TECHNICAL ASSISTANCE FACILITIES REPORT

USAID BURMA RESPONSIBLE INVESTMENT & TRADE ACTIVITY
DECEMBER 2021

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USAID BURMA RESPONSIBLE INVESTMENT & TRADE ACTIVITY

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ACRONYMS AND ABBREVIATIONS

AAC	African Agricultural Capital
AAF	African Agricultural Fund
ABC	Agri-Business Capital
ACAP	Afghan Civilian Assistance Program
ACP States	African, Caribbean, and Pacific States
ADB	Asian Development Bank
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
BAIP	Boost Africa Investment Program
CASA	Commercial Agriculture for Smallholders and Agribusiness
CDC	Commonwealth Development Corporation
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFC	U.S. International Development Finance Corporation
DFI	Development Finance Institution
DFID	Department for International Development
DGGF	Dutch Good Growth Fund
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
ESG	Environmental, Social, and Corporate Governance
EUR	Euro
FBS	Farmfit Business Support
FMO	Financierings Maatschapppij voor Ontwikkelingslanden
GIIN	Global Impact Investing Network
HACCP	Hazard Analysis Critical Control Point
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFU	Investeringsfonden for Udviklingslande
ISO	International Organization for Standardization
MBA	Master of Business Administration
MDB	Multilateral Development Bank

MEDA	Mennonite Economic Development Associates
MIS	Management Information System
MPEVCA	Myanmar Private Equity & Venture Capital Association
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation
PE	Private Equity
PPII	Pakistan Private Investment Initiative
SDG	Sustainable Development Goal
SME	Small and Medium-Sized Enterprise
TA	Technical Assistance
TAF	Technical Assistance Facility
USAID	United States Agency for International Development
USD	United States Dollar
VC	Venture Capital

1. EXECUTIVE SUMMARY

1.1. Overview of the Activity

The USAID Burma Responsible Investment and Trade Activity (the Activity) is a five-year (July 2020 – June 2025) activity that will help promote civilian ownership of the Myanmar economy by increasing the share held by responsible, accountable, and transparent private sector firms. The Activity will support private sector firms operating in or entering the market in Myanmar to improve corporate governance, business transparency, and competitiveness as well as to help Myanmar's private sector overcome challenges, such as COVID-19. It will also promote inclusive economic growth and economic integration, responsible investment, and trade for the benefit of Myanmar citizens in non-urban areas and empower women to participate in the economy more fully.

1.2. Approach and Methodology

One of the Activity's objectives is to "increase fair and responsible trade and private sector investment in goods and services" (Objective 1). The Activity contributes to that objective through the tasks focused on achieving Intermediate Result 1.1 "Increasing international investment." The February 1, 2021 coup d'état is likely to reduce the level of institutional investment into private equity (PE) funds and venture capital (VC) funds[1] that could invest in Myanmar, thereby also reducing the supply of investment capital for small and medium enterprises (SMEs) in Myanmar. PE and VC funds and their investment managers have a significant role to play in developing entrepreneurial ecosystems, supporting the establishment and growth of companies, and boosting innovation and overall competitiveness of emerging economies like Myanmar.

Impact investors have invested in some of the world's riskiest countries and have had significant positive development impact. Many impact investors that invested in these countries were able to reduce risk and increase effectiveness of their investment using technical assistance (TA) facilities.[2] [3] The presence of TA facilities motivates investors to commit their capital to investments (into companies or investment funds) in which they would otherwise not invest. As it was successfully utilized in Afghanistan, Somalia, and South Sudan, increased availability of TA funding is expected to create positive development impact and will also attract new impact investors to Myanmar, which already has an active private capital investment ecosystem, and into specific sectors (e.g., agriculture) and types of firms (e.g., female-led SMEs).

To help attract new investors to commit capital to investment managers in Myanmar, the Activity is assessing the feasibility of a facility that would provide TA to PE and VC funds that are investing in

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[1] Private equity is an alternative investment class that consists of capital raised directly from institutional and other qualified investors and not from public capital markets. The investors and investment managers that comprise private equity invest directly in early stage (i.e., venture), expansion/growth stage, and late-stage companies. Venture capital is private equity investment in early stage or "venture" stage companies.

[2] For example, ACAP Management's Afghanistan Renewal Fund, which focused on investing in Afghan SMEs, had its first close in January 2006, and its investors included the Asian Development Bank (ADB) and Commonwealth Development Corporation (CDC) . The Overseas Private Investment Corporation (OPIC) also provided n debt financing, and USAID approved in technical assistance funds in the form of a grant. Other examples include the Nordic Horn of Africa Opportunities Fund in Somalia, which the Danish DFI (Development Finance Institution) IFU and two non-governmental organizations (NGOs) have supported, and Kinyeti, in South Sudan, which the Danish Norfund and Swedfund have supported.

[3] In some cases, the donors can have a role in the governance of the TA facility. It needs to be noted that this can only work when the approval processes are fast, since one of the main reasons to establish TA facility is that it allows investment managers to act quickly.

Myanmar. If such a facility is in demand and is determined to contribute sufficiently to attracting new investment to Myanmar, and if potential funders are identified, and if the establishment of a facility appears feasible, the Activity will discuss next action steps with USAID, which may result in the Activity helping to establish a TA facility. A TA facility would facilitate the Activity's work in Task 111 - Identify and support transactions that bring new investment; Task 113 - Increase gender-lens investing in Myanmar; and Task 114 - De-risk investments in non-urban areas of Myanmar, which would contribute to the Activity's Intermediate Result 1.1 - Increase international investment.

To assess the need for and feasibility of a TA facility, the Activity identified a variety of TA facilities and learned both how they work and how the facilities were typically applied to investment funds to build capacity and to attract new capital. To do so, the Activity conducted extensive desktop research and reviewed the main publicly available resources on technical assistance facilities, and interviewed numerous experts. From the desk research and interviews, the Activity identified many findings and lessons learned that are directly applicable to Myanmar, and have guided the Activity's recommendations.

1.3. Findings

The Activity identified that PE funds and VC funds[4] have a significant role to play in the development of entrepreneurial ecosystems, supporting the establishment and growth of companies and boosting innovation and overall competitiveness of emerging economies like Myanmar. In addition to capital, PE and VC investment managers provide knowledge, expertise, and tools to the companies in which they invest, and create strong incentives to improve profitability and growth, directly contributing to job creation and innovation. The provision of technical assistance to funds and/or their investee companies without cost or at only partial cost,[5] is a widely used mechanism to help improve the performance, effectiveness, and impact of PE and VC funds in emerging markets, and thus it helps to motivate investors to invest in a PE or VC fund in which they might not otherwise invest.

Whereas "improving risk-return profile" relates to commercial viability or financial performance, enhancing a fund's impact is also a key consideration to provide TA. According to the Global Impact Investing Network (GIIN), the four most-cited reasons for PE and VC investment managers to provide technical assistance include: 1) to enhance investee companies' financial performance; 2) to improve or expand the investee companies' impact; 3) to improve the investor's level of competitiveness; and 4) to strengthen markets more broadly.

The provision of TA to investee companies of PE and VC funds is typically provided through TA facilities. TA facilities are usually pools of money that are held outside the accounts of the investment fund that an investment manager or a separate manager of the TA facility may utilize for specific, non-financial support of the fund's individual investee companies or the capacity-building of the investment managers. While a detailed list of typical TA facility funded interventions is outlined in section 3.2.2 (Typical Activities), TA facilities can include assistance in the following:

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[4] PE and VC investment managers raise pools of capital that they then invest in several companies, with the objective of making a profit on their investment through interest income and/or selling their shares at a higher value after several years. PE and VC investment managers take ownership stakes that range from a minority to majority ownership in a company. The main distinction between VC and PE is that VC investment managers invest in riskier early-stage companies, while PE investment managers invest in expansion/growth and late-stage companies.

[5] In several cases, PE and VC funds provided with TA facilities have made interest-free, non-recourse loans to investee companies payable at the end of the term of the investment to pay for consultants and other forms of TA.

- Legal status conversion, such as from a sole proprietorship to a limited liability or joint-stock company
- Compliance with requirements for government permits and licenses
- Preparation of a business plan
- Preparation and implementation for International Organization for Standardization (ISO) or other certifications, such as Hazard Analysis Critical Control Point (HACCP) and GLOBALG.A.P.
- Development of corporate governance structures
- Recruitment of board and advisory council members
- Marketing and sales strategies
- Analysis and implementation of financial controls and accounting systems
- Training of unskilled and semi-skilled workers
- Provision of opportunities for corporate social responsibility (CSR), such as day care for children, physical exercise opportunities, and language training
- Selection and monitoring of vendors for environmental practices
- Assessing and improving gender equality within a company

The 2019 Convergence Data Brief estimates that approximately half of general debt and equity funds, which often provide direct financing to SMEs, have an associated TA facility.[6] GIIN's 2015 Annual Impact Investor Survey stated that "73 percent of respondents provide technical assistance to investee companies, either in-house and/or through third parties.

The main funders of technical assistance facilities are bilateral or multilateral development agencies and private grant-making organizations, such as foundations or other NGOs. TA facilities are often funded from a different source than the fund itself.

TA facilities can be structured and managed in three main ways:

- **Integrated TA facility:** A TA facility established for the exclusive use by a single fund or by more than one fund under a single investment manager and managed by the investment manager under a specific set of rules agreed with the donors to the TA facility.[7]

- **Linked TA facility:** A TA facility established for the exclusive use by a single fund or by more than one fund under a single investment manager but managed by a TA facility manager that the donors engaged under a specific set of rules agreed among the donors to the facility.

- **Multi-fund TA facility:** A TA facility managed by a TA facility manager under the same conditions as described above for a linked TA facility but established for use by several funds under separate management selected and/or approved by the donors to the multi-fund TA facility.

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[6] This data does not include project reparation facilities, which are not typically linked directly to commercial investment, but rather support projects in reaching bankability (i.e., attracting commercial investment) as per the Convergence report.
[7] In some cases, the donors can have a role in the governance of the TA facility. It needs to be noted that this can only work when the approval processes are fast, since one of the main reasons to establish TA facility is that it allows investment managers to act fast.

