



# USAID'S INVEST ACTIVITY YEAR I WORK PLAN

March 2021 to February 2022

DISCLAIMER This Work Plan is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents of this Work Plan are the responsibility of Chemonics International Inc. and CrossBoundary and do not necessarily reflect the views of USAID or the United States Government.”

## TABLE OF CONTENTS

INTRODUCTION	1
THEORY OF CHANGE	2
MANAGEMENT STRUCTURE	2
ACTIVITY TEAM	2
ACTIVITY ORGANIZATIONAL CHART	3
DESCRIPTION OF ACTIVITIES	4
ACTIVITY 1: ASSESS OPPORTUNITIES FOR INVESTMENT	4
1.1 DEVELOP A DRC INVESTOR DATABASE (CAPITAL MAP)	4
1.2 PRIORITY SECTOR ANALYSIS	4
ACTIVITY 2: BUILD A TRANSACTION PIPELINE	5
2.1 DEVELOP AN INVESTMENT TOOLKIT	5
2.2 REFRESH OF PROPOSAL PIPELINE WITH IDENTIFICATION OF QUICK WIN OPPORTUNITIES	5
2.3 DEVELOP SCREENING AND SELECTION PROCESS FOR PIPELINE FIRMS	5
2.4 IDENTIFY ADDITIONAL COMPANIES AND INVESTMENT OPPORTUNITIES TO EXPAND PIPELINE	7
2.5 SCREENING, SEGMENTATION, AND SELECTION OF PIPELINE FIRMS.	8
ACTIVITY 3: BUILD PIPELINE FIRMS' INVESTMENT READINESS AND SUPPORT FIRMS IN CAPITAL RAISE PROCESS	8
3.1 DEVELOP PROJECTS AND TRANSACTIONS	9
ACTIVITY 4: LINK INVESTORS TO PIPELINE FIRMS & SUPPORT THEIR DUE DILIGENCE	10
4.1 MATCHMAKING	10
4.2 TRANSACTION SUPPORT AND FACILITATION	11
4.3 TRANSACTION MONITORING FOR IMPACT AND LEARNING	11
COLLABORATION, LEARNING, AND ADAPTING TO SUPPORT BOLSTERING OF THE BUSINESS ENABLING ENVIRONMENT	12
PILOT ADVISORY COMMITTEE IN YEAR 1	12
SUPPORT STRATEGIC PARTNERS TO ADVOCATE FOR IMPROVED INVESTMENT CLIMATE	13
INVESTMENT FACILITATION GAPS: OPPORTUNITIES FOR COORDINATION WITH STAKEHOLDERS	13
COMMUNICATIONS	15
OPERATIONS	17
OPERATIONS TEAM	17
GOMA OFFICE	17
KINSHASA OFFICE	18
SUSTAINABILITY STRATEGY	18
ANNEXES	20

ANNEX 1: ACTIVITY MONITORING, EVALUATION, & LEARNING PLAN	20
ANNEX 2: GENDER ANALYSIS AND IMPLEMENTATION STRATEGY	20
ANNEX 3: CONFLICT SENSITIVITY AND IMPLEMENTATION STRATEGY	20
ANNEX 4: ACTIVITY-LEVEL ENVIRONMENTAL MONITORING AND MITIGATION PLAN	20
ANNEX 5: REFRESHED DEAL PIPELINE	20
ANNEX 6: FACT SHEET	20

## INTRODUCTION

Finding promising businesses and helping them grow is an effective way to create jobs and drive inclusive growth, particularly in frontier markets. USAID's Invest Activity (the Activity, or USAID Invest) will create an investment facilitation platform that will link companies established in the DRC with a range of finance providers who have an appetite for new investments, with a particular focus in USAID's priority zones of intervention in eastern DRC. By cultivating a pipeline of high-potential businesses across sectors, with an emphasis on agriculture, the Activity aims to mobilize \$100 million in private capital to the DRC between March 2021 and February 2026. The Activity will adhere to the principles of USAID's Private Sector Engagement Policy to mobilize blended finance and drive inclusive, private sector-led growth.

To achieve its goal of mobilizing private capital, the Activity will match investable private companies with investors, tailored to an individual investor's investment strategy, using criteria such as a firm's forecasted financial performance, presence in an investor's sector of interest, or potential horizontal or vertical integration into an investor's existing business lines. The Activity's investment facilitation professionals will develop a pipeline of private companies that meet specified transaction metrics, such as financial return, target sector, and benefit to Congolese communities. Pipeline firms that score high on transaction metrics will receive direct technical assistance from the Activity to support them in becoming investment-ready, such as through strengthening their business plans, forecasting financial returns on new capital, and preparing them for investor due diligence. The Activity will also proactively engage a broad group of investors to understand their priorities and portfolio goals to pair them with pipeline firms that best align with their investment strategies. The Activity will accompany firms and investors through the investment process as a trustworthy third-party broker, supporting both sides through the project development, capital raise pitch, due diligence, and contractual close processes. During its first year, the Activity will work collaboratively with USAID to strike a balance of working with businesses at the speed of business while ensuring adherence to compliance and reporting requirements.

