Bridging the Gap: Unlocking Synergies between Private Sector Development and Development Finance

Date: Tuesday, April 26 from 9:00am-10:00am EDT

>> Hello and welcome, everyone. Great to have you with us here today for Marketlinks the April webinar Bridging the Gap: Unlocking Synergies between Private Sector Development and Development Finance. Great to have you with us today. We will begin in about four minutes. As we are waiting to begin, we invite you to let us know where you are joining us from and your affiliation in the chat and we will get started in a few moments.

[Please standby for captions]

Hello and welcome. Thank you for joining us today for our April Marketlinks webinar Bridging the Gap: Unlocking Synergies between Private Sector Development and Development Finance. We invite you to let us know where you are joining from today and your affiliation in the chat. We will get started in just a moment. Thank you for your patience.

Before we begin, I would like to let everyone know we are using the zoom webinar today. We don't have participant microphones enabled but we invite you to share your comments and questions in that shot. We will have a Q&A session later on. You can use a Q&A box and you can find it on the right-hand side of the toolbar, and you can enter questions there and also use the top vote feature -- Up vote feature. We invite you to reach out to the hosts via private chat with any questions or require support to date. We are here to support you. We would like to know we had closed captions available throughout the session you can click on the CC button in the toolbar at the bottom of your zoom screen or the stream text link that we will add and you can follow along with captions there.

>> I would like to introduce our moderators for today's session autumn Gorman and Lawrence camp from the private sector engagement hub and Bureau for development democracy and innovation autumn and Lawrence, over to you.

>> Thank you very much, Julie. Very glad to be here and glad you are here today for this webinar. I think it will be a very exciting webinar so glad to be here. The nexus between economic development finances clear economic growth as well as other development objectives such as better health and efficient modern agriculture require investment. Investment in higher education, new technology, modern agricultural process and equipment, etc. This investment almost always requires financing. The good news, there is abundant capital available for financing both commercial capital seeking full financial return as well as what we call development finance which is looking for an economic return and to achieve a somewhat lower financial return. The bad news is it is difficult to channel that capital to the sorts of investments that will advance our development goals. Why? Because the higher risks and transaction costs in the partner countries raise the requirement -- returns on capital often to the point the transactions which advance the goals often don't qualify for commercial finance. In theory, this is where development plans come in. Why? Because development finance should be less focused on commercial return and more on development returns. Development agencies and finance providers have a line objectives and both want to accomplish development outcomes, poverty reduction job

creation, clean water, etc. But too often their actions are not aligned. Or should I say as aligned as they might beat which is one reason for the formation of the Corporation, to better align development finance activities with goals.

British investment international the commission the analysis looked at the challenges and opportunities for better aligning these. We will hear from Gatsby Africa who will introduce the study and turn to Justin and Irene who authored the study. 5 is partnership, --

Over the past 3 years and is provided strategy in the programs and livestock agricultural inputs of water it also led Gatsby's conversation with FSD Africa, and British international investment formerly CDC to explore how sector transformation can align with financing more strategic way. Joining Gatsby Africa worked in sustainability in the private sector development. 3 save the children UNICEF. Irene has 10+ years of experience in management consulting and financial advisory focusing on emerging markets and previously an associate partner at up in capital advisors based in Kenya for the last 6+ years working with businesses, investors and partners on growth and investment facilitation across 10 countries in Africa. Has led multiyear USAID initiatives and combining T8 with impact investment to facilitate over $30 million in investment in East Africa. And Justin is an inclusive consultant with 12+ years, with clients such as F CDO/ -- CDC group ILO world bank. Recent engagements focused on system of change investment link TA and youth employment. This is really an interesting topic we are about to cover today. There are certainly ways in which development agencies can support the finance activities and we do a fair amount at the systemic level trying to reduce the barriers which constrain investment such as ensuring foreseeability contract, reducing corruption, building the financial sector infrastructure, etc. could be work at the transactional level as well providing business advisory service support, transaction is important to development objectives and providing blended finance to attract impacts finance commercial finance. But can we and should be more intentional about mining with the other development providers such as impact investors philanthropic organizations in developing finance institutions and, if so, how should we go about this? Following the presentation of the study we will hear from how it is aligning with the agenda and the finance agenda and open up to questions. With that let me turn it over to Arjun.