The rationale for well-funded and well-managed TA facilities is particularly compelling for fragile and conflict-affected locales. Fragile and conflict-affected countries exhibit common characteristics, such as weak public and private sector capacity, lower business and technical skills, social conflict particularly with excluded population groups, diminished local production of staple goods and services, small and slow-growing markets, lack of diversification of industry, insufficient and dilapidated infrastructure, environmental degradation, excessive cost of doing business, and lack of information. Within this context, support for the private sector becomes even more crucial, particularly for the creation and expansion of stable businesses owned and managed within the middle class. With diminished resources and increased risk-aversion in the financial sector, bank lending and other forms of non-asset-based financing is scarce and will invariably be inadequate to the urgent need for accelerating growth in the private sector. Risk capital, which is investment that does not require collateral and shares the downside risk as well as the upside reward of the investee's performance, is disproportionately needed in fragile, conflict-affected countries as compared with other developing markets.

Given the additional obstacles and risks in such economies, risk capital providers, even impact investors who are willing to share more risk and receive lower returns, need additional risk mitigation to be successful. For this reason, a significant increase in business assistance through technical assistance must be provided in a robust and organized form and attached to risk capital investment where it is most needed for risk mitigation and effectiveness. Investment without broadly defined technical assistance is highly susceptible to loss, while TA without the complementary investment is highly susceptible to being ineffective or impractical to implement.

The Activity identified the following main lessons learned:

1. Clear objectives of the fund should be agreed upfront between investors, TA funders, and investment managers and captured in a well-researched and substantiated theory of change. This theory of change should be translated to a limited number of clear and measurable impact indicators.

2. When designing a TA facility, it is key to have a clear idea of what the required TA activities should be to help realize the fund's investment objectives. The TA facility is an integral part of the economics of funds, and careful analysis should be done to determine what the gaps are of the investee companies that should be funded by the TA facility. This should also help determine the appropriate size, staff, and instruments of the TA facility.

3. PE and VC investment is disproportionately needed in fragile, conflict-affected countries as compared with other developing markets. For this reason, a significant increase in business assistance through technical assistance must be provided in a robust and organized form and attached to risk capital investment where it is most needed for risk mitigation and where it is likely to be most effective.

4. TA fund management requires highly qualified staff that can identify activities with highest chances for success and oversee proper implementation and reporting.

5. Proper governance and alignment between investor, TA provider, investment manager, and (especially when external) the TA facility manager is needed. An important insight is that PE and VC investors typically measure success in terms of financial returns, while donors measure success in terms of impact (e.g., job creation).

6. Several models exist to structure TA facilities, with integrated, linked, and multi-fund TAC facilities being the main categories. The best model for a specific situation depends on a lot of factors. An

important benefit of linked models is that they link the investment managers with specialized organizations, thereby enabling more knowledge sharing than integrated models.

7. A high degree of flexibility in the delivery of the TA is key. Whereas the objectives of a fund and TA facility should be clear, the TA activities should not be defined too strictly. Investment managers need to have sufficient autonomy in TA decision-making. However, the "rules" should be defined clearly upfront and captured in a good TA agreement. A TA facility should build in mechanisms that rule out the potential for mission creep and abuse.

8. Several reports emphasize that TA funding should in principle be temporary in nature. The focus should be on lasting, longer-term capacity-building. However, it is imperative that the timing of TA facilities and PE and VC funds are aligned.

9. Most reports mention that the recipients of TA should have some "skin in the game" and share responsibility for costs of the TA activities to ensure buy-in and commitment from the investee companies.

1.4. Recommendations

The Activity identified numerous initiatives that used different combinations of TA facilities and other interventions (i.e., catalytic capital, subsidies and in-kind support, and anchor investment) successfully to enhance PE and VC fund returns and impact and to attract impact investors to invest in some of the world's most challenging environments.

The conditions in Myanmar, even after the February 1, 2021, coup d'état, are challenging but are not worse than those in Afghanistan or Somalia, for example, when technical assistance was successfully used in those countries to increase the financial performance and development impact of PE and VC funds. In fact, Myanmar's private capital ecosystem had been developing well and steadily over the past ten years with private and public capital. Based on the examples identified, the Activity believes that capacity-building through technical assistance facilities could further build the private capital ecosystem in present-day Myanmar. While there are still many unknowns, the Activity has identified sufficient evidence to justify an assessment of potential demand for technical assistance facilities in Myanmar.

With the assistance of the Myanmar Private Equity Venture Capital Association (MPEVCA), the Activity should develop a list of at least 20 investors that are active in Myanmar and the region and might have a demand for technical assistance facilities. The Activity should then interview them, and evaluate the demand for technical assistance funding in Myanmar. The list of potential interviewees will primarily include members of the MPEVCA, and the list will secondarily include other PE, private debt, family offices, and other impact investors that may be interested in investing in Myanmar based on their known investor interest in the region.

If there is sufficient demand for technical assistance in Myanmar, and a few technical assistance facilities structuring options are identified, the Activity should then seek to identify technical assistance funders internationally and assess supply of technical assistance.

2. INTRODUCTION

2.1. Overview of the Activity

The USAID Burma Responsible Investment and Trade Activity (the Activity) is a five-year (July 2020 – June 2025) activity that will help promote civilian ownership of the Myanmar economy by increasing the share held by responsible, accountable, and transparent private sector firms. The Activity will support private sector firms operating in or entering the market in Myanmar to improve corporate governance, business transparency, and competitiveness as well as to help Myanmar's private sector overcome challenges, such as COVID-19. It will also promote inclusive economic growth and economic integration, responsible investment, and trade for the benefit of Myanmar citizens in non-urban areas and empower women to participate in the economy more fully.

The Activity contributes to USAID Burma's Development Objective 2 "Inclusive economic growth strengthened" and Intermediate Result 2.2 "Responsible and transparent private sector expanded." The Activity also contributes to USAID's Private Sector Engagement Strategy, Indo-Pacific Strategy, and the Integrated Country Strategy.

The Activity's approach to strengthening the private sector is guided by four objectives:

- Increase fair and responsible investment and trade in goods and services between Myanmar, the United States, and other partner countries.
- Improve domestic corporate governance, business transparency, and competitiveness of firms.
- Promote economic integration, investment, and trade for the benefit of Myanmar citizens in non-urban areas.
- Empower women to participate more fully in the economy, particularly in the promotion of responsible investment and trade in goods and services.

The Activity will take a facilitative ecosystem-strengthening approach, which fosters partnerships with private sector firms, business advisory services providers, business associations, advocacy organizations, and civil society to build capacity and catalyze change by facilitating locally driven, sustainable solutions. The Activity will achieve its objectives by:

- Identifying and supporting transactions that bring new responsible investment into Myanmar.
- Increasing gender-lens investing in Myanmar.
- De-risking investments in firms located in non-urban areas.
- Building the capacity of businesses to improve corporate governance.
- Increasing private-sector capacity to comply with international regulations.
- Strengthening corporate accountability.
- Building the capacity of business support organizations to promote trade and investment.
- Supporting female leaders in business.

The Activity will prioritize sectors with the strongest opportunities to increase fair and responsible trade, inclusive of marginalized groups and women. Agriculture is a priority sector based on its strong potential for responsible investment and trade and will receive at least 30 percent of the Activity's support.

2.2. Objective and Methodology

One of the Activity's objectives is to "increase fair and responsible trade and private sector investment in goods and services" (Objective 1). The Activity contributes to that objective through the tasks focused on achieving Intermediate Result 1.1 "Increasing international investment." The February 1, 2021 coup d'état is likely to reduce the level of institutional investment into private equity (PE) funds and venture capital (VC) funds[8] that could invest in Myanmar, thereby also reducing the supply of investment capital for small and medium enterprises (SMEs) in Myanmar. PE and VC funds and their investment managers have a significant role to play in developing entrepreneurial ecosystems, supporting the establishment and growth of companies, and boosting innovation and overall competitiveness of emerging economies like Myanmar.

Impact investors have invested in some of the world's riskiest countries and have had significant positive development impact. Many impact investors that invested in these countries were able to reduce risk and increase effectiveness of their investment using technical assistance (TA) facilities.[9] [10] The presence of TA facilities motivates investors to commit their capital to investments (into companies or investment funds) in which they would otherwise not invest. As it was successfully utilized in Afghanistan, Somalia, and South Sudan, increased availability of TA funding is expected to create positive development impact and will also attract new impact investors to Myanmar, which already has an active private capital investment ecosystem, and into specific sectors (e.g., agriculture) and types of firms (e.g., female-led SMEs).

To help attract new investors to commit capital to investment managers in Myanmar, the Activity is assessing the feasibility of a facility that would provide TA to PE and VC funds that are investing in Myanmar. If such a facility is in demand and is determined to contribute sufficiently to attracting new investment to Myanmar, and if potential funders are identified, and if the establishment of a facility appears feasible, the Activity will discuss next action steps with USAID, which may result in the Activity helping to establish a TA facility. A TA facility would facilitate the Activity's work in Task 111 - Identify and support transactions that bring new investment; Task 113 - Increase gender-lens investing in Myanmar; and Task 114 - De-risk investments in non-urban areas of Myanmar, which would contribute to the Activity's Intermediate Result 1.1 - Increase international investment.

To assess the need for and feasibility of a TA facility, the Activity identified a variety of TA facilities and learned both how they work and how the facilities were typically applied to investment funds to build capacity and to attract new capital. To do so, the Activity conducted extensive desktop research and reviewed the main publicly available resources on technical assistance facilities. From August to October 2021, the Activity also interviewed numerous experts from organizations such as Agri-Business Capital (ABC) Fund, Boost Africa, Triple Jump / Dutch Good Growth Fund (DGGF), Aceli, Pakistan Private

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[8] Private equity is an alternative investment class that consists of capital raised directly from institutional and other qualified investors and not from public capital markets. The investors and investment managers that comprise private equity invest directly in early stage (i.e., venture), expansion/growth stage, and late-stage companies. Venture capital is private equity investment in early stage or "venture" stage companies.

[9] For example, ACAP Management's Afghanistan Renewal Fund, which focused on investing in Afghan SMEs, had its first close in January 2006, and its investors included the Asian Development Bank (ADB) and Commonwealth Development Corporation (CDC) . The Overseas Private Investment Corporation (OPIC) also provided in debt financing, and USAID approved in technical assistance funds in the form of a grant. Other examples include the Nordic Horn of Africa Opportunities Fund in Somalia, which the Danish DFI (Development Finance Institution) IFU and two non-governmental organizations (NGOs) have supported, and Kinyeti, in South Sudan, which the Danish Norfund and Swedfund have supported.

[10] In some cases, the donors can have a role in the governance of the TA facility. It needs to be noted that this can only work when the approval processes are fast, since one of the main reasons to establish TA facility is that it allows investment managers to act quickly.