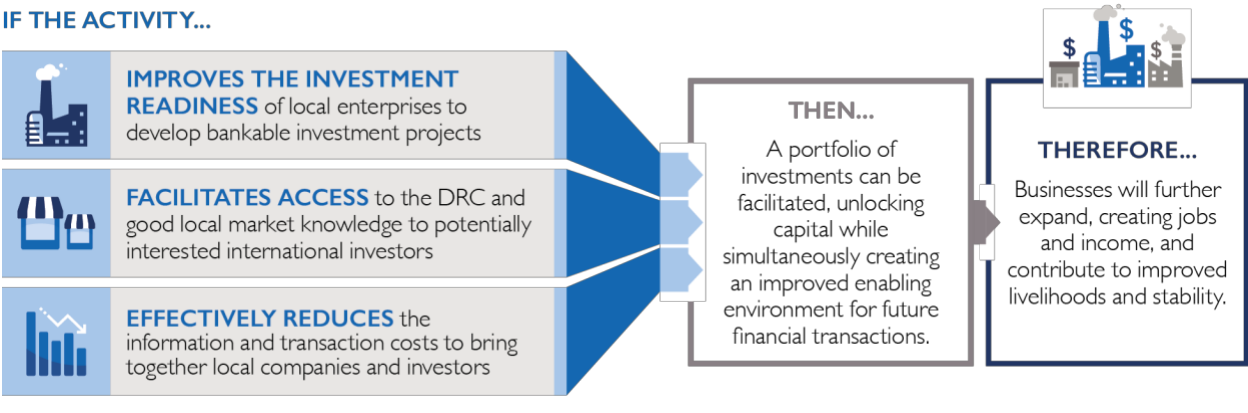
Investment facilitation represents the core work to be undertaken by the Activity. However, the Activity's positioning as an honest broker positions it as a trusted third party that can serve as a unique interlocuter between public and private stakeholders in the DRC, and as such will support USAID's business enabling environment (BEE) priorities by engaging across the spectrum of stakeholders to support the mission of bolstering the DRC's financial ecosystem. Over the course of Year 1, the Activity will pilot a diverse Advisory Committee that will meet quarterly to identify successes, discuss lessons learned, and coordinate across different public programs and private initiatives to help strengthen DRC's BEE for investment. The Activity team will also analyze investment potential in multiple under-developed sectors in the DRC and coordinate with stakeholders to catalyze private sector resources to grow the DRC's economy. To improve the investment climate and increase the number of actors supporting investments in the DRC, the Activity will draw upon business development service (BDS) providers for specific investment transaction support needs, collaborate with them to facilitate investment for firms that "graduate" from BDS programs, and link BDS providers with potential company clients that are not yet ready for investment facilitation.

In addition to the descriptions of activities, this Work Plan includes five supporting annexes that detail what the Activity will address across the cross-cutting themes of (1) gender and inclusion, (2) conflict sensitivity, and (3) environmental compliance. Our robust (4) Activity, Monitoring, Evaluation, and

Learning Plan (AMELP) details the Activity’s indicators and targets, as well as our approach for measuring additionality and social impact at the individual transaction-level with the goal of aggregating data to show portfolio-level impact investment performance. The team is including an updated (5) deal pipeline to demonstrate what will be built off of over the course of the year covered under this workplan. Finally, the (6) Activity fact sheet is an external document that introduces the Activity’s investment facilitation services to support our communications approach.

## THEORY OF CHANGE

USAID’s Invest Activity posits that by improving the investment readiness of promising Congolese companies and facilitating access to prospective investors while reducing BEE barriers, an investment portfolio can be realized, resulting in newly mobilized capital. The Theory of Change is as follows:



## MANAGEMENT STRUCTURE

### ACTIVITY TEAM

Managing Director Lucine Le Moal will play the role of chief executive officer for the Activity, serving as USAID’s focal point, managing the budget and strategy of the Investment Facilitation Team (IFT), MEL, and operations teams, coordinating with stakeholders and ensuring the right mix of Chemonics, CrossBoundary, local stakeholders, and technical assistance are engaged at the right times. She will also evaluate and apply recommendations from gender and conflict analyses into the Activity’s proposed activity interventions as applicable while ensuring adherence to environmental compliance regulations (see Annexes 2, 3, and 4). Prior to joining the Activity, Ms. Le Moal was Team Leader of the ELAN project, a UKAID-funded market systems development project that intervened in six sectors of the economy in Eastern DRC. She will bring deep networks across the DRC to the project from her more than 20 years of work in economic growth and SME financing.

Investment Facilitation Lead Jules Ndambu possesses deep expertise in finance and business development, as well as strong familiarity with the DRC context. Mr. Ndambu will assume the role of chief investment officer and will manage both the investment pipeline and the day-to-day tasks of the Investment Facilitation Team (IFT). The IFT will be comprised of a core group of at least four financial and transaction professionals, split between the Kinshasa and Goma offices. Members of the IFT will be