>> Thank you, Lawrence and hi everyone, good morning and good afternoon depending where you are. Thank you market links in USAID for setting up what promises to be an exciting webinar. Lawrence, you introduce the agenda really well so I will go over it Emma but in short Gatsby Africa and British international investment saw a huge potential for even greater development impact that private sector development and development finance could collaborate better. At Gatsby we have seen like many donor programs we offer firm and value chain level technical assistance capacity building and grants and look to strengthen the enabling environment and to really grow these industries and introduce innovation require significance concessional and growth capital which typically programs don't half and this is where the advantage of partnering or collaborate with impact investors and development finance can really unlock potential. In short, we see this huge opportunity for even greater transformational impact if development finance and donor programs can align their strategies and incentives around specific industries and geographies. That was really the reason we commission to the study and the study looks at what is already happening in practice but also looked to recommend how these two sides could collaborate more effectively and efficiently going forward. We are very lucky today to have Justin and Irene who led the study who will take us through the findings here, but I will pass over first to Alex who will share their perspective and why they commissioned the study.

>> Hello everyone, it is really nice to be here. I am Alex and I work for British international investment which is a brand name for what used to be called CDC group which is basically the UK development finance institution, our equivalent of DFC. And what is probably relevant as I have been at BIR for three years and before that I worked on private sector programs like I know many implementers on the line and it was our dream to attract investors and I realized the FIs made a law of heavy lifting to get impactful deals to understand certain markets. There is a lot of leg work that needs to be done. But the two worlds even though they are trained to do similar objectives they are two worlds apart and the gap is narrowing but it seems quite counterproductive that we are both trying to do the same things but are struggling and can use the help of one another so that is the Genesis of why we as BII decided to commission this report together in the Gatsby Africa and worth mentioning the enterprise development have supported us through this journey but we wanted to really shake the tree and look for examples of when the collaboration has worked and to be honest there were few examples that we could easily find. That we really wanted to understand the reasons for collaboration working and not working and those are the things that we unveiled with the study and Irene and Justin will take us through the findings but we really want to spark a conversation between the two worlds and to be open and honest about how we can come together. Maybe we can come together close then we have to live alongside each other but maybe there are ways to narrow the gap. Those are the things we wanted to talk to you about today and also feel free to ask open and honest questions with the spirit of trying to close the bridge between the two worlds.

I will hand it over to Justin now and thanks everyone for joining.

>> Thank you, Alex. We've had a round of introductions already but just to briefly reintroduce ourselves. I am independent consultant with a background in market systems development work and personally very excited by this topic. The world of investment was a black box to us. There we could be helpful but didn't always know how to access it. Really looking forward to sharing some ideas for anyone else on the line who might be in the same position. Maybe if you want to introduce yourself, I read then we can get into it.

>> I come from a world that in some ways has been working quite separately from the sector worlds and mostly come from an investment perspective and working with DFI down to impact investors will more commercial private equity firms and sing their frustrations as well and wanting to engage with private sector programs but not finding the right opportunity to do so. Excited as we are to come together for the study but also to break the institutions that we are familiar with as well.

>> Which hopefully will be a poll, what types of work are you currently involved in? If you could get all the boxes that apply to you can see who we have in the room.

We will give it a minute.

All right. I hope everyone could see that. Let's move forward to the next slide. Over the next 15 minutes or so Irene and I will introduce the study and talk to the findings and recommendations and towards the end run a nether poll to find which findings resonated most strongly with you and with next steps looking for partners to take forward pilot work. If anything speaks you today or sparks ideas let us know and we would love to come to the conversation.