Investment Initiative, SME Impact Fund, InReturn Capital, Steward Redqueen, IDH Farmfit, and individual experts, such as Tom Gibson, Founding President of Small Enterprise Assistance Funds. From the desk research and interviews, the Activity identified many findings and lessons learned that are directly applicable to Myanmar, and have guided the Activity's recommendations.

3. FINDINGS

3.1. Introduction to Technical Assistance Facilities

3.1.1. General Description

PE and VC funds have a key role to play in developing entrepreneurial ecosystems, supporting the establishment and growth of companies, and boosting innovation and overall competitiveness of emerging economies[11] like Myanmar. In addition to capital, PE and VC fund investment managers provide knowledge, expertise, and tools to the companies in which they invest, and create strong incentives to improve profitability and growth, directly contributing to job creation and innovation. PE and VC investment managers actively manage their investments and implement professional management practices and governance structures at their investee companies, which contributes to capacity building, reduces risk, and enhances value. However, a paradox is that companies, especially in emerging markets such as Myanmar are often unable to attract PE and VC financing. Post-investment and in the absence of capacity building, many companies in developing countries would lack the skills to effectively deploy the capital that their investors provided.

The provision of TA to funds and/or their investee companies without cost or low cost[12] is a widely used mechanism to help improve the performance, effectiveness, and impact of PE and VC funds in emerging markets. USAID defines TA as "the provision of goods or services to USAID recipients in direct support of a development objective." The Organization for Economic Co-operation and Development (OECD) states that TA is the "provision of resources aimed at the transfer of technical and managerial skills or of technology for the purpose of building general national capacity or for the purpose of implementing specific investment projects." The World Bank highlights that TA is "a key instrument for improving policies and project design, enhancing skills, and strengthening implementation capacity, and for institutional development."

TA to investee companies of PE and VC funds is typically provided through TA facilities, which are usually pools of money that are held outside the accounts of the investment fund for which an investment manager or a separate manager of the TA facility may utilize for specific, non-financial support of the fund's individual investee companies or the capacity-building of the investment managers.

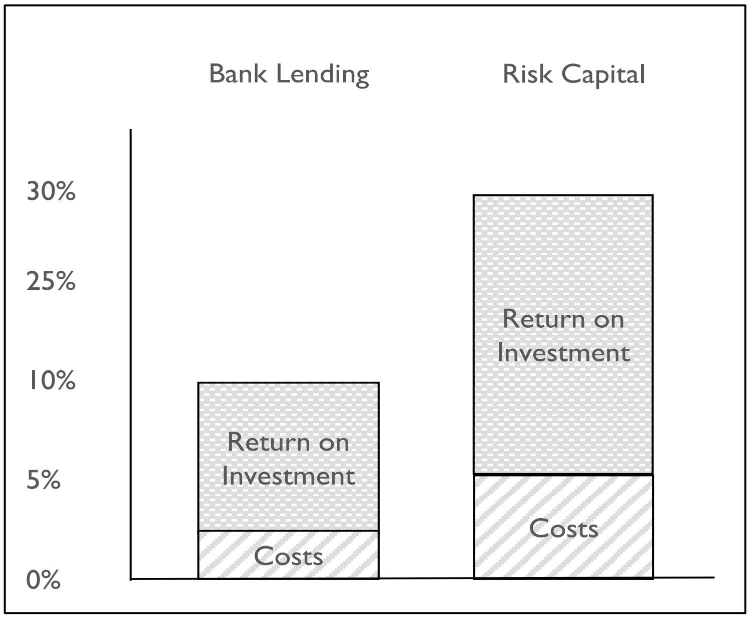
TA facilities that support businesses are largely conceived and designed as an accompaniment to PE and VC funds. Contrary to banks, PE and VC funds provide risk capital financing, meaning that they invest through financial instruments that share both the downside risk and upside reward of the investee company. Banks, whose profit on loans is limited to interest and fees, have little motivation to spend time or money in providing assistance to borrowers. Each amount of time or money spent helping a borrower reduces the amount of the bank's limited return. By contrast, risk capital investors invest with the intention and ability to share in equity growth, dividends, free cash flow, revenues, or a combination of these, potentially enjoying a return on investment only limited by the success or failure of the investee or if capped, limited to a rate of return far above what a bank lender would receive. PE and VC investment managers are motivated to spend time and money assisting an investee company to improve its performance, recuperating their expense in the investee company by sharing the capital gain with the PE and VC funds' investors. PE and VC investment managers typically think of the identification and addressing of the investee's challenges and opportunities as a joint effort between investment staff and

[11] CASA. 2020. "A Review of Inclusive Technical Assistance in Agriculture Deployed by Development Finance Institutions." https://www.casaprogramme.com/casa-tafs-first-learning-paper/

[12] IFC SME Ventures. 2018. "Investing in Private Equity in Sub-Saharan African Fragile and Conflict-Affected Situations." https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/sub-saharan+africa/resources/sme-ventures-nov-2018

the investee company's management. Figure 1 provides a simple comparison of the fundamental economics of bank lending with those of a relatively labor-intensive model of risk capital investing.

FIGURE 1. ECONOMICS OF BANK LENDING VS RISK CAPITAL INVESTING



Source: Convergence Blended Finance

Often, specific TA needs are identified during the pre-investment phase as issues to be addressed in a new business plan, factors to be monitored by the investor post-investment, and/or opportunities for the investor to provide non-financial added value during the life of the investment. Both the investor and potential investee consider many of such challenges and opportunities not only as factors influencing the investment decision process but also as the future focus of what is known as "post-investment support" or "value addition."

While investment staff should always be the first line of assistance in post-investment support, given the exigencies of portfolio management and the limitations of management fees, the investor and investee will often need to seek third-party assistance in addressing technical issues that the investors do not have the specific expertise or the financial resources to address. PE and VC funds focused on investing in SMEs are typically small in terms of committed capital, and yet their investee companies require relatively significant support.

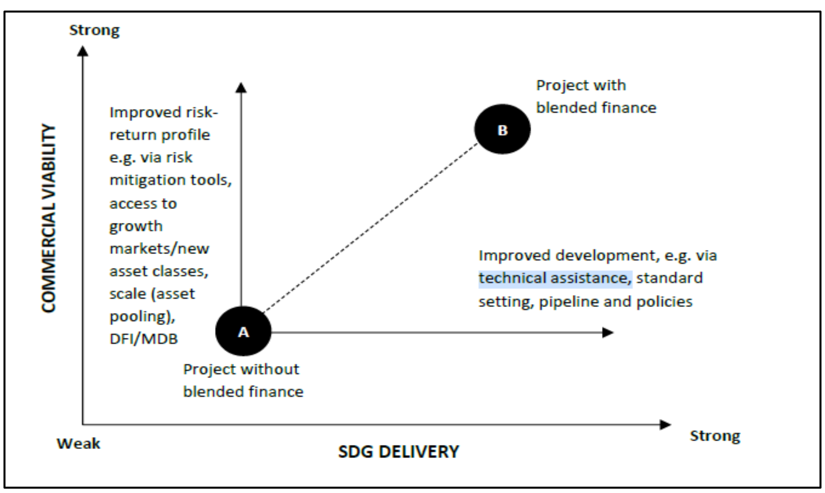
The industry standard PE and VC fund management fee is 2 percent of committed capital or fund size, and is often not enough to cover necessary capacity-building costs; this is particularly true for funds focused on SMEs or for funds that have less than committed capital. For this reason, TA facilities, which are generally grant-funded pools of money dedicated exclusively to the provision of financing for demand-driven TA services that the investor and investee identifies, play a key role in making the provision of risk capital to such SMEs viable. Since the TA facilities began to emerge in the 1970s and 1980s, increasing numbers of risk capital investors have sought and obtained TA facilities to make available greater assistance to investee businesses and to streamline the process of obtaining services appropriately matched and priced to the circumstances of the investee.

3.1.2. Core Motivations

According to the GIIN, the four most-cited reasons for PE and VC investment managers to provide technical assistance include:

- **Enhance investee companies' financial performance -** For most beneficiaries, TA funding contributes to revenue growth, risk reduction, operational improvements, and improved financial management and strategic planning. For example, TA focused on strengthening marketing will often lead to higher sales, and projects focused on improving financial management and operational efficiency improve profitability.
- **Improve or expand the investee companies' impact -** Many impact-oriented PE and VC investment managers use TA to support environmental, social, and governance (ESG) compliance and adherence to international and regulatory standards of their investee companies. Technical assistance can also be used to increase the impact of (especially impact-oriented) PE and VC funds. As much of the impact of such funds is embedded within investee companies' products or services, strengthening those offerings already generates greater impact. Specific capacity-building projects can be designed to address specific impact areas (for example, increasing the number of female employees) or to improve an investee's impact (for example, helping a producer of electric light vehicles in India to grow sales). Figure 3 shows how the objectives of improving financial performance and enhancing impact are both objectives of blended finance approaches.
- **Improve the investor's level of competitiveness -** PE and VC investment managers often compete for the best investment opportunities. The GIIN stated that this is the case for 70 percent of investors according to a 2017 survey.[13] This can be a reason to provide pre- or post-investment TA to their (prospective) portfolio companies. A good offering of non-financial support can help investors differentiate themselves from other investors and win investment opportunities.

FIGURE 3. BLENDED FINANCE: IMPROVING THE COMMERCIAL VIABILITY OF SDG-RELATED INVESTMENTS



Source: Better Finance, Better World, Blended Finance Taskforce in partnership with Business & Sustainable Development Commission and SYSTEMIQ, 2018

- **Strengthen markets -** Technical assistance and other forms of capacity-building support can be provided to companies outside of the portfolios through which the TA is provided. This can

[13] Global Impact Investing Network. 2017. "Annual Impact Investor Survey 2017." New York: GIIN

be done to contribute to a better business environment in line with the developmental mission of the fund or to create longer-term investment pipelines or more favorable operating environments for portfolio companies. A good example of such an initiative is Mella Ethiopia, an entrepreneurship program in Ethiopia, launched by Novastar Ventures, an Africa-based venture capital firm focusing on investment in Ethiopia, Kenya, and Nigeria. Mella hosts monthly gatherings of young tech entrepreneurs on a virtual platform in which successful entrepreneurs inspire a young audience in their ambitions of starting or growing their businesses. Novastar launched Mella as part of a strategy to expand to Ethiopia, which Novastar sees as an interesting market but with a very nascent entrepreneurial ecosystem. Whereas Novastar does not expect this initiative to create an investable pipeline, it does see it as a long-term investment into the ecosystem in line with the fund's underlying mission, which may also lead to new investment opportunities in the future.

