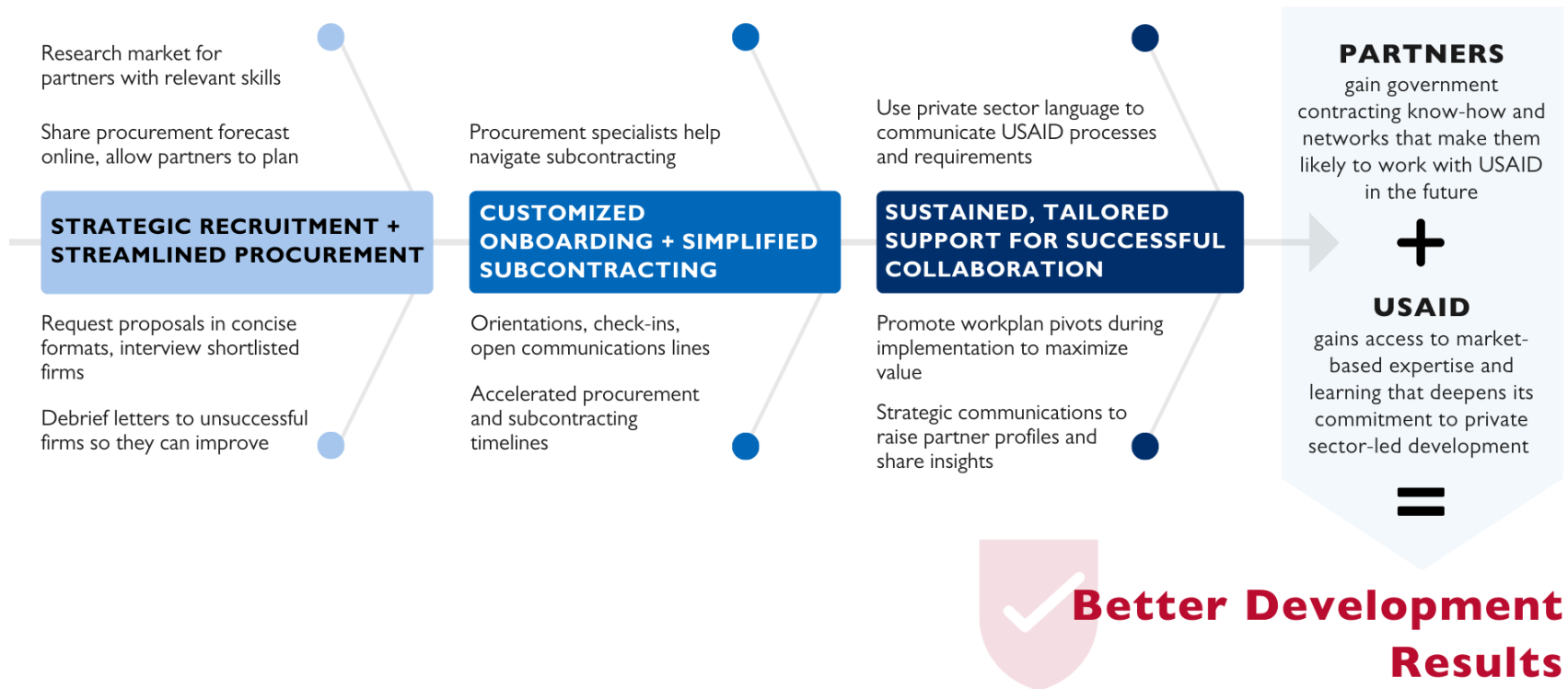


## TECHNICAL ASSISTANCE

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: PARTNERSHIPS

*Supporting new and underutilized partners and building better partnerships for development*



# INVEST: PARTNER NETWORK

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At the core of INVEST is a network of **499** firms from the investment and development community with specialized technical and financial expertise. **22** new firms joined the Network in Y5Q3.

## 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 with Areas of Expertise



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# INVEST: OVERALL PROJECT METRICS

*Capital mobilization and procurement across the INVEST portfolio since project inception*

