



MARKETLINKS

USAID'S USE OF BLENDED FINANCE TO GROW INVESTMENT IN DEVELOPING AND FRONTIER MARKETS

CHAT TRANSCRIPT

MARCH 26, 2020

PRESENTERS

Paul Ouma, CrossBoundary East Africa

Robin Young, USAID INVEST

María Hilda Rivera, USAID Power Africa

Reza Fazel, Open Capital

MODERATOR

Sashi Jayatileke, USAID Private Sector Engagement Team

Janet: Hi

Ndeye Khady Niang: Hi from Sénégal

Janet: Is this training on today?

Tekalign Kelbessa: When to start the training, since am waiting

Shira Babow (Marketlinks): Good morning everyone! The training will start in about 50 minutes (9: 00am EDT).

Tekalign Kelbessa: Kindly test the sound before you start; whether it is working or not

Shira Babow (Marketlinks): We will, thank you

Tekalign Kelbessa: Ok Thanks

Charlin Caster (Marketlinks): Hi everyone and thank you for joining!

Tekalign Kelbessa: Hi Charlin, Thanks for inviting us

Charlin Caster (Marketlinks): Glad to have you!

Charlin Caster (Marketlinks): Where are you both joining from today?

Tekalign Kelbessa: I am from Ethiopia

Charlin Caster (Marketlinks): Great! Good afternoon to you then!

Anna De Silva: I cannot hear anything

Charlin Caster (Marketlinks): Hi Anna, we have not yet tested the audio

Sashi Jayatileke: Hi Charlin - could you add me to the presenter chat?

Charlin Caster (Marketlinks): Hi Sashi, good morning!

Sashi Jayatileke: Good Morning!

Charlin Caster (Marketlinks): Hi Janet and Ndeye! Thank you both for joining as well!

Charlin Caster (Marketlinks): Hi everyone, we've added some poll questions!

Charlin Caster (Marketlinks): As you join, please introduce yourself and say where you are joining from!
Thanks

Nadia Amrani: Nadia Amrani, USAID Morocco

Charlin Caster (Marketlinks): Thanks! Glad to have you, Nadia!

Troy Wray: Good morning! Troy Wray from PSE Support Mechanism.

Mykhailo: Hi everyone! Mykhailo Riapolov, DRC, Ukraine

Charlin Caster (Marketlinks): Thanks for joining, Mykhailo and Troy!

Elbridge Boardman: Hello! This is Eli, from ACDI/VOCA in Washington, DC

Anne Ytreland (USAID Private-Sector Engagement Team): We can hear you Paul!

Tekalign Kelbessa: Am from World Vision Ethiopia, Ethiopia

Sandile Dlamini: Hi there, hailing from Sanlam Investments in South Africa

Charlin Caster (Marketlinks): Hi Sandile! Great to have you

Joan Larrea: Hi, Joan from Convergence here, looking forward to this.

Charlin Caster (Marketlinks): Hi Joan, thanks for joining us today!

OMG: Olugbolahan Mark-George (OMG) of Mark-George Consultants. Greetings to everyone, I am in Lagos, Nigeria

Charlin Caster (Marketlinks): Hi Olugbolahan (OMG)!

Charlin Caster (Marketlinks): Hi Elizabeth! We can hear you

Shanta Gyan: Shanta Gyan, USAID PSE Team (Resonance). Looking forward to today's webinar!

Charlin Caster (Marketlinks): Hi Shanta, glad to have you. Thank you for joining!

Sashi Jayatileke: Hi Everyone, Excited to see so many of you this morning! We will be starting shortly

Isaac Michel: Hello, this is Isaac Michel from Haiti

Bill: Do you have presentaion materials we can download?

Charlin Caster (Marketlinks): Hi Isaac, welcome!

Charlin Caster (Marketlinks): Thanks for asking Bill! Yes, when we move into the presentation, we'll have the slides available in our Resources section!

Charlin Caster (Marketlinks): Everyone, as you're joining, please answer the poll questions and introduce yourself in the chat!

Jesus De los Santos: Good morning

Helene Bartis: Hi, I am Helene, Finance Director with Mercy Corps

Jesus De los Santos: Jesus De los Santos from Dominican Republic

Hans Muzoora: Hans Muzoora from Uganda

Mindy Covington - USAID/PSE: Good morning!

Tina-captioner: This is Tina the captioner. Can you please promote me to a host?