The introduction to the study, the starting points as Lawrence touched on earlier is the world and development share high-level goals for example around sustainable growth and poverty reduction and over time there has been a drift towards making, towards more transformational approaches to achieve the goals. If the donors were working in this way for some time, part of many donor strategies and increasing interest among BFI and looking beyond the transaction to support sector why change and the evidence shows different complementary factors have to come together to drive transformational change with policies, markets, financing and so. In theory this should meet an actual fit between the 2 sides. BFI -- BII develop a new investment opportunities are unlocked. But in practice this type of alignment didn't seem to be happening very much. At the end of the study was to explore and try to codify the drivers with alignment using a variety of different case examples and then to make recommendations for both sides that may be interested in closer alignment we will go into methodology too much but just wanted to say a big thank you to everyone that participated either via interview or the server that went out and a good few people on the call might have participated so thank you.

Next slide.

We will start with a few definitions before we get into the findings to make sure everyone is on the same page in defining what we mean by PSD, the starting point was looking to address the strengths of growth and models the name soap market shaping market systems, upstream building, etc. building, etc. And judging by the poll probably a familiar concept to people on the line. For anyone not familiar, the idea is with this type of approach that projects are thinking systemically and developing challenges and trying to get to the root causes and not just underperformance, they are recognizing the importance of context and ownership and working to navigate complexity and the theory goes if the ingredients come together the chances of sustainable impact to scale increase and it's now a pretty mainstream approach amongst most donors and sing new generations of programming coming through to apply the principles to new areas, economic transformation. And gaining -- [Indiscernible] And investors. An example right in front of us BII set up BII plus is a unit with the market shaping and I will leave it there for now.

>> Just as we defined what PSD means we look into finding what we mean when we say investment. One of the feedbacks we heard from the donors we spoke to is sometimes the world of investors can be a bit of a black box and there was lack of awareness and in many cases maybe not so much with USAID needs to work on many programs with investment engagement focus but generally a lack of awareness with the investment process. Here we try to very align what we mean when we say development finance what type of investors are included and what we mean when we say transaction or investment process so everyone tries to speak the same language for the duration of the study. In terms of investment types as mentioned earlier we looked at investments investors that are funded by DFI's or other capital sources and focus on impact an investment return and should theoretically have the ability to invest at missing middle ticket sizes. Not as much of a focus but looked at the investment arm foundation and other donor programs making the high-risk early-stage investment. I think in discussions prior to the event Lawrence raised a good point than many other programs can also engage commercial investors or one of the early-stage capital or larger scale equity firms to provide growth or scaling capital and we didn't focus as much on more commercial investors in the study because we felt that the barriers with collaborating with investors was higher due to constraints around return expectation ticket sizes, etc. and that there was more of a natural rationale for collaboration between investors that had a development impact focus and PSE program.

Looking at the remainder of the page, I won't spend too much time here but it was a simple summary of the 4 major steps of the investment process that starts with origination when companies and investors search each other out looking for good companies to invest in companies looking for the right fit for investors to help meet goal. And due diligence. If investors and companies feel there's an opportunity then there is an in depth and type road where the investor tries to answer all their questions about the company to figure out if this is a good investment for them from getting their money back at some points it and the next step is structuring and negotiation. If all goes well with due diligence is where investors and companies negotiate on the terms of the investment and last but not least post investment value creation where invest -- investors and companies work together to try to grow the company and for the investor and company to see the benefits of the investment that's been made. Other next slide we then look at how we think PSD and investment can come together in alignment. In the boxes on either side you see different things that we hypothesize PSE -- deep program spring and on the other side what investors can bring to the table that may be beneficial to private sector objectives and in the middle how we see these things coming together could be that through either firm level technical assistance, capacity building or focus on developing a whole value chain or working on the environment they can create underlying conditions for more investment or investors could provide the types of growth capital required to actually meet PSD objectives and both sides can come together in providing specific technical assistance that is aimed at a specific transaction or more generally just be matchmaking going on between the programs providing opportunities or names of specific investment opportunities to investors.