# INVEST: MOBILIZING CAPITAL FOR DEVELOPMENT

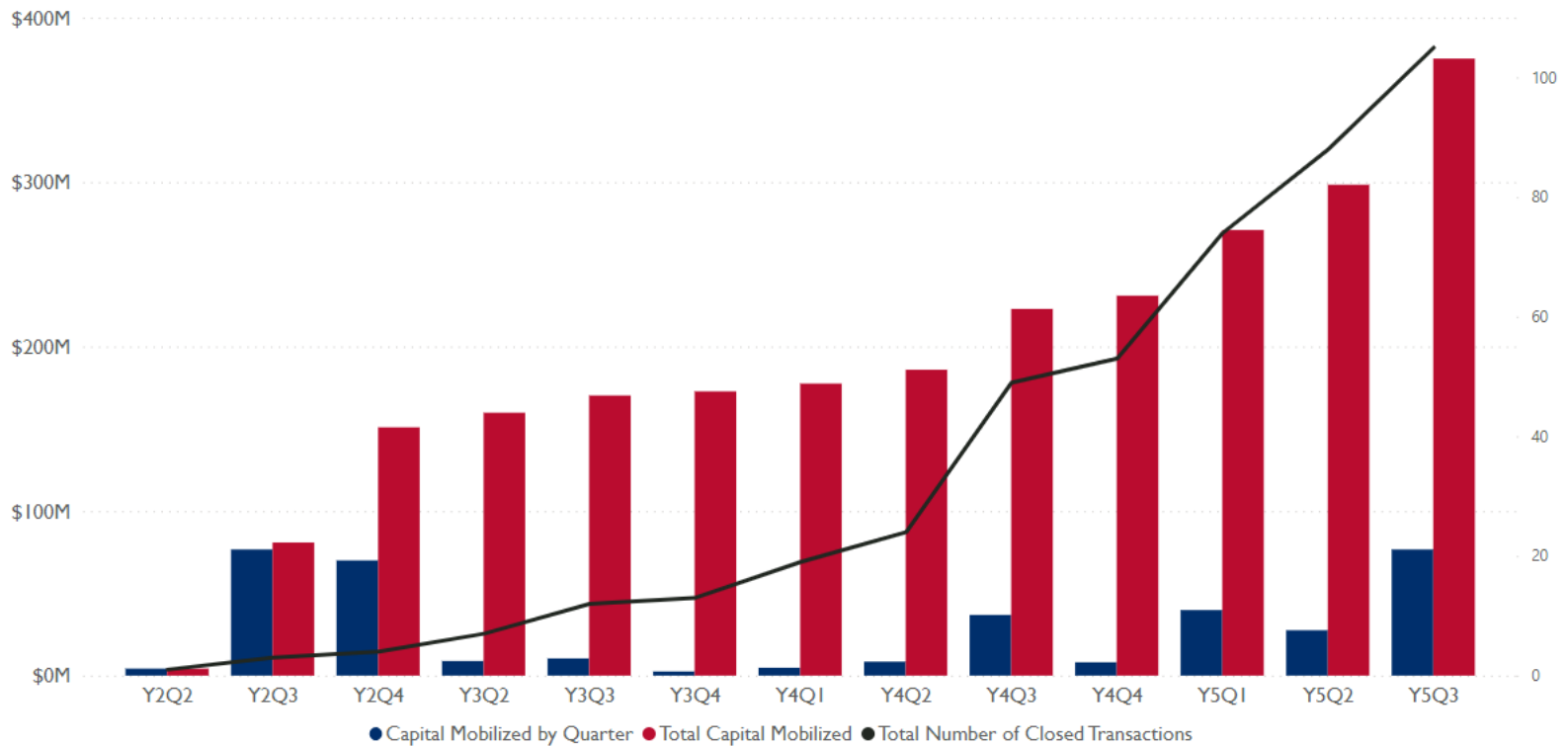
**\$374.8M**  
TOTAL CAPITAL  
MOBILIZED TO DATE