Emmanuel Moteng: Hi here is Emmanuel Moteng, USAID/West Africa, Power Africa

Samuil Shiderov: Hello everyone, greetings from Sofia, Bulgaria

Mike D: I can hear you!

Isaac Michel: Yes

Jesus De los Santos: Yes

Joshua Nthakomwa: Yes, I can hear you

Rahul Gaur: Hello

Rahul Gaur: I can't hear you

Ashley Hamilton: Hi! I am Ashley Hamilton joining from Washington D.C.

Mary Beggs, Cardno: Good day everyone. I look forward to the discussion.

Charlin Caster (Marketlinks): Hi Mary, welcome! and thanks Ashley and Rahul

Aarti: Hi. I am Aarti from MEDA, Uganda

Rahul Gaur: I am from India

Alison Porter: Alison Porter from Power Africa

Charlin Caster (Marketlinks): Hi Aarti!

Charlin Caster (Marketlinks): Thanks for joining Alison

Joshua Nthakomwa: Joshua Nthakomwa from Malawi Millennium Development Trust

Charlin Caster (Marketlinks): Hi Joshua

Clara Knutson (SEGURA Consulting): Hi everyone, this is Clara Knutson from SEGURA Consulting

Jordan Tholl: Hi Jordan Tholl, Canadian Embassy Intern

Charlin Caster (Marketlinks): Welcome Jordan!

Charlin Caster (Marketlinks): It's great to have you

Mykhailo: Can't hear you!

C. Cairns: From Power Africa. Will this ppt be shared? Thank you

Charlin Caster (Marketlinks): Welcome, thanks for joining C.

Kabir Lawal: Hi. Kabir from Nigeria

Charlin Caster (Marketlinks): Hi Kabir. Good afternoon to you!

Dr Daniel Abah: Good afternoon everyone

Charlin Caster (Marketlinks): Good afternoon, Dr. Abah! (good morning from Washington) Where are you joining us from today?

Dr Daniel Abah: I am joining from Nigeria

Charlin Caster (Marketlinks): Great!

C. Cairns: Hi! Can we receive a copy of this ppt? Thank you, Christina

Eluphy Nyirenda: Hello, Eluphy from Malawi

Ana vilma: Ana Pocasangre Guatemala

Sashi Jayatileke: The ppt and webinar is being recorded and will be available online after the webinar

Etienne Diouf: Good afternoon, this is Etienne Diouf from USAID Senegal EGO Office

Charlin Caster (Marketlinks): Hi Eluphy, Ana and Etienne! We appreciate you joining us today!

Etienne Diouf: Thank you for hosting this session.

Kabir Lawal: I have seen a number of proposals to set up mini-grids in rural Nigeria. What has been the general experience in the profitability of these mini-grids? I would expect that each should be able to pay for itself with the revenue from users but most rural users are not high and steady income earners.

Charlin Caster (Marketlinks): We can hear you great!

Abolaji YouthLead: Volume is very low

Paul Kweheria: Paul Kweheria from Uganda

Charlin Caster (Marketlinks): Hi Paul, thank you and welcome!

Paul Kweheria: Thanks Charlin

Etienne Diouf: Is there any USAID Activity providing TA to set up collateral registry?

Charlin Caster (Marketlinks): If you have any questions for the presenters, please add them to the chat!

Charlin Caster (Marketlinks): Great question, Etienne

Catherine Howell: Hi, any case studies you can share in FCV/conflict affected countries?

Lawrence Camp: Catherine - the country context is not that relevant to the effectiveness of blended capital - although it does impact the level a yield boost needed to get mobilize the commercial capital into the transaction

Sashi Jayatileke: HI Etienne, you can find some examples of interventions focused on collateral registry under the wiki

Joan Larrea: There are full case studies publicly available on Convergence's website that go deep into deal structures. www.convergence.finance.

Charlin Caster (Marketlinks): Thank you for sharing, Joan

Joan Larrea: We are a core Invest partner and glad to help.

Charlin Caster (Marketlinks): Wonderful!

Joan Larrea: My comment with respect to conflict countries, not collateral registries.

Catherine Howell: Thanks Joan

Robin Young: In reference to conflict affected countries INVEST has been working on several transactions in Afghanistan. Spotlights on these are available in the INVEST quarterly reports.