And at the top of the alignment talks how we define success, just PSD and investors come together to close more investments transactions or trying to work effectively towards the goal.

That's the definition out of the way and if we move on to the

We come to what I think is the exciting part which is findings and recommendations. General observations before we dig into specifics. As Alex alluded to became into the study with a pretty big hypothesis that PSD and finance should be aligning more often but that is a gap worth bridging. And we are pleased to say that in all of our research it appears that everyone from both sides tend to be very interested in closer alignment. That was not a given when we started the study so I think that is a resounding affirmation of the rationale behind the study and where we are pushing for practical recommendations to be implemented on both sides.

You can see some quotes there. I won't read them out but basically in their own words from both investors and PSD the reason they say collaboration between the two as being beneficial some other general observations I think that were mentioned before is one we found that often times there wasn't very much awareness of what the other side did so investors being unaware of what PSD programs did or what they could be to them being aware of how investors operate and really not understanding why investors were not able to make more investments in the type of sectors or companies supported by PSD programs and I think partially due to some of this lack of awareness there wasn't very many examples of successful collaboration between PSD and investment so I think coming out of that given that there is broad support for closer alignment, we are excited to share the recommendations we have to try to increase that alignment between PSD and investors.

We look at a quick overview I know there is a lot going on here so I will try to provide as concise of a summary. We started looking at the barriers and success factors as well as leading into the recommendations for closer alignment. Started looking at what models of alignment currently exists. Those are the three of the top. We looked at three models, in-house offer where both PSE and investment capabilities in-house, structured coordination where there is development finance and private sector development that is structured both sides are structured into program design and lastly we looked at ad hoc engagement which is more opportunistic between BFI and investors and I would say some USAID would follow between the, USAID invests, for example could focus on generating investor engagement with private sector development initiatives. We then found three broad themes of success factors and challenges, the driving alignment or lack thereof. And again we will go into these in a little more detail on the following pages. The three buckets of success factors and challenges start with a misalignment of strategy and incentive and continue with lack of complementary capacities or the ability to coordinate with the other side and then continue on to operational models and tools that are also very different between PSE and investment. And for each bucket of success factor and challenges we then came up with what we feel are practical and actionable recommendations to address each of these themes of challenges. One is trying to align strategies and incentives around common opportunity and to try to build or higher crossover knowledge between PSD and investment and actually invest in coordination infrastructure and the third is to try to close the gap between product offerings and what we mean by that is what each side can offer the other in terms of benefits to collaboration

On the next page we dive into the first theme, but actually we try to define better what is the current models of alignment but I think we can skip past this since we spent time explaining that on the previous slide.

Let's jump into how we can drive more alignment and what the actual recommendations are heard around theme one, aligning strategies and incentives of uncommon opportunities we first looked at across top of the page you will see a summary of our findings around the current barriers of alignment that are related to mismatched alignments and incentives. A review of the firm between donors and PSD implementers versus investors appear to others interested in starting, enabling the growth of a sector or value chain and limitations to how much donors can pick winners or put a finger on a scale and use donor capital to -- but investors must appoint the success of individual firms are how investors are set up to operate because that is where the investment returns come from. There is the divergence around how much to focus on the success of an individual verb versus enabling the sector. It also mismatched about how to select common sectors and opportunities. Many programs we talked to take the sectors where its focus based on which will have the most amount of impact on marginalized communities whereas that investors focus on the types of sectors and firms that will actually be commercially sustainable in the long term. This is changing as both investors and the programs think from the other perspective but it has still loves you a lot of mismatched in terms of PSD programs offering opportunities for investors and Cindy can't invest in these because we don't think the sector will ever be competitive in this country or region. And the 3rd child and sheer his divergent timeline between investors that generally have to, unless you are a big DFI, at some point return funds to their own investors with ideally an investment return it investment funds have time frames of 7, 10 in the very long term 15 years. Whereas market systems thinking thinks about change and sector transformation in terms of the very large and -- long horizons or there's a challenge of PSD implementation cycle being larger than that -- longer.