**91**  
TRANSACTIONS  
CLOSED TO DATE

**117**  
ACTIVE  
TRANSACTIONS

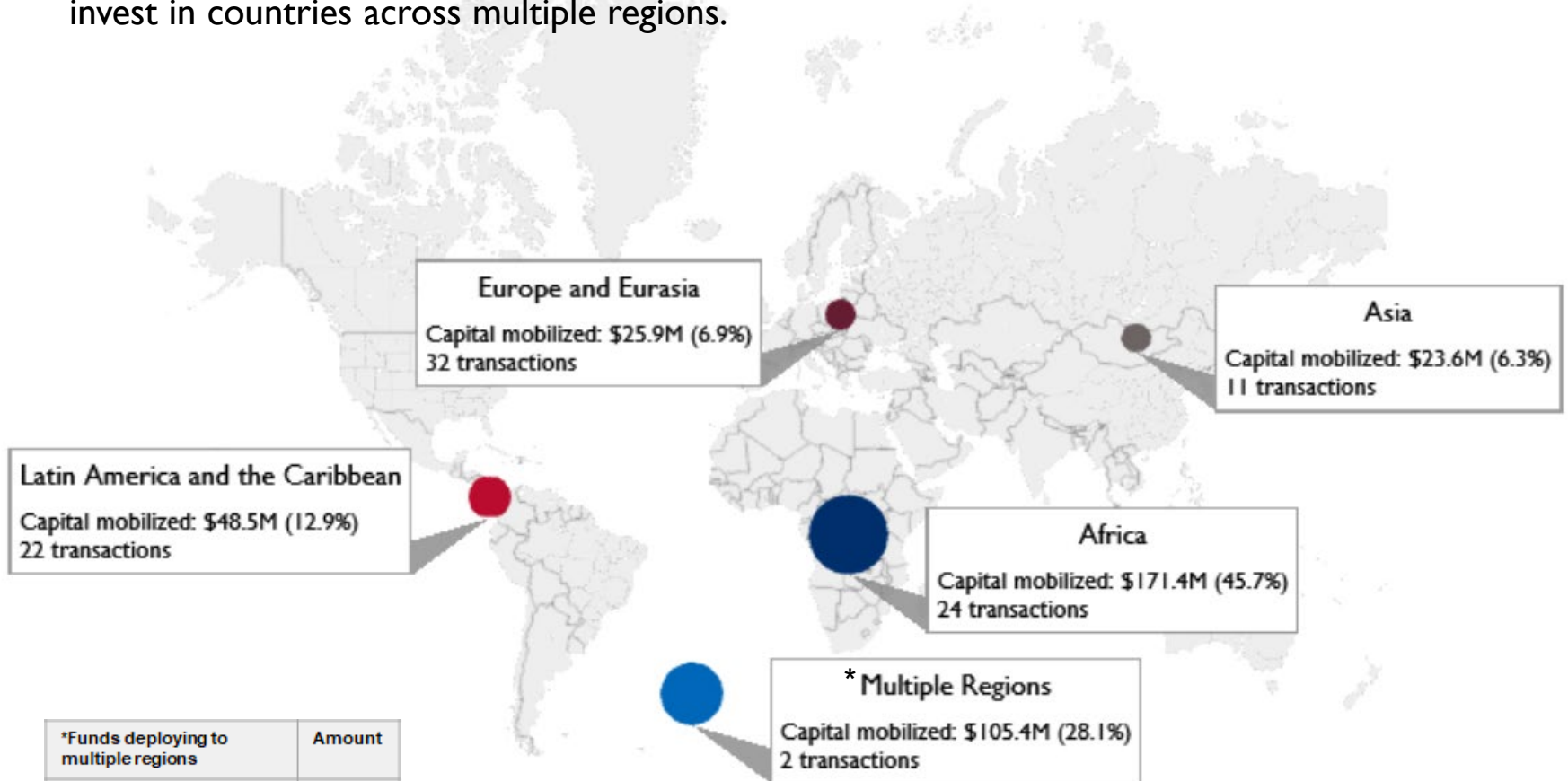
**\$1.2B**  
ADDITIONAL  
CAPITAL SOUGHT

Capital Mobilized by Quarter



# INVEST: MOBILIZING CAPITAL BY REGION

INVEST has mobilized capital for recipients across the globe, including two funds that will invest in countries across multiple regions.