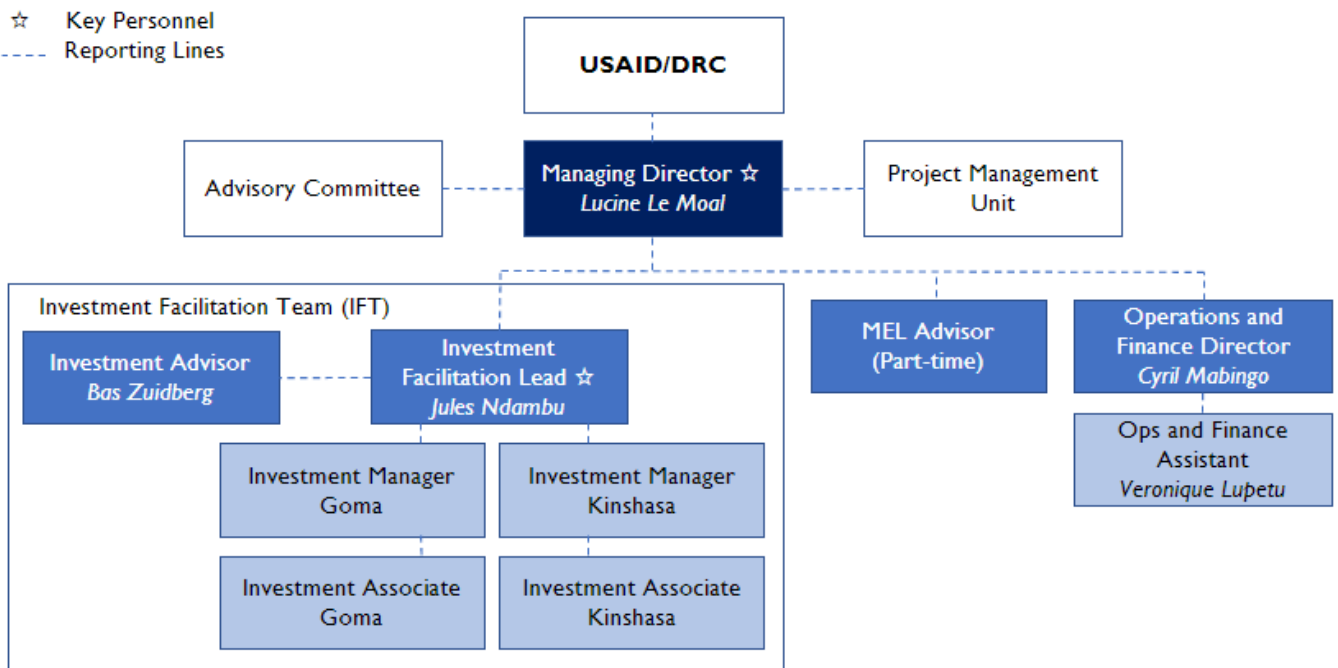
general investment banking, deal structuring, and financial advisory experts. The IFT will also be supported by a part-time strategic advisor, Bas Zuidberg, who will report to Mr. Ndambu. Before joining CrossBoundary, Mr. Zuidberg was the Senior Investment Facilitation Adviser at the ELAN project where he developed extensive knowledge of the investment landscape in the DRC. He is also the co-founder of Congo Business Angels, the first Business Angel network in DRC.

A Washington D.C.-based Project Management Unit (PMU) will provide project management support to the DRC-based team at no direct cost to the Activity. The PMU is comprised of a Director, Manager, and Associate who will be responsible for overseeing execution of the Activity and adherence to the contract. Each PMU member has experience in development finance, allowing them to provide quality control of project deliverables and contribute to technical implementation. The PMU is led by Garron Hansen, an international development professional with a business and strategy consulting background and specialization in sub-Saharan Africa and emerging market investments.

The Activity will have a part-time MEL Advisor who will be responsible for ensuring adherence to the approved AMELP and will collaborate with the MD and IFT on capturing indicator verification data and documentation. See Annex I for additional information on MEL resources.

To support specific transactions, Chemonics will mobilize short-term international and/or local consultants with sector-specific expertise in agriculture, environmental impact, and gender and social inclusion. Mobilization of this short-term expertise will be demand driven, and structured to support pipeline development.

### ACTIVITY ORGANIZATIONAL CHART



## DESCRIPTION OF ACTIVITIES

### ACTIVITY I: ASSESS OPPORTUNITIES FOR INVESTMENT

#### I.1 DEVELOP A DRC INVESTOR DATABASE (CAPITAL MAP)

The Activity will identify investors targeting the DRC that could be interested in the investment pipeline. Additionally, some investors may approach the Activity seeking support with potentially stalled investments. This capital mapping will cover a range of capital providers (debt, equity, hybrid, and concessional blended financing) relevant for transactions in DRC ranging from small (\$250,000-\$500,000) to large (>\$20,000,000) to provide an array of financing options for pipelined firms. The minimum floor of \$250,000 is a soft floor and can be lowered on priority transactions which are expected to increase in size during future rounds (i.e., promising firms coming out of local incubators). With this noted, smaller transactions typically require as much, if not more, time than significantly larger transactions, and it is more difficult to find interested investors for these smaller deals. To build an assessment of the main investment trends in the DRC, the Activity will consult existing investors in the DRC, as well as professional firms involved in investment transactions (consulting, legal, auditing, etc.). Through capital mapping, the Activity will develop a database of potential financing providers disaggregated by sectors of interest, estimated ticket size, financing sources, preferred instruments, and social impact goals (ex: gender, youth, conflict, environmental, etc.). In collaboration with USAID, FCDO, DFC, other donors, and development finance institutions (DFI), the Activity will seek to identify opportunities for concessional financing, guarantees, or matching grants that might be required to meet an investor's level of risk tolerance. The database will be a living tool and will be consistently updated and referred to during capital raises. It will continue to expand during the life of the program. During the conclusion of the program, the database will function as a means to measure the number of new and recurring investors in the DRC. At the end of the program, the database will be made available to local BDS providers with any sensitive information redacted.