…engagement component and the implementers aren't really incentivized to reach out to investors. Some of the recommendations we came up with for addressing these you can see below. One which we also feel is a quick win and easily implementable by PSD donors and implementers is developed sector opportunity selection criteria based on commercial viability so meets PSD objective as well as investors commercial return objectives for the 2nd recommendation here is engage the other side with the program design from the beginning standpoints of the 2 sides start out aligned at a high level and increase focus on investment and PSD result framework without creating incentives and increased emphasis on the other sites on market shaping as part of the investment process and builds an exit strategy into the design to actually maintain strategic alignment handing over the related activities between program cycles. I will hand it over to Justin to finish walking through the specific findings.

>> If he moved to the next slide, the mechanics of coordination we will start with some of the barriers. One was mixed mutual perceptions and limited awareness. Some investors had not seen a clear value proposition for PSD and sometimes PSD thought investors should take more risks. In some cases that was based on limited real-world interaction but doesn't matter based on experience or not. There opportunities before they ever get off the ground. The next point there gaps in crossover knowledge. Limited awareness of the investment process in the PSD world and without speaking the language of investment it can be difficult to engage with investors in a compelling way. We heard examples of some projects that are priming the pump for the wrong opportunities and things that would never attract investment. On the other side investors also still coming to grips with what the projects do and how market shaping approach works. A bit of a lingering view that systems change work is up in the clouds and a little removed from the day-to-day realities of investment.

The next slide was mixed understanding on the PSD side around the specialist expertise needed to store structure and close the deal to the process that Irene took us through earlier and supporting investment facilitation so it's pretty extensive and I hope we can hear from some of you on that a little later on.

Luckily the research identified a lot a few initiatives to support alignment. Some of the respondents noted that the title coordination was under prioritize. And coordination functions what has ended up happening is a lot of activity is driven by informed networks which can be really powerful and often how deals get done. They end up getting channeled into the same group again and again international founders and management teams missing really good opportunities outside the established networks. In terms of recommendation one is to pull resources for whole economic ecosystems the country or sector levels to raise awareness of opportunities for alignment. That is moving beyond a piecemeal project by project approach.

Secondly, invest in PSD investor coordination at the country level and try to target this. The manufacturing Africa project is doing interesting experiments around coordination based on specific investment opportunities rather than general talk shop and the next is pulling the assistance. For a variety of reasons a single DFI may struggle to deploy market shaping TA alone but they hope to do so as part of a consortium. The investor impact platform is a good example of this in action with FMO, BII and development partner FCC and I hope Alex can tell us more about that later on to the next one is piloting cross functional. Somebody from a DFI deal team sitting in a PSD program or vice versa for the next one was running practical training in crossover skills. Like investment 101 or many CFA for PSD teams and program teams implemented teams and equally market shaping and practice for investors. And the last recommendation from the session is recognized that the role that investment advisors can and probably should play in this process, inch unique market shaping work in a way that resonates with investors and building space for the resources and program budgets we shouldn't take for granted that happened automatically. Moving onto the next slide which is the 3rd and final set of findings and recommendations and looks at the tactical side of aligning these offers but in terms of the current barriers some investors spoke about the hurdles of engaging with PSD. The strings attached partnership complicated applications and reporting and then sometimes a bit of a prescriptive approach for how TA may be used which is not always aligned with current needs. Secondly investor funds structure can sometimes limit ticket sizes and risk appetite so I think we all know that sometimes DFI's face constraints. Which are often exactly the areas PSD initiatives are focusing good and that means there's often not a particular clear path from PSD program support through DFI scale investment. And indirect, through funds can often work with smaller ticket sizes. But in practice the risk of return expectation and management can dis-incentivize this.