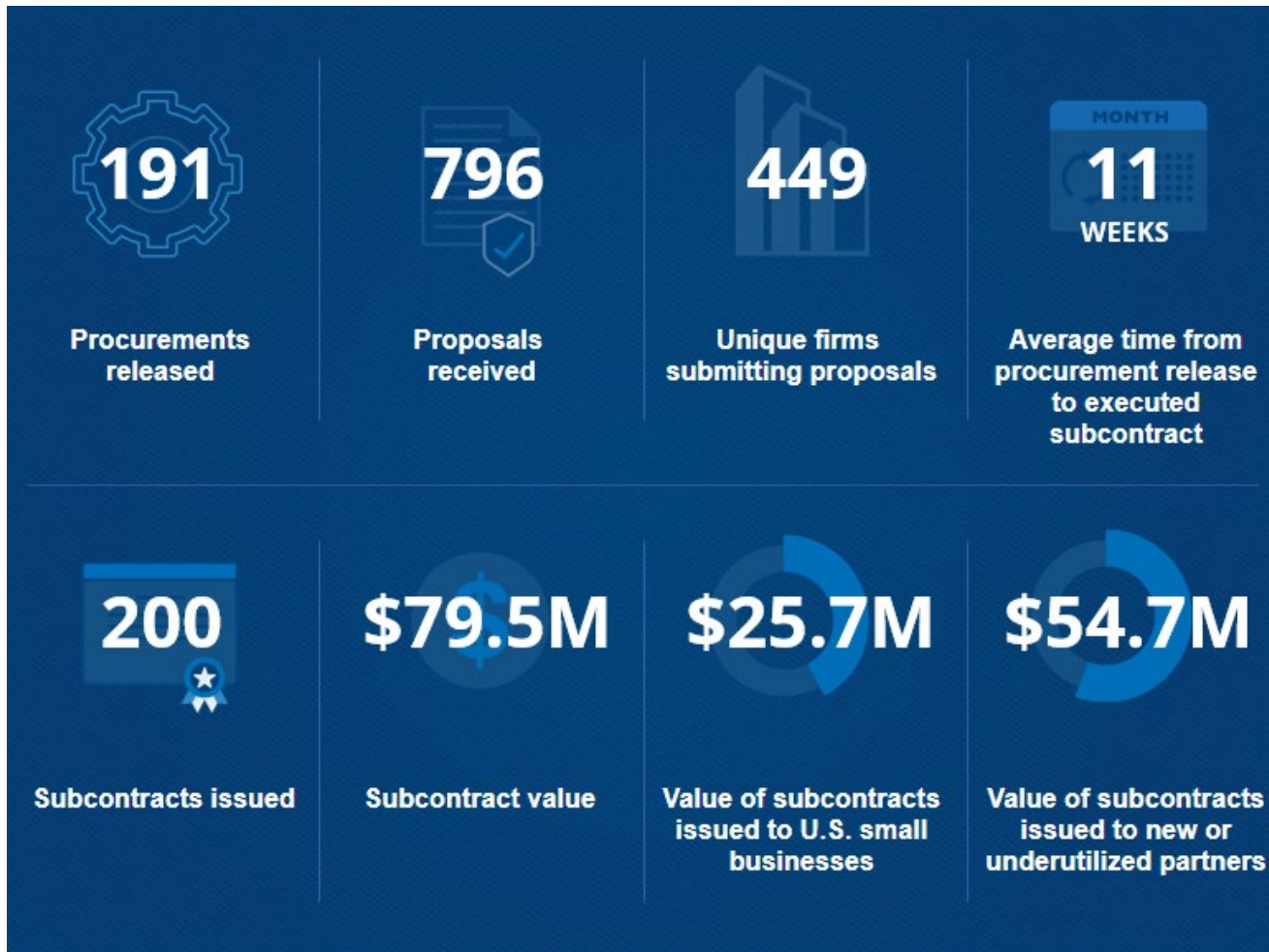
*Funds deploying to multiple regions	Amount
Global - Women's World Banking Capital Partners Fund	\$102.9M
Africa & Asia - WIC (Women's Investment Club) Capital Fund	\$2.5M



# INVEST: INNOVATIVE PROCUREMENT

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Over the life of the project, INVEST has engaged **103 partner firms** to develop and implement technical activities.



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# INVEST: QUARTERLY METRICS

*Capital mobilization and procurement across the INVEST portfolio this quarter*

# INVEST: Y5Q3 CAPITAL MOBILIZED

In Y5Q3, INVEST supported nine transaction closes across seven buy-ins, with the majority of capital mobilized under the GenDev portfolio.

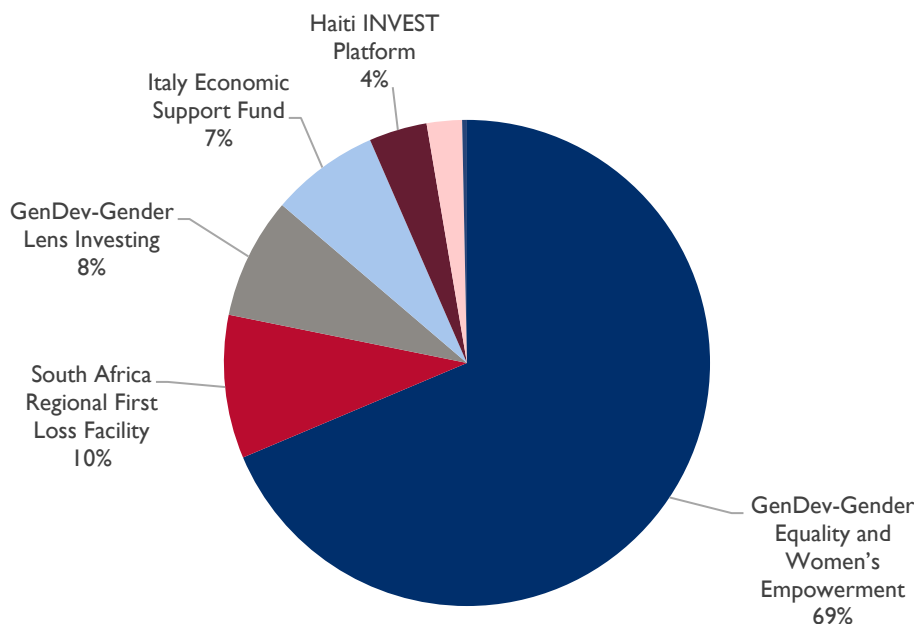
**\$76.2M**  
CAPITAL MOBILIZED  
IN Y5Q3