#### I.2 PRIORITY SECTOR ANALYSIS

To better understand specific market opportunities for investors and identify potential firms for the pipeline, the Activity will analyze priority sectors and other quick win opportunities. This analysis will identify and assess key trends, opportunities, and intra-country linkages in the priority sectors of sustainable agriculture and agro-processing. The Activity will also explore opportunities for sustainable development in sectors that may positively impact the agribusiness sector (e.g., equipment leasing, logistics and transport).

In addition to market and return opportunities, the Activity will evaluate how investments in these sectors could bring about economic growth and improved social conditions in the DRC. While the analysis will assess businesses and sectors operating around the country, a particular focus will be placed on the South Kivu, North Kivu, Tanganyika, and Ituri provinces, especially in agricultural value chains that are supported by Feed the Future and the ELAN project. These studies will look to build off of prior Feed the Future and ELAN studies by taking a specific transaction-level approach to the sectors – using the research done by other programs to source and support firms in the sectors. The studies will also identify investment obstacles specific to the priority sectors. In addition to the priority sectors, the Activity will seek out “quick wins” in other sectors, such as trade/logistics opportunities through AGOA, the microfinance sector for small farmers and traders, enabling sectors, and donor-supported sectors such as health, and SME-supported projects

## ACTIVITY 2: BUILD A TRANSACTION PIPELINE

### 2.1 DEVELOP AN INVESTMENT TOOLKIT

The Investment Toolkit will serve as a procedural guide for the implementation of investment facilitation. The toolkit will include templates and procedural documents to complement the Transaction Selection Scorecard (TSS) and will be included in the investment strategy report. The toolkit will contain custom templates for NDAs, Information Requests, Advisory Agreements, and other contextualized tools that will be used for sourcing and vetting potential engagements.

### 2.2 REFRESH OF PROPOSAL PIPELINE WITH IDENTIFICATION OF QUICK WIN OPPORTUNITIES

Scoping studies conducted between 2018 and 2020 generated an initial pipeline of deals (Annex 5) that will be formally reviewed for the investment pipeline. In order to identify early-stage and quick-win opportunities for support in their investment objectives, the Activity has begun engagement and discussions with the identified companies.

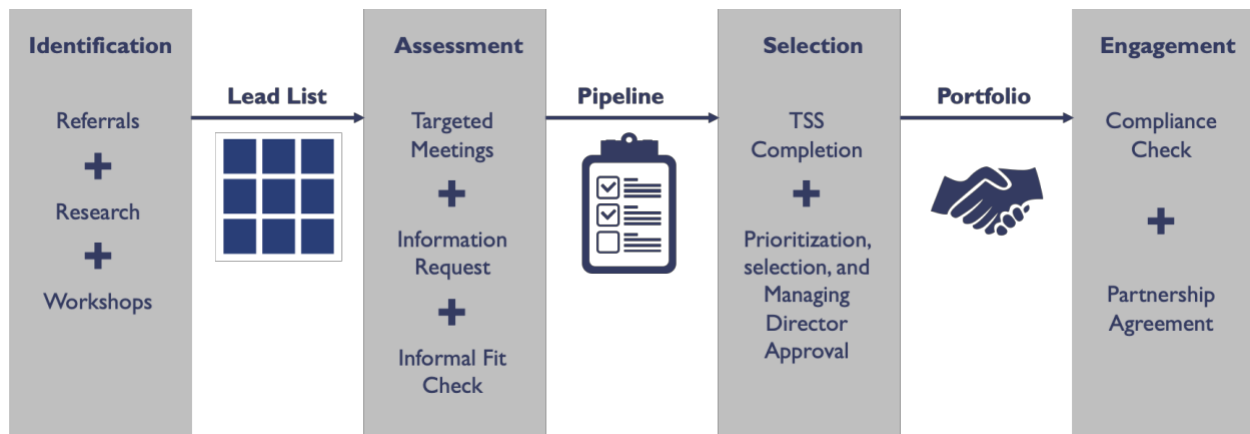
In addition, in order to expand the kick-off pipeline, the team will engage with relevant stakeholders such as private sector organizations (e.g., American Chamber of Commerce, *Fédération des Entreprises du Congo*, *Association Congolaise des Banques*) that work directly with investors and other entities such as government agencies (e.g., National Investment Promotion Agency) when appropriate. Other pipeline sources include development banks and agencies operating in the DRC (e.g., the IFC, USAID, DFC), financial institutions, investors such as XSML, Root Capital, and I&P, and major auditing firms (e.g PWC, KPMG). To stimulate interest in the program, the team will create a fact sheet and introductory presentation to feature at networking events. For example, the Activity is coordinating with USAID on attending the DRC's Makutano Business Forum Conference in October 2021 to introduce the project and host sessions covering subjects relevant to mobilizing capital to the DRC.

### 2.3 DEVELOP SCREENING AND SELECTION PROCESS FOR PIPELINE FIRMS

As transactions are identified, they will go through a filtering process before engagement. Early on, transactions will be tracked in a high level "Lead List." When enough information is received on a transaction for it to be assessed as a potential fit, it will be added to the formal pipeline.

The flow chart below shows an example identification/assessment/selection/engagement process. This chart is based on past investment platforms and will be further customized to the DRC context.