The last finding was the toolbox for collaboration probably needs a little more attention. For PSD projects direct financial support is sometimes viewed as a tool of last resort either for contractual or strategic regions -- reasons and where direct finances used is often focus on proof of concept for innovation rather than getting that intervention scale. By joining up with -- [Indiscernible] Able to come to the court PSD tools technical assistance, investors did acknowledge high-quality specialists was extremely valuable but their experiences with TA had been hit or miss with quality.

For recommendations, one is building up the commercial relevance of the PSD offer by developing products that can deliver more direct value to investors and their investee's. A couple of examples may be building the business case for investment in particular sectors through feasibility work and the project and can it was doing some interesting work on this. And then the other one, making sure it's high quality and really well targeted at the needs of firms and their investors. Gatsby Africa has some examples of doing this well in sectors like forestry and tea where they bring in world-class advisors that really walk that line between technical and commercial knowledge in the next one is experimenting with direct funding, direct financing part of PSD work. So a big spectrum here in terms of how they use but probably a scope to build a more nuanced and pragmatic view of delivering financial support alongside market shaping work to incentivize investor relation and it's a mistake to think every PSE project knows about every financial talks of building understanding like builder finance and guarantees can help make informed decisions about what they want to include in their toolkits.

Second to last is realigning systems change terminology. Many take this for granted and our own language on this but it can be confusing or investor audiences. We found this firsthand in a few situations during the resource -- research to convey the real-world value market shaping approach can offer and lastly supporting first time fund managers. For example, running research on costs and compensation for additional types of fund models and potentially piloting models with different investment processes and management feet.

That has taken you through the findings. We can go to poll?

We summarize the recommendations here they can the audience have a look and choose 2 or 3 that resonate mostly with you? Fully acknowledge it is a lot to take in. But interested to see what has come across.

Okay. Interesting. I think we have a lot to digest but allotting the opportunity and sector relation area of engagement with the other side, coordination at country level. Great.

That was quite a lot to take in but hopefully you saw the link to the report in the checkbox and can look at it at your leisure. I would like to reiterate what we saw throughout the study despite all these barriers and challenges there was a lot of interest.

I think everyone is scratching their heads on how to make it happen. Most of us think that more alignment under the right conditions is worth pursuing the study itself just a starting point and the next step is start pilot testing new approaches. To make that happen we are looking for partners to help us take this forward. You may have a program portfolio you are willing to ask someone else to take a look at. There may be opportunities to implement these things. Please get in touch with the members of the team if you're interested to participate in any way.

That is it from Irene and myself. We will hand it back and look forward to the discussion.

>> Thank you very much Justin and Irene. You have a lot to think about, great study and thank you very much. As I'm sure you all know the US government's nap has a development finance institution and Corporation and they have been wrestling with these issues as well. We are lucky to have Raul Flores managing director and the hub of USAID manages the relationship and wanted to turn it over to Raul.

>> Thank you, Lawrence. Happy to be here and hello everyone. A lot of this resonates with me because I was hired to try to find the alignment between USAID as our donor institution and I would say and everything I have heard, what really resonates with me is all of this should be ideal if we can make transformational change to gather more sustainable and efficient but there's a lot of complexity with something simple and that something that we lived every day and trying to set up the bilateral partnership within the government. In some ways the relationship is a little bit easier than the global challenge and that's because took on the components of USAID what is the development credit authority -- [Indiscernible]