**9**  
TRANSACTIONS  
CLOSED IN Y5Q3

**4**  
NEW  
TRANSACTIONS  
SUPPORTED IN Y5Q3

**\$28.6M**  
ADDITIONAL  
CAPITAL SOUGHT  
IN Y5Q3

*Capital Mobilized in Y5Q3 by Buy-In*

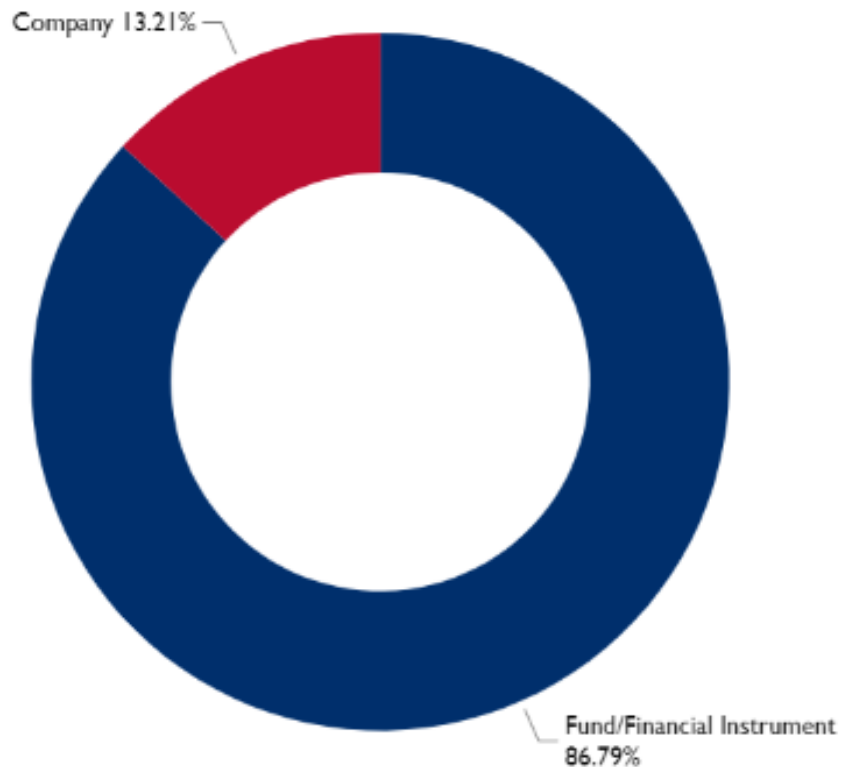


Buy-In	Capital Mobilized
GenDev-Gender Equality and Women's Empowerment	\$52,278,200
South Africa Regional First Loss Facility	\$7,264,572
GenDev-Gender Lens Investing	\$6,146,540
Italy Economic Support Fund	\$5,500,000
Haiti INVEST Platform	\$2,942,200
GenDev-Grand Challenge for Development	\$1,785,578
El Salvador	\$242,605
<b>Total</b>	<b>\$76,160,192</b>

# INVEST: CAPITAL BY TRANSACTION TYPE

In Y5Q3, 87% of the capital raised was invested directly into funds or financial instruments.

*Capital Mobilized in Y5Q3 by Transaction Type*



Transaction Type	Capital Mobilized
Company	\$10,063,683
Fund/Financial Instrument	\$66,096,509
<b>TOTAL</b>	<b>\$76,160,192</b>

# INVEST: INNOVATIVE PROCUREMENT

In Y5Q3, the largest subcontract was for the Infrastructure Transaction and Assistance Network (ITAN) Transaction Advisory Fund (TAF) for activities with the Government of Mongolia.

**5**  
PROCUREMENTS  
RELEASED IN Y5Q3

**3**  
SUBCONTRACTS  
ISSUED IN Y5Q3

**\$1.3M**  
SUBCONTRACT  
VALUE IN Y5Q3

**22**  
NEW FIN MEMBERS  
IN Y5Q3

## Subcontract Value by Buy-In

<b>ITAN TAF</b> Transaction Advisory Services, Technical Assistance  \$966,000	<b>AFR</b> <b>Pensions</b> Investment Opportunity Assessment  \$227,600
	<b>Colombia</b> Transaction Advisory Services  \$99,691

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# 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 produced several high-level materials to summarize and share INVEST's work, results, and value proposition, including a one pager and slide deck. These materials have been disseminated throughout the Agency and are being used by technical and learning teams to increase awareness about INVEST and foster additional engagement, including the opportunity for USAID MBOs to pursue new or expanded buy-ins with the mechanism.