3.1.3. Part of the Blended Finance Toolkit

In low-income developing countries, institutional investors are understandably reluctant to invest in local private equity (PE) and venture capital (VC) funds because returns have been low, particularly in investment funds that invest in small and medium-sized enterprises (SMEs). In many developing countries, the risk-return profile of investing in otherwise high-potential companies can be a permanent obstacle to private investment and is therefore a permanent obstacle to realizing the growth potential of local private sector businesses. A common approach to induce private investors to invest in PE and VC funds that invest in high-risk businesses is to improve the funds' risk-return profile.

The Activity identified in its Catalytic Capital Facilities Report that one of the main ways to improve the risk-return profile of emerging market funds is through financial instruments that are commonly known as "catalytic capital." The Activity confirmed that improving the risk-return balance can primarily be achieved through two categories of instruments: (a) de-risking instruments and (b) return enhancement instruments. De-risking essentially shifts losses from the investor to the catalytic capital provider, while return enhancements essentially shift returns from the catalytic capital provider to the investor. Both outcomes are achieved through instruments applied to funds through different "layers" in the capital structure, or to individual transactions, which are typically done through coinvestments with beneficiary funds.

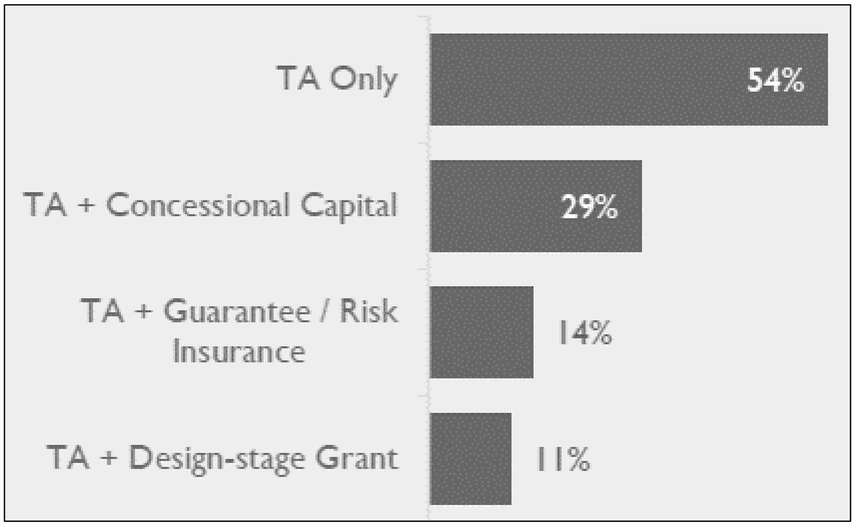
In addition to catalytic capital, the Activity identified other ways to reduce investment risk, improve investment performance, and incentivize or encourage potential investors. The identified interventions were frequently combined with catalytic capital and used successfully. The interventions included TA, subsidies and in-kind support, and lead or anchor investors.

TA facilities improve the risk-return profile of the fund and/or its portfolio investee companies. TA facilities aim to improve the capacity of funds and their investee companies to address disadvantages of the local business environment, and provides an additional incentive for investors to invest in higher-risk funds or for funds to invest in higher-risk businesses.

According to Convergence Blended Finance,[14] based on data of 107 fund investments of the funds with a TA facility, for 54 percent TA is the only blended finance instrument, while the other funds have combined two or three blended finance approaches (see Figure 2). Around 29 percent of the funds combine a technical assistance facility with concessional/catalytic capital.

[14] Convergence Blended Finance. 2019. "Data Brief Blending with Technical Assistance."

FIGURE 2. COMBINATIONS OF BLENDED FINANCE APPROACHES



Source: Convergence Blended Finance

3.1.4. Facilities Landscape

The Activity identified little research data on the total size of TA facility funding for PE and VC funds in emerging markets. Whereas there are thousands of TA facilities and TA programs worldwide, with a range of different structures and often mixing in-kind and in-house support, organizations globally do not have uniform definitions of "impact investors," "capacity building," "PE," or even "SMEs" and often do not disclose their data or split investment and TA data as discussed in the previous paragraph. Despite this, there are several research reports that provide a good indication of the prevalence and importance of TA facilities to PE and VC funds in emerging countries.

Convergence Blended Finance, the global network for blended finance, generates data, intelligence, and investment flow on blended finance with the objective to increase private sector investment in developing countries. The 2019 Convergence Data Brief estimates that approximately half of general debt and equity funds, which often provide direct financing to SMEs, have an associated TA facility.[15] GIIN's 2015 Annual Impact Investor Survey stated that "73 percent of respondents provide technical assistance to investee companies, either in-house and/or through third parties." The most common use of technical assistance is general management support followed by accounting and financial systems and industry-specific skills enhancement. Impact measurement is also a common focus area for technical assistance. Note that this data also includes impact investors focusing on high-income countries.

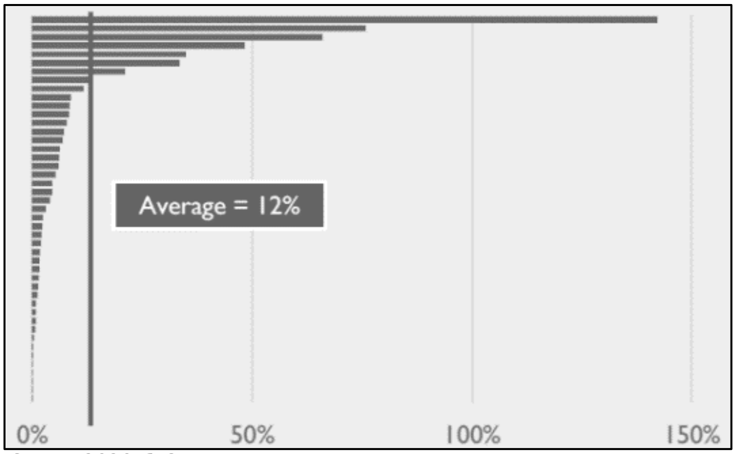
3.1.5. Facility Funding Level to Fund Size Ratios

In 2019, Convergence published the Data Brief Blending with Technical Assistance, which summarizes data on 136 technical assistance facilities. An outcome of the research was that the size of TA facilities on average was around 12 percent of investment funds (see Figure 4). A 2014 World Bank policy research paper stated that technical assistance provided to investee companies of private equity and venture capital funds is "widely recognized to be about 7 to 15 percent of the value of a given investment," and that technical assistance facilities range between 6 and 20 percent of the size of investment funds, with an average of around 10 percent. Proprietary research conducted by SME investment manager InReturn Capital in 2015 also showed an average TA facility funding-to-fund size

[15] These data do not include project reparation facilities, which are not typically linked directly to commercial investment, but rather support projects in reaching bankability (i.e., attracting commercial investment) as per the Convergence report.

ratio of around 11 percent based on an analysis of ten SME funds. From these sources, the Activity understands that TA facilities' funding levels typically range in size from around 5 percent up to nearly 30 percent of the size of the investment fund.

FIGURE 4. TA FACILITY FUNDING TO FUND SIZE RATIO



Source: 2020 CASA report

The optimal size of a TA facility varies depending on context, with the main factors being:

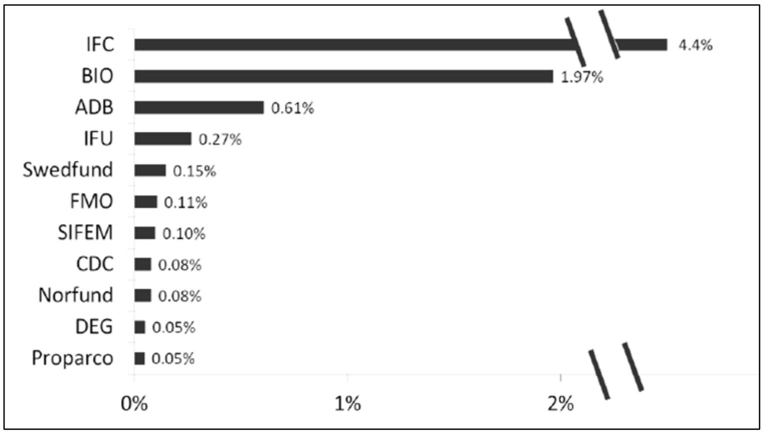
- Capacity and maturity of the partner funds.
- Maturity of the market.
- A fund's investment thesis and investment objectives.
- Donor institution discretion.
- Expected operating costs of the TA facility.

The Activity identified that TA facilities must be larger in new market segments with few existing funds. Funds operating in nascent markets or market segments that typically require a degree of additional assistance also require a relatively high TA facility. In such instances, new funds face significant start-up costs as they open offices, raise funds, and build investment pipelines and internal capacity.

3.1.6. Main Funders

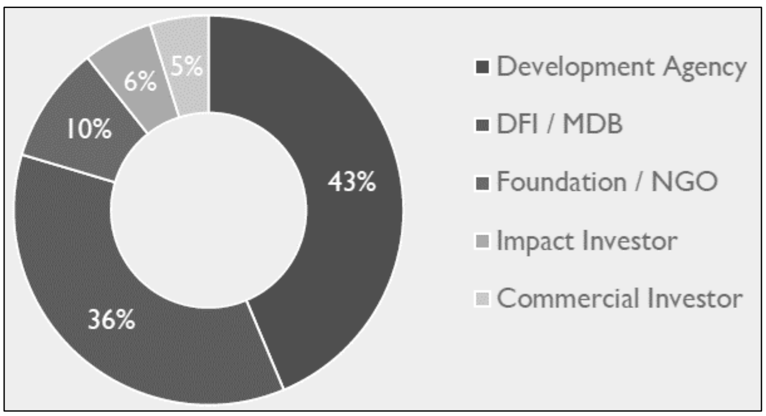
According to the 2019 Convergence data brief "Blending with Technical Assistance," TA facilities mainly receive their funding from development agencies, DFIs, and multilateral development banks (MDBs), making the public sector responsible for 79 percent of TA funding, with development agencies being the largest category.