Part of that is because of the fact that USAID -- [Indiscernible] There is personnel there that are very familiar with the objectives and how the mission works and how to align investments with the programmatic work that the mission is doing. Part of the is more challenging than the larger dynamic and that is because the other parts of DFC which is the overseas component which was investing in overseas for many years and landing and providing risk insurance but without -- getting that cultural change with an institution that already partially exists maybe it made it more difficult than working with a sister that has a longer history could probably things that made this a little unique to our situation. What I have learned and I think this gets to a lot of what we heard today is our agencies to work better and stronger one more lines and can create more transformational change. Another thing is we have to be intentional and diligent and can't just expected to fall in place. To facilitate investment from DFC or DFC investment for the market change in conditions that USAID would like. Have to be intentional to do this and there are challenges but one thing that I think we hear all the challenges from admissions and senior leadership and DFC side is we can't let perfect be the enemy of good. We are in a much better place because we are trying to work in shape this then we would be otherwise good and the 4th thing I learned was we can be successful but it takes the constant shaping and intentional work and working together and making any partnership stronger. Backing up for a second, I think this audience is familiar with how we got here. Worked for about 20 years and financial institutions, large-scale challenges to facilitate access for many borrowers that spurs economic growth. By the time the DFC was created we had a portfolio over 600 guarantees across 60+ countries with over 400 local partners. Something I was embedded into USAID programs and we saw as a useful dynamic tool. In 2008 St. when Congress authorized DFC to be launched, we took the whole portfolio with that. Things that were already being implemented by USAID but I think but it also meant was we were losing this direct tool that we had which was our only transactional development finance tool and that got taken away at a time when the agency was moving more into the private sector engagement and part of the policy was mobilizing investment to make the financing gaps that exist towards the challenges globally. We were putting an emphasis on that at the same time using the tool so it was imperative to make this alignment work so we did not. Lose access to direct transactional support we would need as an agency. On the other side of this "skating by becoming DFC was that management that they didn't have experience with. It was imperative on them to understand how USAID worked and push them towards doing work businesses in other countries which is mandated. A lot of this in terms of how we work together and … are the partnership was because of that was imperative to make this work. Without getting on the weeds and everything that we do to make this work. Just a few quick things. That USAID personnel became its own unit and it still works on deals that are brought to them and sponsored by USAID missions, missions that have development objective they want to achieve and whatever sector it is where they like to crowd the investment and meets the programmatic needs and they bring in the mission transaction, it transacts, something that USAID helps originate and monitors and supports with technical assistance or the impact of that deal. There is a specific unit that works on that and I know it's familiar with some folks on this call to the… Second, is DFC the chief financial officer focused on moving DFC in this oriented way and that CDL as a USAID a… met the leads that engagement with USAID leadership and briefings on pipelines and ways to align with USAID Bureau leadership that helps facilitate the communication and alignment. Third, to do this has been spearheaded by agency leadership. There's been a push down from the top and a buy in from the top or administrator and CEO meet regularly and trickles down to the working level we had the buy-in from the beginning of all this and stood up individual teams that focus on this, my team included my job is to find alignment between these 2 things. Part of that we heard the need for training programs and understanding of what each other does. We've done a lot of that and host webinars for USAID were DFC Thompson and looking to do that more on the other side and created cross agency details were officer spent time with DFC and bring the experience and understanding to them in the field as they continue on their journey.

For the most parts, I would say this is working and the unit of DFC that focuses on USAID transaction, mobilizing hundred million dollars in guaranteed capital along with 100 million of loan disbursements. Certainly not perfect so far in my 2 years of doing this. A lot of the reasons that have been given where we are separate institutions and come from different bureaucracies and have different incentives. DFC is --

The strengths or mandates differently related to policy or security and there was always the talking points. Those that view of DFC as well. Certain parities USAID as and working in a direction but it's more difficult to do so then I would say easier said than done.