Sashi Jayatileke: Section 2.3.1 in the finance wiki provides a brief example from Colombia on property rights

Charlin Caster (Marketlinks): Hi everyone, we'll move into Q&A soon. Please continue adding your questions here for our presenters!

Emmanuel Moteng: Concerning the market accelerator in Uganda, how was the government involved in this initiative? Upfront or Afterwards to create enabling environment?

Michele Rivard: Can you ID what those facilities were (the formerly underutilized fin instruments)?

Joan Larrea: Question: what kind of metrics were used in the TA programs described, to know if the money was well used?

Bill: Can you walk us through a typical investment structure; %debt, equity, impact. Also, what is interest rate for debt, expected ROI for equity etc.

Frank: Do you work with national and local governments to create alternative energy incentive programs? This seems important in terms of J2SR goals.

Isaac Michel: How did you account for the additionally aspect?

Mike D: Great information, 2. Questions. 1. For Kenya what type of finance orgs participate in the 3 deals. 2. For Uganda why pursue Banks and not other type of Finance orgs?

Julie Howard: Great session! I am interested in any insights on blended finance for agriculture investments. I see that Azuri is looking at small-scale irrigation in Uganda. Ag vs energy investments - more challenging? Growing experience? thanks

Isaac Michel: In addition to Uganda and Kenya are there any other examples of USAID supported activities that are using the blended finance approach?

Joan Larrea: Our stats show that USAID stands out among bilateral donors for dealing directly with companies, as opposed to funds or facilities. Somewhat leading question, but is it the heavy use of advisors like Open Capital that has allowed this?

Joan Larrea: What can others learn?

Joan Larrea: Also USAID stands out for not operating through a development bank but directly. Same question.

r: +1 on Julie's question on Ag/Water/Energy investments!

Asli: Making Invest reports available at the Clearing House would be great!

Lawrence Camp: Hi Julie - we have two good agriculture finance examples which would be happy to share with you

Manuela M Muanis 2: Why blended finance is not so developed to Latin America?

Yihemba: +1 on Emmanuel's question regarding government and creating the enabling environment.

Charlin Caster (Marketlinks): Hi Lawrence, welcome!

Tekalign Kelbessa: Compared to the other emerging approaches like result based financing, digital finance which one is highly feasible and could you provide us such similar trainings on them as well

Joan Larrea: Re Manuela's question, LAC is third in the frequency of blended finance, per Convergence's stats. <https://www.convergence.finance/historical/deal/summary-analysis?filters=W10%3D&sort=eyJjb2x1bW4iOiJhcHB3ZlZ9hdCislRpcmVjdGlvbil6ImRlc2MifQ%3D%3D>

Michele Rivard: Are you doing any transactions with revenue sharing components (instead of standard equity) esp. as many East African founders don't have exit plans.

Tom Buck: Could you speak to blended finance for other energy markets (e.g. home gas)

Mike D: Thanks for the event, need to run

Charlin Caster (Marketlinks): Thanks for joining Mike! Have a great rest of your day

Lawrence Camp: One early ag finance blended capital project in Ghana is on Marketlinks at <https://www.marketlinks.org/post/transforming-agrifinance-market-system-ghana>

Julie Howard: Thanks, Paul -- very helpful!

Robin Young: Are you from a specialized investment organization interested in joining the Partner Network? If so please contact INVEST_Network@dai.com.

Stella Williams: How do marketers get certification for their products?

Manuela M Muanis 2: Thanks for the event!

Elizabeth Muir: Are you from a specialized investment organization interested in joining the Partner Network? If so, please contact INVEST_Network@dai.com

Paul Kweheria: What is the typical tenor of blended finance initiatives - especially those in debt and focusing on Ag or energy?

Michele Rivard: Systemic ways of reducing the cost of due diligence? Can you identify any?

Sashi Jayatileke: Our first guest appearance!

Lawrence Camp: Another blended capital model operating in multiple sectors(primarily focused on catalyzin commercial debt through local banks in Kenya is KIM<https://www.marketlinks.org/event/investment-mobilization-platform-new-approach-mobilizing-finance-development>

Charlin Caster (Marketlinks): 😊

Michael Carson: How are you integrating blended finance and renewable energy in Francophone West Africa. My NGO, CREATE! (www.createaction.org) building solar-powered water supply and drip irrigation in Senegal.

Charlin Caster (Marketlinks): Thank you for sharing that, Michael!