In order to screen and select pipeline companies for engagement, the Activity will develop a set of standardized criteria. The Transaction Selection Scorecard (TSS) includes the following illustrative criteria, and will be revised during the first six months of the Activity:

- ✓ Credibility of investor
- ✓ Feasibility of project
- ✓ Market position and potential
- ✓ Financial standing and capacity of investor
- ✓ Financing needs and applicability to financial products offered
- ✓ Fit with USAID objectives
- ✓ Social impact
- ✓ Gender: firms owned or run by women; firms in value chains where women make up most employees; firms whose products or services positively affect women or girls
- ✓ Investment likelihood to reduce environmental, climatic harm
- ✓ Adherence to do-no-harm conflict principles

To complete the TSS for each interested firm or investor, the IFT will conduct initial due diligence, gather qualitative and quantitative data, assess potential development impact, and review financial and market data of candidate companies. Based on the outcome of the TSS, the Activity will rank investment projects by TSS score and identify any specific business development or transaction support needs to reach financial close. The IFT will then formally engage with capital seekers to ask clarifying questions about proposed activities and seek additional data to improve the accuracy of the TSS score. Firms deemed suitable for the pipeline will sign an Advisory Agreement/Engagement Letter outlining the partnership between the Activity and the firm-client to link them with investment.

For firms that do not rank highly enough to be considered for support from the IFT, the Activity will share a preliminary assessment and feedback to highlight identified weaknesses and make recommendations to strengthen the case for investment. The Activity will also refer specialized BDS providers and will suggest a time horizon for when they should reapply for support. For firms selected into the pipeline, the Activity will develop a customized set of firm-level interventions for potential support by the Activity, BDS providers, and/or other donor programs. For firms with a medium-term investment horizon, the IFT will provide feedback and a brief capacity building plan for the firm to implement over the short-term to become bankable.

All activity funding, regardless of sector, will meet Women’s Entrepreneurship and Economic Empowerment Act requirements and target work with small and medium-sized enterprises. Following the USAID definition of small and medium-sized enterprises, as follows:

“enterprises with **potential to grow** and create new jobs, as well as those that provide goods and services to others (households, smallholder farms, other SMEs, larger companies, governments, etc.). As a general guideline, a small enterprise typically has 10 to 49 employees (FTE) and a medium enterprise has 50 to 249 employees (FTE), however the key distinguishing factor is the enterprise’s role in achieving sustainable economic growth. Therefore this key issue also includes firms that would be considered start-ups that may only include the founder and possibly a few employees when they are beneficiaries of this programming.”

Women’s entrepreneurship and economic empowerment will be weighted more heavily in company selection, given the Activity’s direct contribution towards the Women’s Entrepreneurship and Economic Empowerment Act of 2018, which requires that 50 percent of small and medium-sized enterprise resources be targeted to activities that reach enterprises owned, managed and controlled by women. Given the thin and underdevelopment markets within DRC’s context, it is understood that the Activity may not reach full gender parity in consummated deals, but care will be taken to strengthen women entrepreneurs access to finance as a critical cross-cutting objective.

## 2.4 IDENTIFY ADDITIONAL COMPANIES AND INVESTMENT OPPORTUNITIES TO EXPAND PIPELINE

The Activity’s initial landscape exercise and sector analysis will identify firms that require capital, and the team will continuously generate opportunities from local stakeholders and identify potential beneficiary companies. Opportunities will be identified by engaging with private sector organizations (e.g., American Chamber of Commerce, *Fédération des Entreprises du Congo*, *Association Congolaise des Banques*) that work directly with investors and government agencies (e.g., National Investment Promotion Agency) when appropriate. Other possible sources include development banks and agencies operating in the DRC (e.g., the IFC, USAID) and financial institutions, such as investors XSMIL, Root Capital, Verdant Capital, and I&P. To identify potential pipeline companies, the team will also engage with local BDS providers, such as incubators, accelerators and consulting companies involved in capacity building programs with local companies. The Activity has already begun consulting with Big 4 accounting firms to gauge their existing work in investment facilitation. Following a kickoff meeting with KPMG to discuss their World Bank-funded SME support program, the Activity may consider collaborating with KPMG to accelerate integration of KPMG-supported SMEs into the pipeline, or other similar and interested firms. In addition, the Activity will publicize its proposed interventions by creating a fact sheet and full presentation detailing the Activity to feature at networking events to stimulate interest.

As a pipeline development and SME training initiative, the team will organize workshops on commercial capital raising for local SMEs, potentially in partnership with local BDS providers. To build capacity of BDS providers to lead workshops sessions and improve their services, the Activity will also conduct a masterclass for BDS providers on business planning and proof of concept for investment readiness. These workshops will be organized in partnership with relevant business associations and organizations, such as American Chamber of Commerce, *Fédération des Entreprises du Congo*, *Agence Nationale pour la Promotion des Investissements (ANAPI)*, etc. Companies interested in raising capital and in receiving support from the project will be invited to participate in workshops where they will receive a summary training on the