One thing we talked about is promoting earlier stage of development. Taking on the risk appetite. We also have two different strategic approaches USAID development strategies identify challenges market conditions we want to address and more long-term and proactive on that, DFC as many DFI are reactionary and request for my client and assess risk and impact in investment and don't necessarily look at the investments with catalyzing markets development and that makes sense and a Lotta ways because investments have timelines to meets and rationale and approaches. To close, I think there's a lot more we can do. We had more successful part in doing this that we originally thought but it takes a lot of effort and it's something we are constantly working on to improve beyond our work with the mission transaction unit is how to work these things we understand each other's language work on creating the transformational change. I will stop there. I have plenty of case studies and examples of how this is working from the field if anyone is interested with what's in the pipeline and how it worked in our first couple years of trying this. Thanks for having me and I will stop there.

>> Thank you. We had a few questions come in, time is running a little short so I will try to print simply a couple. Terry Davis asked a question about resources to educate program practitioners and there are some things on market links part of the mobilizing series, certainly some resources on convergence and other publicly available resources.

There were some questions about wanting to hear from the panelists about whether there certain type of financing more sectors or the use of funding for Cisco financing that can help in this space? Irene or Justin or …?

>> Is an interesting one we started the study with an intention to look at impactful sectors from a job creation come up with high -- sectors that were working towards a more productive and of the spectrum. We found very few examples and had to cast the net wider. I don't think we came out with the clear conclusions on one sector being better than the other and, each group is giving the sector selection process, the PSD for impacts and a scope to meet in the middle there. But equally a theme that we identified is actors on both sides and not always looking at the host countries economic development planning and sort of running and with preconceived ideas of the right sectors and not thinking the country has a plan and we have to take it seriously and quite interesting a?" my.[Indiscernible] In the second thing is I think the Gatsby team in East Africa have walked a smart line in the sectors they have chosen it I think there's some interesting examples there, we have James and Ben on the line in case anyone wants to comment around the Gatsby sector selection process.

>> I will add one more points. In addition to looking at the country in context and alighting with national and impact and considerations like job creation and inclusiveness I think investors are interested in to the sectors have a chance it in competitive are growing in a country? Maybe want to invest in the furniture sector and it sounds great and you can employ a lot of laborers but you are in the desert of South Sudan and know what available and you can't competitively manufacture that. That's the white investors need to think and from the other side there's been a mismatch in how sectors are chosen as Justin was describing.

>> Great, thank you. That was very helpful in the panelists have offered, some have meetings after this webinar, but they offered to respond to additional questions via email good maybe we can share them and post event resources. But if we can perhaps get one more quick in. There was a couple questions and I had one myself about the ticket size challenge but a Lotta private sector develop programs tried to build medium startups but the DFI has a higher transaction size window and because of the same reasons we talk about mobilizing finance and develop at the transaction costs is at risk. How can we navigate that a little more? What are your recommendations?

>> I don't think it's realistic to say DFI are used to doing deals in tens of millions of dollars or small side $5 million suddenly transitioned to doing deals about making investments $50,000, $100,000 which are sometimes the types of investments that are most needed for this early stage. I think the solution in one of the recommendations has to be let's experiment with certain types of fund models. Many investors migrated wholesale Silicon Valley capital model into impact investing good very tight budgets and high return expectations which doesn't work in the emerging markets with high risk to support the innovative but very -- sectors we need to experiment with different fund models and DFI can fund those funds models are different investment models and they can indirectly support the types of small ticket size investments.

>> Wonderful. Thank you, Irene. That is certainly an area of interest for DFI and donor agencies.

Thank you everyone for attending. We are at time. I want to thank everyone for joining us and hopefully you can stay tuned for additional resources. You know how to reach us for any additional questions or resources. Thank you for your time it's great to see everyone here.

>> Thank you, everyone.

>> Thank you to our panelists and moderators and thanks to all that attended today's session. As you are exiting today's session please feel free to enter in any remaining comments or questions you have in the chat and we will do our best to address these and the recording and presentation and some post event resources will be posted on the one website. We want to thank you for joining us today and hope you have a great rest of the day.

[MUSIC]