FIGURE 5. TECHNICAL ASSISTANCE FUNDING AS PERCENTAGE OF ASSETS UNDER MANAGEMENT OF DFIS AND MDBS



Source: 2019 Convergence Data Brief

FIGURE 6. TECHNICAL ASSISTANCE FUNDERS



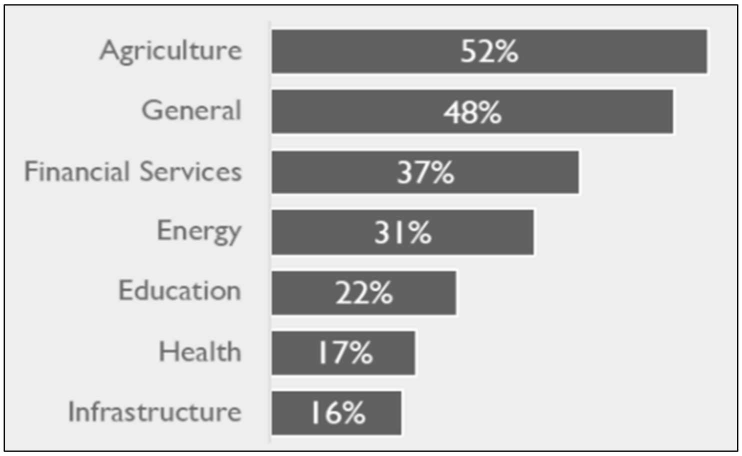
Source: 2019 Convergence Data Brief

One reason it is attractive for government agencies to provide TA funding is that this can be a way to participate in blended finance investments through the provision of TA funding, while it is often not in their mandate to invest capital. The 2020 CASA report provides a breakdown of the amount of TA disbursed as a percentage of the portfolio sizes of DFIs and MDBs; most institutions only provide a small percentage of their total assets to TA funding.

3.1.7. Most Common Sectors

The two most common sectors in terms of allocation of TA funding are agriculture and financial services, which represent 52 percent and 37 percent, respectively. Logically, agriculture represents a significant percentage of the economic activity in emerging economies, with many businesses being relatively small and facing higher risks (due to, for example, seasonality, natural disasters, weather conditions, diseases, changes in market prices, and political volatility). The financial services sector is also large, since TA is often deployed to bridge the gap between the lack of access to finance and the lack of an investment-ready pipeline in line with financiers' desired risk appetite, investment size, and return expectations.

FIGURE 7. SECTORAL DISTRIBUTION OF TA FUNDING



Source: 2019 Convergence Data Brief

3.2. Technical Assistance Facility Features and Activities

3.2.1. Fundamental Features

The fundamental features of TA facilities are to:

- Assist businesses that have received or will receive financing from a one of more specific investment intermediaries, most often VC or PE funds.
- Possess a pool of money, generally finite and generally grants, outside the corpus (combined debt and equity) of the fund whose investee companies it assists.
- Provide whole or partial coverage of the expense of third-party service providers as jointly requested by an investee and its investing fund.
- Use the TA facility's resources in specifically defined ways, which may include allowable expenses and non-allowable expenses and is achieve through an agreement between the donors to the TA facility and the TA facility manager.

3.2.2. Typical Activities

Examples of the broad range of TA facility funded interventions include assistance in the following:

TABLE 1. TYPICAL TA ACTIVITIES

TA CATEGORY	TYPICAL INTERVENTIONS
Business formation or conversion	• Company formation for both domestic and foreign offices • Legal status conversion, such as from a sole proprietorship to a limited liability or joint-stock company • Compliance with requirements for government permits and licenses
Planning, development, and advancement	• Preparation of a business plan • Assessment of Internet and communications technology

TA CATEGORY	TYPICAL INTERVENTIONS
	• Preparation and implementation for International Organization for Standardization (ISO) or other certifications, such as Hazard Analysis Critical Control Point (HACCP) • Assessment and decision-making in acquisition of or merger with other companies • Maintaining and maximizing appropriate use of relations with government agencies
Management and governance	• Selection and installation of a management information system (MIS) and customer relationship system (CRM) • Management training, both general and in specific areas • Analysis and decision-making related to potential new lines of business • Measures for avoidance of litigation • Development of corporate governance structures • Recruitment of board and advisory council members • Development of risk management systems
Finance	• Analysis and implementation of financial controls and accounting systems • Recruitment and possibly funding of a chief financial officer, if needed • Preparation of financial statements and financial information for planning, annual audits, and other audits, and reporting requirements • Cash flow planning • Obtaining bank loans or leasing equipment • Obtaining additional equity investors, including analysis and preparation for additional rounds of financing • Meeting conditions precedent to investment
Sales and marketing	• Market reports • Preparation of marketing plans • Identification of distribution mechanisms • Design of payment systems • Making contacts within new and/or foreign markets • Development of sales management systems • Preparation of presentations for trade shows and exhibitions
Human resources	• Key personnel recruitment • Training of key personnel • Training of unskilled and semi-skilled workers • Provision of opportunities for corporate social responsibility (CSR), such as day care for children, physical exercise opportunities, and language training

TA CATEGORY	TYPICAL INTERVENTIONS
	• Selection and implementation of efficient payroll processing and personnel-related legal compliance
Product design of manufacturing or services	• Design of manufactured products or services • Selection of appropriate technology • Identification of bottlenecks and vulnerabilities • Projecting production costs or costs of service provision
Identification of additional opportunities for CSR	• Ensuring consumer and worker safety • Day care for children of employees • Outside educational opportunities for employees • Maximizing recyclability of materials in production • Selection and monitoring of vendors for environmental practices • Setting carbon footprint reduction benchmarks • Assessing and improving gender equality within a company

3.2.3. Activities Not Eligible for TA Funding

The Activity's discussions with donors and designers of TA facilities indicate activities that donors will typically ***not*** want grant proceeds to fund include the following examples:

- Provision of financial assistance in the form of money or, in lieu of money, in the form of property for the investee.
- Payment for equipment, materials, or supplies of either an investee or the investment manager.
- Payment for marketing or publicizing of the fund, including its TA activities, or for the development of new business for the fund.
- Maintenance of an accounting or information system for the investee on an ongoing basis for an indefinite period.
- General education for an investee's managers (for example, classes to obtain an MBA degree).
- Payment for training of the investment manager's principals or employees.

Note that the above lists are typical for TA facilities focused on enterprises, which are the focus of this paper. In addition to these enterprise-focused TA facilities, TA facilities that focus on strengthening capacity of investment managers and/or the enterprise do exist. Many DFIs, such as FMO, Proparco, CDC, and DEG, which typically do not invest directly in SMEs but in funds, have such TA facilities focused on investment managers as part of their fund investments strategy. An example is the Boost Africa TA facility, of which roughly one-third is allocated to TA to investment managers and two-thirds to TA to the portfolio enterprises of the supported funds. The TA facility accompanies fund investment program of the European Investment Bank (EIB).

3.3. Technical Assistance Facility Types and Examples

3.3.1. Main Facility Types

There are three main facility types or ways that TA facilities can be structured and managed within the context of the key features and activities as described in section 3.2 (Key Features and Activities).

1. **Integrated TA facility -** Established for the exclusive use by a single fund or by more than one fund under a single investment manager who managed under a specific set of rules agreed with the donors to the TA facility. The investment manager is the custodian of a bank account holding the proceeds of the donors' grants. The investment manager and investee of the fund agree on needed third-party assistance, and depending on cost-share arrangements, the investment manager pays all or a portion of the fees to the service provider directly from the TA facility account.

2. **Linked TA facility -** A TA facility established for the exclusive use by a single fund, or by more than one fund under a single investment manager but managed by a TA facility manager the donors engaged to manage the TA facility under a specific set of rules agreed among the donors to the TA facility. The TA facility manager is typically either a development organization or a consultant with expertise in business-related TA and serves as custodian of a bank account holding the proceeds of the donors' grants. The TA facility manager receives requests from the investment manager for desired assistance as agreed by the investment manager and investee. Depending on cost-share arrangements, the TA facility manager pays all or a portion of the fees to the service provider directly from the TA facility account.

3. **Multi-fund TA facility -** A TA facility that a TA facility manager managed under the same conditions as described above for a linked TA facility but established for use by several funds under separate management that the donors have selected and/or approved to the multi-fund TA facility. This is a common structure for funds receiving investment from DFIs. The TA facilities often focus on both investment manager level and portfolio enterprise level. For example, as mentioned earlier, EIB, FMO Ventures, CDC, IFC, DEG, and Proparco all have substantial TA facilities benefiting the funds in which they invested.

Other forms of TA provision – The Activity identified that not all technical assistance directed at investee companies of PE and VC funds is provided through technical assistance facilities. Sometimes donors also directly provide TA to investment managers as a one-off activity. This can be in the form of grants that are extended to investment managers on a per-project basis (for example, fund design grants). Another example is market development TA grants, which are not used directly by a PE or VC fund, but that are used to develop a financial ecosystem by distributing knowledge from PE or VC firms to educate other potential market players (such as in the case of Mella in section 3.1.2 (Core Motivations), which is an example of a market development TA activity). A last form of what can be considered TA benefiting PE and VC funds is "challenge funds," which invite funds to submit proposals for support for initiatives to address specific challenges framed around a specific theme. An example is the Challenge Fund for Youth Employment, which creates scalable solutions for jobs for youth and provides technical assistance based on an open application approach to realize these objectives.

3.3.2. Facility Examples

TABLE 2. PEARL CAPITAL AAC FUND

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	5 percent
Facility type	Integrated
Fund overview	In 2004, African Agricultural Capital (AAC) was set up with the ambition of stimulating investment in agricultural businesses in East Africa. AAC was one of the first agricultural impact investment vehicles in the region. AAC's investors include the Rockefeller Foundation, the Bill and Melinda Gates Foundation, The Gatsby Charitable Foundation, JP Morgan Chase Social Finance, and USAID. AAC invests in high growth business in the agricultural value chains in East Africa. AACF has invested in eight businesses in Uganda, Kenya, and Malawi with an average investment size of per transaction.
TA facility overview	AAC also manages a USAID-funded (integrated) TA facility of The TA was provided directly by AAC's management. AAC management later stated in a report that they found the management of the TA facility "…a heavy burden. The needs, time, and costs involved were greater than anticipated, and in some cases, companies may have performed better if they had been followed up more closely or had access to specialist strategic and technical support. Learning from this, subsequent funds have established separate technical assistance/business development services facility to provide the level of support needed in a more sustainable fashion."