We worked with the Southern Africa Regional Mission buy-in team to develop an events-driven plan to help USAID deliver on its learning mandate and contribute to the PSE ecosystem while positioning itself with key private sector stakeholders, starting with participation in the SAVCA Private Equity Conference in May. INVEST met with regional partners, FIN members, and the Mission to discuss storytelling opportunities and communications priorities.



The infographic is titled "USAID INVEST" and is divided into several sections. At the top left is the USAID logo. The main title "USAID INVEST" is in red. The first section, "WHAT IS INVEST?", explains that INVEST helps USAID Missions, Bureau, and International Offices (MBOs) achieve their development objectives by mobilizing private capital. It lists services like public-private partnerships, MBO buy-ins, and early stage assessments. The second section, "INVEST TECHNICAL SUPPORT CAN HELP FACILITATE:", lists four categories: Investment Opportunity Assessments, Transaction Advisory Services, Structuring Funds + Financial Instruments, and Technical Assistance. The third section, "INVEST SUPPORTS THE DESIGN, MANAGEMENT AND EXECUTION OF BLENDED FINANCE ACTIVITIES ACROSS:", includes a bar chart showing 36 MBOs, 56 Buy-ins, 80 Countries, and 196 Investments. The bottom right section provides additional information, including the website URL (USAID.gov/INVEST) and contact details for the Southern Africa Regional Mission.



# INVEST: PUBLICATIONS

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This quarter, INVEST published seven new blogs and op-eds. INVEST has published 126 articles over the life of the project.

## MEDIA OUTLETS

- [Investing in the Planet by Investing in the People Who Know It Best](#) (ImpactAlpha)

## EXPOSURE

- [Nigeria: Partnership provides secret sauce that creates growth from wasted produce](#)

## MEDIUM

- [Voices from the Finance and Investment Network: MEDA](#)
- [Lavi Spicy Peanut Butter is Unlocking International Markets](#)
- [Tunisian Company Helps Dairy Farmers Convert Waste into Revenue](#)
- [How a Unique Trilateral Partnership Is Bringing Stronger Internet to Palau](#)
- [Meet the Tech Startup Transforming the Dairy Market in Tunisia and Beyond: An Interview with MooMe](#) (cross posted to [Prosper Africa](#))



# INVEST: LEARNING

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

## HIGHLIGHTS

In June and July, INVEST hosted five “Ask Me Anything” peer learning sessions for USAID staff to speak to each other about the practical aspects of working with INVEST to achieve diverse development objectives.

The series featured experiences in gender lens investing, PSE strategy in Vietnam, climate finance, supporting SMEs, and institutional investment. Representatives from USAID Missions, GenDev, the Center for Environment, Energy and Infrastructure, and the PSE Hub spoke alongside INVEST staff.

In addition to the learning component, the events raised awareness about the Finance and Investment Network and new opportunities for collaboration, given INVEST's recent \$27 million ceiling increase.



**ASK ME ANYTHING  
PEER LEARNING SERIES:**  
MOBILIZING PRIVATE CAPITAL THROUGH USAID INVEST

-  **Gender lens investing (May 24)**
-  **Multiple approaches: Spotlight on Vietnam (May 31 DC/June 1 Vietnam)**
-  **Climate finance (June 2)**
-  **Mobilizing investment for SMEs: Spotlight on Haiti (June 6)**
-  **Institutional investment (June 14)**

# INVEST: PARTNER SPOTLIGHT

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## *Partnering for climate action*

As part of the USAID Climate and Finance Practicum (CFP), representatives from USAID's Africa Bureau met with nine members of the Finance and Investment Network (FIN): **KOIS, Dalberg, CrossBoundary, Third Way Partners, Open Capital Advisors, WIC Capital, Deloitte, Interlink, and Lion's Head.**



The CFP was designed to equip and inspire climate champions across teams, sectors, and USAID Missions. Between February and June 2022, the CFP engaged 34 participants, seven front office representatives, and 34 supervisors through Mission teams from Tanzania, Mozambique, Southern Africa, Liberia, Madagascar, and Rwanda.



Connecting directly with FIN members helped USAID understand their capabilities and potential contributions to the Agency's climate strategy and goal of mobilizing \$150 billion in private and public investment. Discussion focused on opportunities to facilitate private investment in climate mitigation and adaptation and the potential for USAID to play a more catalytic role in bringing much needed finance to the region.

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# INVEST: PROJECT SPOTLIGHTS

*Illustrative activities from across the INVEST portfolio this quarter*

# SPOTLIGHT I: GENDER LENS INVESTING

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## *Applying a gender lens to the waste management and recycling sector*



### **PROBLEM**

In South and Southeast Asia, it is estimated that women make up 80% of the more than 24 million workers in the waste-management and recycling (WMR) sector. Women play key roles in the sector, ranging from skilled entrepreneurs and employees, to consumers and waste collectors. However, investments in the sector tend to overlook the contributions that women make and lack a gender lens. As it stands today, women have [less access](#) to investment capital compared to men, women-owned businesses tend to have less visibility with investors, and women are less likely to occupy senior management roles in the WMR sector. Growth and formalization of the sector often fail to take into account the significant role women play as consumers and supply chain workers, leaving existing power dynamics in place and a loss of business opportunities.