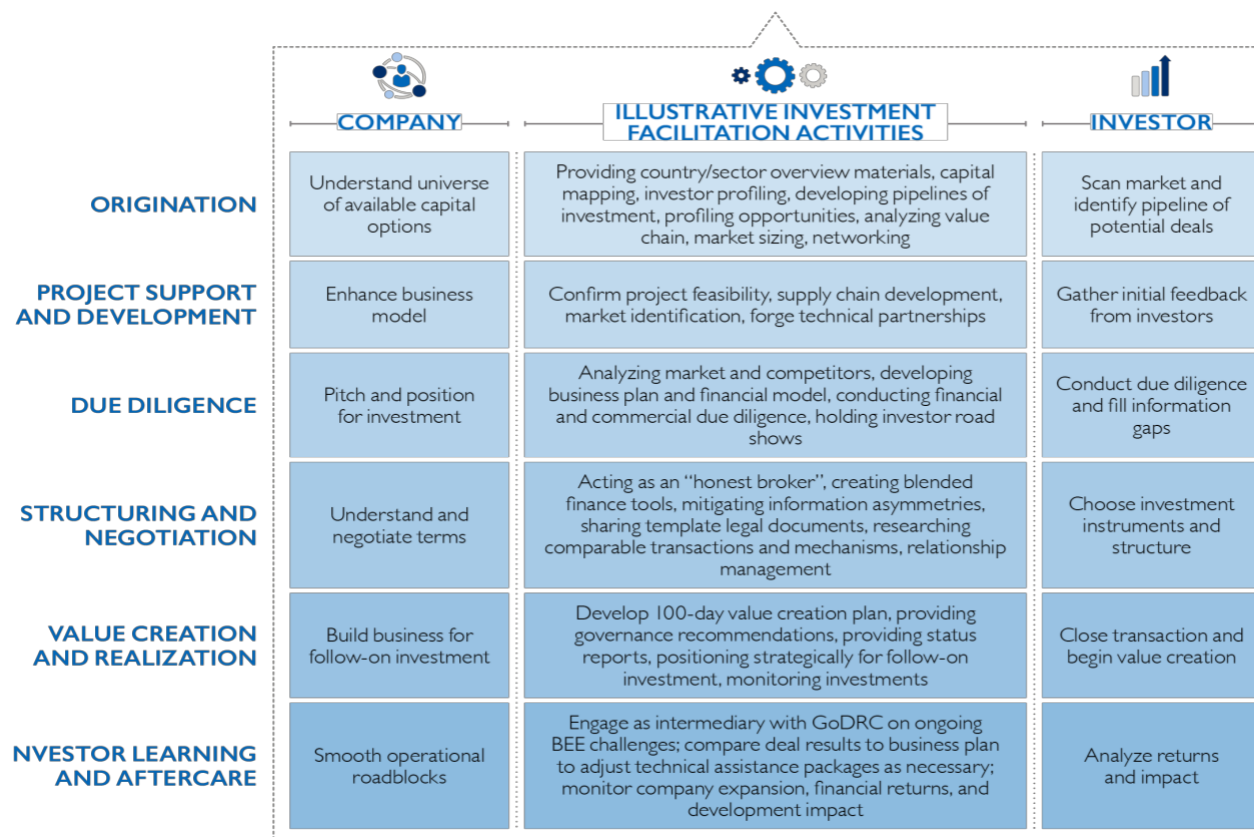
capital raise process, requirements, and financing options (debt, equity, grants, etc). They will also be provided detailed information about the project, the selection process, and additional requirements. Participant companies will be requested to share detailed information on their proposed investment project, and when projects are not considered ready to benefit from intensive support from the Activity, the project team will share its preliminary assessment and feedback to project developers, highlighting project weaknesses, and recommendations to strengthen the project, as well as potentially referring specialized BDS providers.

## **2.5 SCREENING, SEGMENTATION, AND SELECTION OF PIPELINE FIRMS.**

As firms are identified by, referred to, or approach the Activity, the team will use the set of criteria developed in activities 1.1.2 and 1.1.3 above to screen and filter opportunities. After an initial filtering, including an environmental screening in accordance with our Environmental Monitoring and Mitigation Plan (EMMP, see Annex 4), the Activity will engage with firms that show potential based on the criteria and assess the services needed to support project development and reach financial close. Projects will be reviewed regularly at meetings attended by Activity leadership. Once our team selects transactions for provision of investment advisory services and USAID approves them, the Activity will formally engage with the capital seeker and/or capital provider by discussing the proposed support and will sign an Advisory Agreement/Engagement Letter which will outline the partnership between the Activity and the client. For the segment of firms that does not rank highly enough to receive support from the Activity, the project team will establish a time horizon whereby they will likely be ready to start raising commercial capital (<1 year, 1 to 3 years, 3+ years). For selected firms that require additional support before being declared investment-ready, the Activity will develop a customized set of firm-level interventions for consideration and implementation by their management teams.

### **ACTIVITY 3: BUILD PIPELINE FIRMS' INVESTMENT READINESS AND SUPPORT FIRMS IN CAPITAL RAISE PROCESS**

The core activity of the Activity, and the area where the team expects to devote the most time, will be to support companies in developing their business and investment case so that they can be subsequently linked to financial institutions.



### 3.1 DEVELOP PROJECTS AND TRANSACTIONS

Once a firm or investor is engaged through an Advisory Agreement, the Activity will support the firm to prepare investment plans, pitch materials, and/or required deal terms. The outputs of each engagement will be customized to the needs of each firm based on results from the TSS and knowledge of the market. The support to be provided to companies will generally include at least one of the following:

**Drafting of investment materials:** To be developed by the IFT in partnership with the firm, these may include investment memoranda, pitch decks, and financial models. Completing these documents may also require undertaking market studies, competitive landscape analyses, etc.