TABLE 3. SME IMPACT FUND

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	7.8 percent
Facility type	Integrated
Fund overview	The SME Impact Fund finances Tanzanian SMEs in the agricultural value chains, such as processors and dairy factories. The fund is a part of the Match Maker Group, which also includes an agriculture strategy and value chain consultancy firm. The fund provides financing in relatively insignificant amounts to companies with a high degree of informality that often do not even have financial accounts. Besides growth finance, the fund provides direct strategic, operational, and financial management support to investee companies.
TA facility overview	The fund received TA funding from the Dutch Ministry of Foreign Affairs and NGOs Mennonite Economic Development Associates (MEDA), Cordaid, and the African Guarantee Fund. The facility was managed in-house with the grants effectively paying for the salary and travel costs of a TA officer. Most of the TA funding (75 percent) was pre-investment. According to the investment manager, this model was

TYPES	DESCRIPTIONS
	extraordinarily successful but had to stop once the TA funding was exhausted. According to the investment manager, "the ending of the TA funding created a big challenge for the fund management and significantly reduced performance and efficiency of the fund."

TABLE 4. KINYETI VENTURE CAPITAL

TYPES	DESCRIPTIONS
TA facility size	n/a
Total fund(s) size	n/a
TA-fund size ratio (%)	n/a
Facility type	Integrated
Fund overview	Kinyeti Venture Capital is an investment company that makes risk capital investments in profitable enterprises in South Sudan. Norfund and Swedfund established the company as a joint venture to operate specifically in the fragile state of South Sudan. Kinyeti's goal is to provide risk capital on commercial terms to SMEs, and it is one of the very few providers of such financial services to SMEs in South Sudan, which is a country with a high-risk profile. Investments range in size from to The portfolio includes SMEs in the healthcare, construction, real estate, and hospitality sectors with around 10-40 employees per company.
TA facility overview	Kinyeti Venture Capital can provide a broad range of typical tailor-made TA services to its actual and potential portfolio companies at no cost to those companies. Kinyeti reserves the option to structure the TA as a repayable, interest-free loan to ensure the long-term sustainability of the program and to encourage startup and greenfield ventures. Norfund, Swedfund, and DGGF (through Triple Jump, with a contribution have provided grant support for this TA facility. In addition, Triple Jump and Swedfund have provided grant funding for the establishment of Kinyeti, the training of Kinyeti investment personnel, and the development of ESG and ESMS policies and systems.

TABLE 5. IDH FARMFIT FUND

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	30 percent
Facility type	Linked
Fund overview	The Farmfit Fund is fund that provides high risk funding to companies and lenders benefiting smallholder and agribusiness SME finance in Asia, Latin America, and Africa with a value chain improvement focus. The fund is initiated by IDH, The Sustainable Trade Initiative, an organization (foundation) that works with businesses, financiers, governments, and civil society to realize sustainable trade in global value chains. The fund is managed by a newly established fund management entity under the umbrella of IDH, and it received capital from

TYPES	DESCRIPTIONS
	the Dutch Government and international consumer brands with the intention to make food value chains more sustainable and alleviate farmer poverty. The fund provides up to per transaction to value chain actors and local financial institutions who interact directly with the smallholder farmers and agribusiness SME. The fund can also take equity positions in agtech and fintech companies. A guarantee facility provided by USAID covers 50 percent of the principal of senior loans that the fund provides.
TA facility overview	Farmfit Business Support (FBS) is a investment from DFID and Bill and Melinda Gates Foundation to provide TA support to agribusiness SMEs to develop and implement sustainable business models and increase their engagement with smallholder farmers. Building on the experience of IDH, it develops new sustainable business models and build data and expertise, upon which the Farmfit Fund can build. Also, FBS will support the infrastructure, organization, and farmer training to create an environment in which farmer financing will be successful. With this approach, FBS provides a pipeline of investable transactions to the fund. Ongoing TA support will be provided as needed to the companies in which the fund invests. Data collection and continuous learning is key to the Farmfit concept to identify the key risk and cost drivers. This will also be managed by FBS.

TABLE 6. AGRI-BUSINESS CAPITAL (ABC) FUND

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	n/a
Facility type	Linked
Fund overview	The ABC Fund is a private impact investment fund initiated by International Fund for Agricultural Development (IFAD) and funded by the EU, ACP States, the Government of Luxembourg, and Alliance for a Green Revolution in Africa (AGRA). The ABC Fund targets “the missing middle” in agribusiness and provides loans and equity investments adapted to the needs of rural SMEs, farmers’ organizations, agri-entrepreneurs, and rural financial institutions. It specifically targets SMEs that struggle to access capital and financial services through “normal” commercial channels. The ABC Fund is managed by Bamboo Capital Fund with Injaro Investments Limited as investment advisor. The fund has a direct investment stream targeted at SMEs and farmer organizations, with ticket sizes between and loan tenors of one to five years. The Fund also indirectly invests in financial intermediaries, fintechs, and alternative lenders that are actively lending to smallholder farmers and agribusiness SMEs; ticket sizes are with loan tenors of up to five years.
TA facility overview	IFAD and the EU created a technical assistance facility (TAF) consortium as a separate grant-funded facility that is tightly connected to the ABC Fund. The TAF consortium is led by Agriterra and has Advance Consulting and Rabobank Partnerships as key partners. The three TAF consortium partners have expertise to provide TA services to the three main target groups of the ABC Fund: Agriterra for farmer organizations and cooperatives, Advance Consulting for SMEs, and Rabo Partnerships for financial intermediaries. This enables the TAF consortium to implement TA services quickly without having to go through a

TYPES	DESCRIPTIONS
	separate competitive bidding process. The TAF provides tailor-made technical assistance services to ABC Fund investee companies with the objectives to improve the growth and development performance of ABC Fund investee companies. TA can be provided both as pre-investment TA and as post-investment TA.

TABLE 7. PAKISTAN PRIVATE INVESTMENT INITIATIVE

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	6.7 percent
Facility type	Multifund (three integrated facilities)
Fund overview	Pakistan Private Investment Initiative (PPII) is a program that provided anchor investment to three funds in Pakistan. The USAID PPII provided investment to the Abraaj Pakistan Fund, the Pakistan Catalyst Fund, and the Boltoro Growth Fund, committing approximately for each fund, and the three funds each matched or exceeded the USAID contribution. However, due to government budgets being reduced and the disbursement speed of the funds developing slower than expected, the USAID commitments were reduced by roughly 30 percent.
TA facility overview	A TA facility of around per fund was approved as part of the program. The TA facilities were envisaged to be managed by the investment managers for costs of hiring external experts to assist with financial management, HR, marketing, etc. However, according to PPII staff, the fund management did not show sufficient interest in a separate TA facility. Part of this could be explained by the requirement for the investment managers to match the TA with 50 percent from other donors. Furthermore, the process of setting up the fund took a long time and developed several complications. As a result, the TA funding "merged" with the fund capital, and as such, the TA facility never took off.

TABLE 8. AFRICAN AGRICULTURE FUND (AAF)

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	4.5 percent
Facility type	Multifund
Fund overview	The AAF is comprised of two funds: the AAF and a subsidiary SME Fund. The AAF makes investments in the range in established businesses in the food and agriculture industry, and is managed by Phatisa, an African PE firm. The AAF invested in the SME Fund, which had a final close in May 2014 and makes investments of up to in African

TYPES	DESCRIPTIONS
	SMEs. The SME Fund is managed by Databank Agrifund Manager, a PE group with a specialization in the agriculture and food production value chain.
TA facility overview	The TA facility supports both funds and is funded primarily by the European Commission and managed by the International Fund for Agricultural Development (IFAD). It is co-sponsored by the Italian Development Cooperation, United Nations Industrial Development Organization, and the Alliance for a Green Revolution in Africa. IFAD appointed TechnoServe, a US-based not-for-profit organization focusing on business solutions to poverty, to implement the TA facility.

TABLE 9. BOOST AFRICA

TYPES	DESCRIPTIONS
TA facility size	
Total fund(s) size	
TA-fund size ratio (%)	6.9 percent
Facility type	Multifund
Fund overview	Boost Africa is the European Investment Bank (EIB) and the African Development Bank (AfDB)'s joint initiative to enable and enhance entrepreneurship and innovation across Africa in a commercially viable way through a blending mechanism with the European Commission (EC). The Boost Africa program has two main investment components, Boost Africa Investment Program (BAIP) and AfDB Boost Africa Investment Envelope, and two non-financial services components, the TA facility, and the Entrepreneurship Lab. BAIP, launched in 2016, has made investments in several new African funds. The Boost Africa TA facility was launched in December 2020.
TA facility overview	The Boost Africa TA Facility is a five-year technical assistance and capacity-building facility managed by the EIB with funding from the EC, funded through the European Development Fund (EDF) Thematic Blending and Cotonou Investment Facility. The specific objective of the Boost Africa TA Facility is to support the development of the supply side of financing for innovative early-stage SMEs in Africa by strengthening the operational capacity of the financial intermediaries and their portfolio final beneficiaries. Boost Africa TA support will be divided into two main components: the investment manager component and the portfolio enterprise component, with roughly one-third of the TA budget allocated to investment managers and two-thirds to their investee companies.

3.3.3. Facility Model Attributes

Integrated TA facilities and linked TA facilities provide similar ranges of TA to relatively similar types of businesses in which funds invest, while multi-fund TA facilities tend to serve larger businesses and more specific purposes. Table 10 summarizes *typical* attributes, similarities, and differentiating of three main types of TA facilities.