### **SOLUTION**

In partnership with USAID's Gender Equality and Women's Empowerment Hub (GenDev), INVEST engaged two firms to apply and adopt gender-smart investing techniques into WMR. Sagana, an advisory firm, began working with Circulate Capital, an investment management firm dedicated to financing solutions to prevent waste and plastic from flowing into the world's oceans while advancing the circular economy, to develop the firm's first gender lens investment strategy, deployed through Circulate Capital's Ocean Fund (CCOF). Sagana also identified information that could be shared beyond the lifespan of this activity to the larger WMR industry in South and Southeast Asia.



## OUTCOMES

Sagana took a multipronged approach in integrating a gender focus into Circulate Capital's investment practices, leading to CCOF becoming the first fund focused on the plastic circular economy to qualify as a [2X investment](#). The firm designed a gender-smart investment strategy roadmap and gender action plans, set impact measurements, trained the investment team, and provided technical assistance for six portfolio companies. Sagana and Circulate Capital also developed a customized gender-smart toolkit and case study series. Finally, they launched a sector guide for gender-smart investment in the WMR sector at the UN Ocean Conference in Lisbon in June 2022. The guide offers a business case, framework, examples, case studies, and tools to help commercial and impact investors integrate a gender lens into their activities in WMR.



## LEARNING

As climate- and gender-smart investment gains traction, there is an increasing call for these strategies to be pursued jointly. The WMR sector gender-smart investing guide is one tool to help commercial and impact investors do so; it encourages investors to take practical and effective steps towards greater gender equity, in line with their priorities and strategic goals. Investors can select appropriate entry points at the fund- or portfolio-level to integrate gender into organizational policies or examine women's roles in their portfolio companies' supply chains. It supports investors looking to assess the existing gender impact of their investments, partner with investees to improve gender equity, or lead the market in their gender-smart approach. It also showcases other funds and WMR companies pursuing both climate- and gender-smart strategies.

# SPOTLIGHT 2: CATALYTIC CAPITAL

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*Supporting innovative funds to bring needed capital and support to South African entrepreneurs*



## **PROBLEM**

In developing economies, entrepreneurs face multiple constraints that limit their potential for growth, including access to capital, markets, and talent. Capital needs to be structured in a way that makes the risk return profile for investors attractive, since few want to bear risks alone on new ventures that are still building a track record, especially with equity investments. Likewise, entrepreneurs may struggle to gain access to markets because they lack business contacts with critical market information and experience. These challenges are exacerbated in firms that are still building their internal management and employee teams with the skills they need to innovate and grow.



## **SOLUTION**

With INVEST, the USAID Southern Africa Regional Mission supported Endeavor South Africa in launching the Harvest II Fund. The fund uses an innovative co-investment model that follows the terms of the lead investor during fundraising, which accelerates the investment process and decreases deal structuring costs while multiplying the fund's overall investment many times over. Twenty percent of the fund's profit is reinvested back into Endeavor's non-profit activities that help entrepreneurs build their professional network and access experienced mentors, kick-starting a virtuous cycle of support to the next generation of entrepreneurs.



## OUTCOMES

Support from USAID was highly additional, allowing Endeavor to exceed its fundraising target eight months ahead of schedule. The funding was used to structure and legally establish the co-investment fund, develop a pipeline of investable opportunities from the Endeavor Entrepreneur network, and hire a dedicated fundraising team to reduce management fees and create more attractive investment terms. Endeavor's Harvest Fund II reached its final capital close in April 2022 and raised \$12.9 million from a diverse set of U.S., South African, and other international investors. Over the past year, the full cohort of almost 30 entrepreneurs have added 600 jobs to the economy and generated \$250 million in annual revenue.



## LEARNING

USAID is using the experience of the Harvest Fund II to demonstrate to other donors, development finance institutions (DFIs), and private investors of the capacity for profitable and scalable investments in South Africa's entrepreneurial ecosystem. SMEs make up around 98.5 percent of all businesses in South Africa, however, a 2018 study revealed that only six percent of SMEs received government funding, and only nine percent received funding from private sources. Traditional market actors such as DFIs are perceived to be largely absent from the market, resulting in an enormous financing gap. It shows the importance of blended finance solutions from donors like USAID that use catalytic funding to strategically crowd in private and public investment.