Paul Kweheria: Could one of the presenters speak more about how they are evidencing 'additionality' especially in East Africa?

Frank: Thanks for the examples. I asked because public sector incentives have been instrumental in the development of alternative energy in Western nations.

Max: Has anyone been following the blended finance approach in Somalia by a program called Shuraako? It seems to have a successful model for conflict-affected contexts.

Tekalign Kelbessa: From the experiences done does the investors and lenders liked the blended financing?

Joshua Nthakomwa: We are working toward developing a facility for private sector companies as off-takers from aggregated smallholder farmers using a blended finance as a support and incentive. If

there's one critical lesson you can provide from your experience with regard to what we are looking at, what would that be?

Joan Larrea: Joshua, having the offtaker have skin in the game, being very low in the seniority of the structure along with or adjacent to the donors, adds a lot of credibility. Our case study on the Tropical Landscapes Finance Facility in Indonesia may hold some info, even through it is for a rubber plantation and not for smallholders.

Joshua Nthakomwa: Thanks Joan. What do you mean by the offtaker having skin in the game and being very low in the seniority structure?

Aldo Soto: Hello, we're structuring a Development Impact Bond to support agricoops change to climate smart agri production models

Aldo Soto: We'll be implementing it in the Peruvian Amazon

Joan Larrea: Meaning that if things go wrong, the offtaker is one of the first to take the financial hit,

Joshua Nthakomwa: Are you able to share a concept on that Aldo

Joshua Nthakomwa: Noted Joan

Charlin Caster (Marketlinks): Hi everyone, we've added survey questions about the webinar. Please complete them as our presenters wrap up Q&A

Aldo Soto: Yes Joshua, please send me your email address

Charlin Caster (Marketlinks): And thank you all for joining. We'll share a recording of the webinar in the coming weeks

Aarti: Hi Aldo. Can you please share your email address

Aldo Soto: aldos@rainforestuk.org

Joshua Nthakomwa: Thanks for the explain Sashi

Aarti: Thanks

Aldo Soto: Thanks!

Aarti: Thanks to all speakers

Ritta Shine: Great webinar-thanks!

Charlin Caster (Marketlinks): Thanks Aarti and Ritta

Charlin Caster (Marketlinks): Are you from a specialized investment organization interested in joining the Partner Network? If so please contact INVEST_Network@dai.com

Stella Williams: Thanks to all the speakers

Lawrence Camp: More on Pay for Results (soon to be on the Finance Wiki) <https://www.marketlinks.org/event/pay-results-better-development-outcomes-through-stronger-performance-management>

Bob Sutton: Thanks for a great webinar - and best to all moving forward in these challenging times!

Charlin Caster (Marketlinks): Thanks Bob! We are glad people were able to join us!

Lawrence Camp: More pay for results <https://www.usaid.gov/documents/1865/pay-results-development>

Aldo Soto: Thanks very much! great webinar

Kabir Lawal: Thanks for another great webinar.

Adam Tomasek: Great way to advance thinking on development finance innovations. And very timely discussion as many public and private sector actors contemplate how to mobilize the necessary resources to address the current global COVID pandemic.

thuy-anne: Thank you

Andrew: Thank you!

Asli: Thanks!

Odette Gando: I can't hear.

Isaac Michel: Thanks

Tekalign Kelbessa: Thanks all speakers

Charlin Caster (Marketlinks): Thank you for joining everyone, and thanks to all our presenters!

Frank: Thanks--very informative

Mary Beggs, Cardno: Thank you!!

Joshua Nthakomwa: Thank you

Tekalign Kelbessa: Expect to see another time

Anne Ytreland (USAID Private-Sector Engagement Team): thank you!

Charlin Caster (Marketlinks): Please be sure to check out the all new Finance Wiki on Marketlinks!

Dheeraj Mishra: Thank You

Bill: How can I get on the USAID, Power Africa, Invest email list for publications, webinars, news etc.?

Shira Babow (Marketlinks): Hi Bill, please contact INVEST_Network@dai.com

Charlin Caster (Marketlinks): Power Africa may have information on their site to subscribe, Bill.

Charlin Caster (Marketlinks): USAID will list webinars on their event pages, but the LINKS family (Marketlinks, Agrilinks, Edu-Links, ClimateLinks, Land-Links, etc.) each have USAID-focused webinars and you can subscribe to them. They are noted in the footer of Marketlinks.org