TABLE 10. CHARACTERISTICS, STRENGTHS, AND WEAKNESSES OF TA FACILITY MODELS

	INTEGRATED	LINKED	MULTI-FUND
Management	• Investment manager	• TA facility manager outside the Fund	• TA facility manager outside the Fund
Geographical scope	• Often single country or region	• Often single country or region	• Typically regional, or global, but can also be single country
TA interventions funded	• Broad range as described in section 3.2.2 (Typical Activities)	• Broad range as described in section 3.2.2 (Typical Activities)	• More limited range of interventions, often linked to specific theme
TA recipients	• SMEs and larger mid-size businesses across most sectors not excluded by donors	• SMEs and larger mid-size businesses across most sectors not excluded by donors	• Mid- to large-scale businesses, frequently sector specific (e.g., energy, health, financial services)
Stages of TA recipients	• Start-up, early stage, and expansion-stage	• Start-up, early stage, and expansion-stage	• Later stage, mature
Typical amount per company			
Donors (typically)	• Multilateral, regional, and bilateral development agencies • DFIs with grant-making capacity • Private and corporate foundations • Host government	• Multilateral, regional, and bilateral development agencies • DFIs with grant-making capacity • Private and corporate foundations • Host governments	• Multilateral, regional, and bilateral development agencies • DFIs with grant-making capacity • Private and corporate foundations
Advantages	• Stronger motivation for success given fund's participating investment • Greater alignment of priorities with investee • Closer and more frequent interaction between investment manager and investee • Shorter period for procurement and implementation	• TA facility manager has greater expertise and contacts in TA procurement • Access to TA databases • Less opportunity for intentional or inadvertent corrupt practices • Greater objectivity in monitoring and assessment of TA value	• Larger size of TA facility provides more cost-effective scale • Broader experience gained by TA facility manager • Broader contacts among service providers • Ability to conduct comparison studies among locales and fund management firms

	INTEGRATED	LINKED	MULTI-FUND
	• More detailed monitoring and assessment of TA value • Greater ongoing follow-up of intervention	• Donors can replace TA facility manager	
Disadvantages	• Fund management personnel have less expertise and fewer contacts in TA procurement • Potentially less objective assessment of TA value • Greater opportunity for linkage between TA provision and terms of investment	• Lesser direct knowledge of the recipient investee • Less rapid and flexible procurement • Cost-sharing may be more difficult to negotiate • Less opportunity for TA facility manager oversight and assess long-term value of TA	• Less interaction between TA facility manager and individual TA recipients • Less on-the-ground interaction between investment manager and TA facility manager • Greater de-linkage between TA facility manager and financial success of TA recipients

3.3.4. Cost Sharing and No-Interest Loans

Cost sharing is when an investee business splits the cost of a technical assistance intervention with a TA facility and is common among TA facilities. Cost-sharing allows the TA facility to preserve its money to support additional interventions. It also serves to motivate the investee to not request more costly services than necessary and to make the most efficient use of the services provided.

Cost sharing is an alternative to full payment for a TA intervention by the TA facility. In some cases, the investor may determine that the investee needs a new MIS, but the investee entrepreneur disagrees and is resistant to the change. In this case, it may be prudent for the investor to request that the TA facility pay the full costs of the intervention or that the investor pay a portion of the cost rather than insist on cost-sharing on the part of the investee. However, the donors to most TA facilities require that cost-sharing be applied in all interventions.

There are three principal arrangements that are used as a means of preserving the resources of the TA facility and motivating the TA recipient to maximize the benefit of the intervention, one of which is not strictly cost sharing but is means to produce the same result:

- **A negotiated split,** by which the portion paid by the TA facility is negotiated in each case according to the ability of the recipient business to pay and/or the strength of the motivation on the part of the recipient to request the intervention and implement the recommendations of the service provider. For example, in a case where the investment manager is more convinced than the investee of the potential value of the intervention, the investment manager may request that the TA facility pay, for example, 75 percent and the recipient pay 25 percent. Conversely, the investee may be asked to pay most of the cost of the intervention. The advantage of this arrangement is that it recognizes that 1) some businesses cannot afford interventions that they need; and 2) investment managers and investee companies do not always agree on the potential value of an intervention. The disadvantage is that some investees may perceive that they are not being treated fairly in comparison to other investee companies.

- **A fixed split,** by which interventions costs are shared equally between the TA facility and the recipient business. The World Bank has funded several such TA facilities. The advantages of a 50/50 split are that it is fair, equitable, and helps avoid potentially contentious disagreements over the percentages each party pays. The main disadvantages of a 50/50 split include: 1) that some funds cannot afford to pay 50 percent; and 2) that some investee companies do not recognize or agree on the needs identified by the investment manager and therefore are not willing to pay for the associated costs.
- **An interest-free loan (or repayable grant)** from the TA facility provided to the investee to pay a portion or more frequently, all the intervention. Under this arrangement, the loan is typically paid in a single (bullet) payment at the end of the term of the fund's investment. The obvious advantages of this to the TA facility are that 1) over the life of the fund and the TA facility, resources of the TA facility will be recycled into greater resources available for interventions; and 2) the recipient investee is highly motivated to maintain working capital sufficient to pay off the loan. The disadvantage of this arrangement is that if the business has not been a success, it may not have sufficient working capital to pay off the loan or may renege the obligation.

The donors to a TA facility may allow or encourage the manager of the TA facility to use all three of these arrangements under differing circumstances of the recipient businesses or according to differing categories of intervention.

3.3.5. Oversight and Accountability

TA facilities generally call for both common and more specific reporting on three levels: in the case of a linked TA facility or a multi-fund TA facility, 1) from the investee to the investment manager, 2) from the investment manager to the TA Facility manager, and 3) from the TA investment manager to the donors. In the case of an integrated TA facility, reporting is direct from the investee to the investment manager and from the investment manager to the donors.

It is crucial that TA facilities avoid becoming so burdensome that they interfere with other investment-related activities. Furthermore, many TA interventions meet needs that are relatively immediate or long overdue for implementation. Therefore, rather than imposing time-consuming procurement processes in requests for service providers, well-functioning TA facilities typically operate under TA facility agreements that specify what types of TA interventions can be funded by the facility manager and for what maximum amounts. The TA funder can rely on reporting and periodic audits to confirm that each TA intervention has been funded and implemented in compliance with the TA facility agreement and whether it has been effective or not.

Common Reporting and Record-Keeping Requirements
Whether in the case of an investment manager reporting to the TA facility manager of a linked facility, who then reports to the donors, or in the case of an investment manager reporting directly to the donors to an integrated TA facility, the TA facility agreement should require each type of manager to do the following:

- Maintain complete and accurate records and supporting documentation to facilitate financial and/or program examinations and audits.

- Produce documentation that shows all expenses incurred in TA interventions funded, in part or in whole, by the TA facility and if requested, furnish any or all contracts, work orders, evidence of disbursement.
- Submit periodic financial reports to the facility manager within a period described in the TA facility agreement, typically within 30 days of the end of each six-month period.
- Submit a brief semi-annual status report stating expenditures, reimbursements, and reimbursements for the previous six months.
- Submit an annual final financial report within 60 days after the end of TA facility operating period; the fund must submit a full financial report and reconciliation of all TA facility resources received and expended.

Performance reporting more specific to a TA facility should include the following:

- A report on the TA provided during the reporting period, including:
  - the name of each actual or prospective investee receiving TA during the reporting period.
  - the nature of TA provided and description of how the TA assisted in the business development of the investee.
  - how the investee's need for TA was identified and assessed.
  - how the TA provided was customized to meet the specific needs of each actual or prospective investee receiving TA.
- A comparison of actual accomplishments with projected accomplishments outlined in the TA facility's project and budget plan and to the criteria and objectives set forth in the fund.
- A general commentary on the fund's actual financial expenditures (versus the estimated budget and an explanation of cost overruns, if any. Other pertinent information, including significant accomplishments.

Avoiding Mission Creep

Most grant funding is directed toward social and environmental benefits. In general, commercial businesses are not recipients of grant funding partially due to the potential for businesses to use grant funds for purely commercial purposes. TA facilities are typically funded through grants, of which the proceeds are not required to be returned. Oversight and accountability therefore must start with the policy guidelines and terms in the governing documents of the TA facility to avoid abuses and "mission creep."

There are several ways in which the contractual terms between donors and the managers of all three types of TA facilities, and the TA facility-related terms between funds and their investee companies, can include provisions to avoid abuse and misuse of funding. Among these are the following examples:

- **Avoiding tie-ins** – Often during or after due diligence but prior to investment, an investment manager and entrepreneur will discuss the use of a post-investment TA intervention from a TA facility. The intervention, of course, has monetary value, but it would be an abuse of the TA facility if, for example, the investment manager attempts to characterize the value of the TA intervention as an in-kind contribution for equity shares, a practice sometimes known as a "tie-in" and forbidden by best practice TA facility agreements.
- **TA to investee companies only** – Many entrepreneurs, particularly in developing markets, have relatives and close friends who also own businesses. Agreements between donors and the

managers of TA facilities and between funds and investee companies should require explicitly that no TA intervention by the TA facility may assist any business other than the investee of the fund.

- **Proper procurement** – Contracts for services should reflect local market rates or international rates if service providers are brought in from abroad and should be the result of arm's-length negotiations between the investment manager or TA facility manager and the service provider. Also, the TA manager should review proposals and quotations from multiple potential providers to get best value for money.

Other key restrictions – In addition to the examples of kinds of assistance that should normally be unallowable as outline in section 3.2.2 (Typical Activities), examples of other expenses that a TA facility should not pay include activities such as financial assistance or seed money for business ventures, direct costs of entertainment or social activities, meals, lodging, rentals, transportation outside the terms of a contract with a service provider, contributions and donations, fundraising, and lobbying. The examples can be found in several TA facility agreements for TA facilities sponsored by the World Bank and the International Finance Corporation. The legal and procurement departments of the World Bank Group approve these agreements. The specificity about avoiding abuses found in such agreements are of particular importance to potential donors to TA facilities.

3.3.6. Impact Measurement and Reporting

Although TA facilities are common and generally seen as an effective mechanism, limited quantitative evidence exists on the commercial and development impact of TA and not much structured research has been published.[16] In a 2020 report, the Commercial Agriculture for Smallholders and Agribusiness (CASA) provided two main challenges to quantifying impact of TA. First, most TA projects in emerging markets focus on core business support (overall capacity strengthening, systems, processes, and risk reduction of SMEs). Whereas this type of core business support in principle has a positive inherent development impact (i.e., to suppliers and/or consumers of the business), this "indirect" development impact is not the primary focus of these TA activities, and therefore this is not directly measured or calculated. Second, it is often impossible to state exactly how a set of TA activities has specifically contributed to commercial and development outcomes, especially when a broad range of TA activities has taken place, over a longer period.

According to Steward Redqueen, a leading impact measuring and reporting advisory firm, most actors find impact measuring difficult. In addition to the inherent methodological challenges to attributing the impact of TA as described above, investment managers, DFIs, and TA practitioners find it hard to identify appropriate development indicators and measurement instruments to assess their development impact. One of the main reasons is that TA providers fail to specify the theory of change beforehand, which makes it challenging to measure success over time. A theory of change is a logical framework that outlines causal linkages in an initiative, i.e., its shorter-term, intermediate, and longer-term outcomes. The identified changes are mapped—as the "outcomes pathway"—showing each outcome in logical relationship to all the others as well as chronological flow. The links between outcomes are explained by "rationales" or statements of why one outcome is thought to be a prerequisite for another. Lacking a clear theory of change makes it hard to prioritize on the things that investors, funds, and TA providers really want to know.