# SPOTLIGHT 3: DIGITAL ECOSYSTEMS

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*Connecting marginalized communities in Kenya to the internet*



## **PROBLEM**

Developing countries cannot be self-reliant without a reliable, secure, and affordable digital infrastructure. However, digital infrastructure to support anchor institutions like schools, universities, health facilities, and commercial firms is often insecure, unreliable, expensive, or even absent. Developing countries are susceptible to proposals seeking to promote a vision of a sovereign internet with state-centric, insecure, and risky digital infrastructure projects. These offers seem innocuous, but frequently undercut private sector investment, limit competition, and threaten the country's long-term self-reliance.



## **SOLUTION**

With support from INVEST, USAID/Kenya, USAID/Innovation, Technology and Research Hub (ITR), and the Alliance for Affordable Internet (A4AI) collaborated with the Government of Kenya to conduct financial and policy modeling to connect community anchor institutions, such as schools, health centers, and government offices in remote areas to open, interoperable, reliable, and secure internet services. Detailed financial and policy recommendations were derived from an assessment of existing technology and connectivity gaps, along with an analysis of related costs and investment needs. The work placed emphasis on the requirements of regions with higher poverty rates and lower connectivity levels.





## OUTCOMES

A4AI concluded that investment of \$11M-\$22M in infrastructure and \$7M for operational expenses would be required to connect approximately 2,300 institutions in Garissa, Wajir, and Mandera, the counties identified as the most challenging areas to connect. Seventy percent of these institutions are early childhood development centers and primary schools, serving nearly 400,000 students. The 27,000 square kilometer area is notable for low population density with towns separated by long distances, conditions which have historically inhibited inclusion in commercial deployment plans.



## LEARNING

To achieve Kenya's connectivity goals, investments in technology must be accompanied by an enabling environment of conducive public policies. A4AI's investigation highlighted the need for policy makers to take multiple actions, including greater collaboration between county governments and national authorities to secure maintenance and operation funds to reach underserved areas. The report also emphasized policy reforms such as spectrum management regulation, the enforcement of critical infrastructure protection rules and regulations, adherence to international data privacy and protection mechanisms, and digital taxation reform. Finally, there was a recognized need for increased investment in digital skills and capacity building for policymakers and civil society overall.

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# INVEST: LOOKING FORWARD

*Key activities planned for the next quarter*

# LOOKING FORWARD: HAITI SME INVESTMENT

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*Creating lasting employment and economic growth alongside innovative energy solutions*



## NEW ACTIVITY

Since 2018, INVEST support has mobilized over \$25 million for Haitian small and medium enterprises (SMEs), supporting 749 existing jobs and creating 34 new jobs. INVEST recently received a one-year, \$1 million extension to continue its support to USAID Haiti and pursue a \$15+ million pipeline of investment opportunities. To date, INVEST's work has supported SMEs across sectors and geographies; the Mission specifically requested the extension work focus on the south of the country and on energy alternatives.



## WHY IT MATTERS

An unreliable supply of 24/7 electricity from state utilities and rising diesel prices have led to higher costs, making affordable energy access a major challenge for a large percentage of the Haitian population. To date, INVEST has mobilized \$3.5 million for Haitian SMEs working on solar energy solutions. This corresponds with an increased investor appetite for renewable energy solutions. INVEST's success in mobilizing capital for off-grid energy solutions has spurred a separate USAID Haiti buy-in activity to conduct a market assessment of off-grid renewable energy opportunities to inform the Mission's longer term climate strategy.

# LOOKING FORWARD: ITAN IN SRI LANKA

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*Advancing sustainable, transparent, high-quality infrastructure across the Indo-Pacific region*



## NEW ACTIVITY

INVEST is working with the Infrastructure Transaction and Assistance Network (ITAN) and USAID/Sri Lanka to assess the viability of floating solar photovoltaic system installations to expand access to renewable energy. ITAN is a whole-of-U.S. Government initiative to advance sustainable, transparent, high-quality infrastructure across the Indo-Pacific region. Building on INVEST's ITAN work in Palau, Mongolia, Indonesia, Micronesia, and Bangladesh, INVEST's scope in Sri Lanka includes an Environmental and Social Impact Assessment (ESIA) to ensure that the project complies with environmental, social, and gender safeguards as a condition for future investments.



## WHY IT MATTERS

At the UN Climate Change Conference (COP22) in 2016, Sri Lanka pledged to meet 100% of the country's electricity requirement via renewable energy (RE) sources by 2050. A 2017 report by Asia Development Bank/UNDP estimates that Sri Lanka needs investments totaling \$54B-\$56B from 2015-2050 to achieve this, but the country has not been able to deploy or attract significant investments to meet this goal. With the country experiencing rolling blackouts of up to 13 hours a day for the past several months, access to energy has become a critical issue.

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Submission Date: July 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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