**Project design and development:** When required, the Activity will assist companies in refining their investment project and enhancing their business plan. Insights from each firm-client’s financial model will identify opportunities to increase a project’s attractiveness. This may include reviewing and defining marketing strategies, pricing, sourcing strategies, etc.

**Technical partnerships:** A critical success factor of proposed projects will be the development of appropriate technical partnerships. For example, a company planning to export an agricultural commodity must identify buyers and develop agreements; a company planning to develop a local factory requiring

sophisticated equipment must identify suitable equipment suppliers and develop the supply chain. The IFT will support firms to identify and make links with technical service providers and support structuring of agreements between both parties.

**Financial and budgeting review:** In addition to financial models that are crucial inputs to evaluating investment needs and forecasting returns, the Activity may advise on operational budgeting to improve the client's financial performance. Typical opportunities will include improving a company's capital efficiency by increasing its use of existing assets and decreasing working capital needs, or recommending new financing instruments with more favorable terms.

**Environmental, social and governance compliance and legal support:** The Activity may support client companies in assessing their compliance with ESG issues and specific investor requirements. It may also review the internal control systems of client firms and provide support to address critical weaknesses. Typical opportunities in this area may include strengthening accounting systems and the organizational structure of a company by finding candidates to fill critical positions.

**Additionality assessments:** The Activity will assess gender, conflict, and environmental factors relevant to potential transactions, as well as each firm's capacity and past performance in integrating these factors into their business. In addition to these cross-cutting areas, the Activity will also identify transaction-specific impact metrics to be measured post-transaction close (see Annex I for comprehensive list). These assessments will help attract impact investors and track additionality of the Activity's portfolio while helping firms improve their social impact and financial return.

**Value Creation Plan:** Over the course of the investment facilitation process, a company or investor may request a 100-day value creation plan that provides a roadmap for achieving a return on investment and meeting additionality targets.

In addition to the above, the Activity will assist projects in collecting and structuring all relevant information and documentation typically required by investors in a data room that will subsequently be shared with selected investors.

The Activity will review client organizations and their projects, identify potential weaknesses, and provide support in addressing them. In some cases, addressing them will require the intervention of external BDS providers, such as financial accountants to produce and certify financial statements, specialized consultants to undertake an environmental impact study, IT companies to implement information management systems, or legal firms to produce legal documents. When required, the Activity will support client firms to identify and onboard specialized BDS providers. Although cost-sharing by firms is not a requirement for receiving support, the Activity will assess their ability to pay for BDS services and ensure that firms who should have skin in the game contribute an appropriate level. This will occur on a sliding scale determined by the economics of the transaction itself, balancing the need for creating a culture of pay-for-service with the economic realities facing target firms.

## **ACTIVITY 4: LINK INVESTORS TO PIPELINE FIRMS & SUPPORT THEIR DUE DILIGENCE**

### **4.1 MATCHMAKING**

Once pipeline investment projects are considered ready, our team will reach out to capital providers to develop investor interest in the pipeline of companies. Communications will include a description of the investment environment in the DRC and will list a pipeline of investment opportunities. For each

transaction, our team will qualify capital providers which will involve building on the market assessment to collate the most appropriate capital options for qualified companies. Capital options to be assessed will include debt, equity and quasi-equity providers. This will be furthered by identifying and sourcing other relevant instruments such as matching funds, political risk insurance, and guarantees.

Our team will reach out to capital providers with one or several qualifying transactions. Through phone calls, emails, and other promotional activities such as road shows, regional and international conferences, and investor visits to the country, the Activity will regularly update investors on potential transactions available in target regions of the DRC. Where appropriate, the Activity will share relevant project documentation with investors (such as information memorandums and financial models) and introduce them to project sponsors.

To accelerate this process for a few selected companies, the Activity will collaborate with the USAID-funded CARPE project and participate in the upcoming October 2021 Makutano conference to help link kickoff pipeline firms with investors who are currently active in the DRC. While it is anticipated that the majority of transactions will focus on the capital seekers, it is also possible that investors will seek and gain support from the Activity through introductions at networking events and other outreach initiatives to proactively source firms in the DRC.

#### 4.2 TRANSACTION SUPPORT AND FACILITATION

Once an investor expresses interest in a transaction, our team will facilitate the investment through the provision of direct, no-cost, neutral support to firms and investors. On the firm side, the Activity will guide firms to understand the investment process and structure while assisting them in the preparation of investment documents to meet investor conditions. On the investor side, the Activity will help investors assess the opportunity through market research and due diligence while acting as a neutral advisor through negotiations and providing ad-hoc support until financial close.

Transaction support services can also be provided directly to investors when they have identified an investment opportunity in the DRC. The Activity has already presented to the DFI Fragility Forum in the DRC which has offered feedback on our investment facilitation strategy and provided potential pipeline leads.