Furthermore, collecting data and measuring impact of participants at the bottom of the pyramid is notoriously difficult and costly. To establish "additionality," TA providers and investee companies need

[16] CASA, 2020. "A Review of Inclusive Technical Assistance in Agriculture Deployed by Development Finance Institutions." https://www.casaprogramme.com/casa-tafs-first-learning-paper/

to establish clearly "what would have happened without the intervention," which can require additional research, for example benchmarking indicators with other firms.

Steward Redqueen generally believes that most funds should have clearer and often simpler goals and objectives. On the other hand, their impact measuring and reporting is usually far too complex. Funds are advised to specify how they define and measure success in relatively simple-to-understand objectives. Funds, investors, and investee companies should set up a solid measurement framework of the TA facility from the start. A clear theory of change should result in defining several key performance indicators that are crucial to measure if the fund is making the difference it intends to make. To keep it practical, funds can benefit from starting simple and find better proxies to measure success over time. For example, funds can start with expressing their contribution (trying not to be too specific about additionality) to later move to exploring opportunities for attribution.

3.4. Technical Assistance Facilities in Fragile and (Post-) Conflict States

3.4.1. Need for Risk Capital in Fragile States

Fragile and conflict-affected counties exhibit common characteristics:

- Weak public and private sector capacity
- Lower business and technical skills
- Social conflict, particularly with excluded population groups
- Diminished local production of staple goods and services
- Small and slow growing markets
- Lack of diversification of industry
- Insufficient and dilapidated infrastructure
- Environmental degradation
- Social dislocation
- High cost of doing business
- Lack of information

Within this context, support for the private sector becomes crucial, particularly for the creation and expansion of stable businesses owned and managed within the middle class. With diminished resources and increased risk-aversion in the financial sector, bank lending and other forms of non-asset-based financing is scarce and will invariably be inadequate to the urgent need for accelerating growth in the private sector. Risk capital, which is investment that does not require collateral and shares the downside risk as well as the upside reward of the investee's performance, is disproportionately needed in fragile, conflict-affected countries as compared with other developing markets.

Given the additional obstacles and risks in such economies, risk capital, even impact investors who are willing to share more risk and receive lower returns, need additional risk mitigation to be successful. For this reason, a significant increase in business assistance must be provided in a robust and organized form and attached to risk capital investment where it is most needed for risk mitigation and effectiveness. Investment without broadly defined technical assistance is highly susceptible to loss, while TA without the complimentary investment is highly susceptible to being ineffective and impractical to implement.

The rationale for well-funded and well-managed TA facilities is particularly compelling for fragile and conflict-affected locales.

While donor-supported TA should be used to address environmental, social, and governance considerations in fragile and conflict-affected countries, the first objective of TA facilities should be to pay for expertise that directly increases revenue, reduces cost, and improves the profitability of an investee business.

3.4.2. Tailoring to Fragile and Post-Conflict Environments

The types of assistance listed in section 3.2.2 (Typical Activities) are relevant for fragile and conflict-affected countries; however, investment and assistance programs in such countries face challenges that often require a shifting of emphasis to certain categories of TA interventions and the addition of special enhancements beyond the normal scope of TA facilities. Therefore, donors to a TA facility in fragile and conflict-affected countries must be open to potential additions to the typical allowable interventions found in TA facility agreements in less challenging developing markets.

In developing its IFC Ventures program of establishing SME risk capital funds in "frontier" and post-conflict countries, the IFC considered some of the most common distinguishing challenges of these countries.[17] Table 11 lists a number of these challenges and measures.

TABLE 11. EMPHASIS AND INTERVENTIONS IN FRAGILE AND POST-CONFLICT COUNTRIES

CHALLENGES	TECHNICAL ASSISATNCE FOCUS
Informality, i.e., privation of cultural and legal norms	• Exceptional focus and diligence on the character and histories of individual entrepreneurs in appraising, assisting, and financing companies • Intense training and use of qualified local and/or repatriated program staff familiar with the local environment and mentality • Investment strategies strongly based on incentivizing transparency and good faith as opposed to the threat of legal action
Weaknesses in human resources	• Assistance components of the initiative having comparatively disproportionate resources focused on training in labor skills and management for investee companies • Innovative approaches to expose workers and management to more standard practices prevailing outside the two types of countries • Specific mechanisms to attract skilled "diaspora" to return
Weak donor support in business assistance	• Concentration of assistance and investment on projects providing a high degree of demonstration effect • A comparatively broad slate of assistance interventions for investee companies, coupled with streamlined investment decision and disbursement processes • Collaboration with other programs on a demand-driven basis, but only where there is direct and cost-efficient benefit to investee companies

[17] IFC SME Ventures. 2018. "Investing in Private Equity in Sub-Saharan African Fragile and Conflict-Affected Situations," https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/sub-saharan+africa/resources/sme-ventures-nov-2018

CHALLENGES	TECHNICAL ASSISATNCE FOCUS
Absence of relevant financial products	• Focus on non-trading businesses having no access to other adequate financing and the avoidance of redundancy with other players in the financial sector • Initial financing from the investment vehicle without expecting medium- to long-term co-investment from more risk-averse banks and intermediaries, but nonetheless, active identification of retail banking and short-term lending needs of investee companies to establish banking relationships with local banks
Exceptional opportunities in import substitution	• Immediate identification of and concentration on production of low-cost, staple consumer goods based on locally produced raw materials • Assistance to incubation of start-up businesses in the absence of existing expansion opportunities
Potential high value of the diaspora	• Identification and implementation of mechanisms intended to attract skilled diaspora, including feasibility studies, in-house business incubation, and the provision of start-up funding • Organization of returned diaspora into associations providing volunteer training and assistance to non-diaspora managers

In addition to the need for greater flexibility in defining what are allowable TA interventions for TA facilities in fragile and conflict-affected countries, TA facility agreements in these environments may need to allow for comparably greater flexibility in processes:

- The expediting of responses to requests for service providers.
- Allowing for larger expenditures and longer consultancies for some interventions.
- Condensed reporting requirements.
- Greater risk-taking in the implementation of interventions with a more speculative expectation for success.

3.5. Lessons Learned from Existing Facilities

Based on the Activity's interviews with investors, VC and PE funds, and TA providers as well as reviewing several reports on TA facilities that include lessons learned, the Activity identified the following main lessons learned:

1. Clear objectives of the fund should be agreed up-front between investors, TA funders, and investment managers and captured in a well-researched and substantiated theory of change. This theory of change should be translated to a limited number of clear and measurable impact indicators.

2. When designing a TA facility, it is key to have a clear idea of what the required TA activities should be to help realize these objectives. The TA facility is an integral part of the economics of funds, and careful analysis should be done to determine what the gaps are of the investee companies that should be funded by the TA facility. This should also help determine the appropriate size, staff, and instruments of the TA facility.

3. PE and VC investment is disproportionately needed in fragile, conflict-affected countries as compared with other developing markets. For this reason, a significant increase in business assistance must be provided in a robust and organized form and attached to risk capital investment where it is most needed for risk mitigation and where it is likely to be most effective.

4. TA fund management requires highly qualified staff that can identify activities with highest chances for success and oversee proper implementation and reporting.

5. Proper governance and alignment between investor, TA provider, investment manager, and (especially when external) the TA facility manager is needed. An important insight is that PE and VC investors typically measure success in terms of financial returns, while donors measure success in terms of impact (e.g., job creation).

6. Several models exist to structure TA facilities. The best model depends on a lot of factors. An important benefit of linked models is that they link the investment managers with specialized organizations, thereby enabling more knowledge sharing than integrated models.

7. A high degree of flexibility in the delivery of the TA is key. Whereas the objectives of a fund and TA facility should be clear, the TA activities should not be defined too strictly. Investment managers need to have sufficient autonomy in TA decision-making. However, the "rules" should be defined clearly upfront and captured in a good TA agreement. A TA facility should build in mechanisms that rule out the potential for mission creep and abuse.

8. Several reports emphasize that TA funding should in principle be temporary in nature. The focus should be on lasting longer-term capacity building. However, it is imperative that the timing of TA facilities and PE and VC funds are aligned.

9. Most reports mention that the recipients of TA should have some "skin in the game" or "alignment of financial interest" and therefore share responsibility for costs of the TA activities to ensure buy-in and commitment from the investee companies.

4. RECOMMENDATIONS

4.1. Premise

The Activity identified many examples of technical assistance facilities and other blended finance interventions to enhance PE and VC fund returns and impact. These have been combined in several ways to attract private impact investors to invest in some of the world's most challenging environments, and in doing so, they have had significant impact.

The conditions in Myanmar, even after the February 1, 2021, coup d'état, are challenging but are not worse than those in Haiti or South Sudan, for example, when technical assistance facilities were successfully used to motivate private sector investors. In fact, Myanmar's private capital ecosystem had been developing well and steadily over the past ten years with private and public capital. Based on examples identified, the Activity believes that new and additional technical assistance facilities could further build the private capital ecosystem in present-day Myanmar. While there are still many unknowns, the Activity has identified sufficient evidence to justify that it assesses potential demand for technical assistance in Myanmar.

4.2. Identify Potential Demand for Technical Assistance in Myanmar

With the assistance of the Myanmar Private Equity Venture Capital Association (MPEVCA), the Activity will develop a list of at least 20 investors active in Myanmar and the region that might have a demand for technical assistance, interview them, and evaluate the demand for technical assistance in Myanmar. The list of potential interviewees will primarily include members of the MPEVCA and secondarily will include other PE, private debt, family offices, and other impact investors that may be interested in investing in Myanmar based on their known investor interest in the region.

With the MPEVCA's input, the Activity will prepare a list of interview topics to assess market demand and requirements for technical assistance, including, but not limited to, the following:

- Currently available PE and VC capital to deploy in Myanmar and appetite from funds to make more investments into Myanmar with TA funding.
- Key investor characteristics (e.g., fund assets under management, prior funds, fund duration, regional/sector focus, investment products offered, and target financial returns).
- Quantified demand for TA and qualitative assessment of required TA.
- Conditions under which (private) investors are prepared to invest into new funds in the future.
- Estimated total TA funding that could be potentially mobilized.
- Legal constraints to provide TA and closing partnerships.
- Preferred partnership and governance structures with regards to TA facilities.

If there is sufficient demand for TA in Myanmar, and a few TA structuring options are identified, the Activity should then seek to identify TA funding providers internationally and assess supply of TA.