#### 4.3 TRANSACTION MONITORING FOR IMPACT AND LEARNING

To monitor the impact of any investment mobilized with Activity support, key metrics will be defined within deal closure documentation. The Activity will work with firms to set baselines (as relevant/applicable) and targets for those metrics based on pre-investment firm-reported data, and will follow-up with firms through a post-deal questionnaire to gauge progress on metrics. Given the nature of investment projects that may require the construction of infrastructure, etc., there may be a significant time lapse between the transaction close and the materialization of expected benefits (e.g., jobs created), but all reasonable efforts will be made to include impact realized with Activity-supported assistance

## **COLLABORATION, LEARNING, AND ADAPTING TO SUPPORT BOLSTERING OF THE BUSINESS ENABLING ENVIRONMENT**

The Activity is uniquely placed to identify specific obstacles to investment in the DRC, and which areas of the business enabling environment (BEE) must be strengthened to increase the flow of capital to Congolese businesses. The Activity's mandate is to create links between investors and firms and facilitate individual deals, strengthening firm-level investment readiness along the way. To help bolster the BEE at a macro level, the Activity will need to convey lessons learned during investment facilitation to a broad group of partners to support them in their missions of improving the DRC's investment climate.

### **PILOT ADVISORY COMMITTEE IN YEAR I**

To manage investment facilitation in the DRC's BEE, the Activity must manage relationships with high-level stakeholders who can advise on linking firms with investors by thinking and working politically. To regularly congregate a group of stakeholders, the Activity will pilot an Advisory Committee (AC) in Year I. The AC will act as a source of strategic advice and comprise individuals who will contribute to the Activity's strategic direction, and provide inroads with key individuals and/or organizations that could support the Activity's objectives. In consultation with USAID, the MD will canvass, vet, and select individuals for this Board. The Activity has pre-identified several potential members of this Committee and will proactively seek out other senior Congolese finance professionals, business development experts, private sector representatives, and public officials with diverse sector expertise to round out the Committee's skillset.

The role of the Committee will primarily be to share lessons learned and brainstorm solutions to challenges. The Committee will take a holistic and strategic view of the portfolio across sectors and regions and will also serve as an additional referral source for companies and investors to amplify publicity for the Activity. Government participation is also envisioned to hear the challenges faced by investors and companies in achieving lasting private sector development. The Activity will build on AC members' ability to influence, convene and aggregate voices/advocacy to strengthen the BEE for investment, and the team will rely on strategic input and coordination between AC members to maximize impact and grow the pipeline of bankable Congolese companies.

The Committee will be composed of approximately 8-10 members with a one-year term. At the end of the one-year term, the Activity and USAID will reevaluate the role of the AC and determine whether to renew the AC for a subsequent year. The Activity will collaborate with USAID on which organizations to invite to be represented on the Committee, and the MD will send formal invitations to those selected. To preserve confidentiality of both firms' proprietary information and investors' competitive strategy, Committee members will sign NDAs and occasionally receive redacted information from the Activity, particularly in regard to financials and business names. The Activity will host the first meeting of the Committee in Month 6, and the agenda for this inaugural meeting will include a review of the approved Year I Work Plan along with a discussion of obstacles and opportunities faced by the Activity in establishing the start-up pipeline. The AC will hold quarterly meetings to share updates on investment facilitation progress and discuss obstacles faced.

## **SUPPORT STRATEGIC PARTNERS TO ADVOCATE FOR IMPROVED INVESTMENT CLIMATE**

There are several organizations and institutions working to strengthen the DRC's BEE, including some focused on improving the investment attractiveness of the DRC. The Activity will coordinate closely with USAID and the AC to support these actors in advocating for reforms, brainstorming solutions to problems faced, and identifying other leverage points for improving the ease of doing business in the DRC. For example, the Activity will continue participating in and sharing information with the DFI Forum whose next meeting is scheduled for September 2021. Through its core activities, the Activity will work closely with firms and investors who have unique insights into conducting business in the DRC and will therefore be able to provide specific examples of lessons learned. With USAID's input and direction, the Activity will track lessons learned to be shared with partners in support of their mandate to improve the DRC's BEE.

For example, provincial governments in the DRC hold significant authority over industries impacting the Activity's priority sectors. Activity leadership will nurture relationships with the relevant ministries to communicate to them regarding investment barriers encountered in an effort to drive reforms and improve the image of regulators as key actors in the financial ecosystem. To gain initial access and help nurture these relationships, the Activity may collaborate closely with the USAID-funded Integrated Governance Activity (IGA) whose mandate is to strengthen decentralized authorities to build the resilience of rural communities.

At the national level, the Activity will consider partnering with the Tony Blair Institute (TBI), which has access to the highest levels of government and a mandate to support the newly created *Cellule Climat de Affaires de la Présidence*. Through a memorandum of understanding (MOU) and monthly meetings, the Activity could share specific lessons learned in investment facilitation which TBI could then use to advocate for policy reforms and/or the enforcement of existing laws. The Activity has already met with TBI representatives in the DRC to explore a potential partnership and ensure alignment of mutual needs and initiatives.

As the government's primary investment promotion agency, the Activity will engage with ANAPI to ensure alignment with their mandate, priorities, and existing resources. The Activity's MD has already met with the Managing Director of ANAPI to introduce the Activity's scope and plans to hold a bilateral meeting in Q2. The Activity will seek opportunities to complement ANAPI's ongoing initiatives and keep ANAPI updated on investment facilitation progress so that they may promote closed transactions through their website and with government stakeholders. The Activity will carefully assess any potentially overlapping mandates with other agencies and initiatives to ensure that activity interventions are aligned with the concept of thinking and working politically in the DRC's financial ecosystem.

## **INVESTMENT FACILITATION GAPS: OPPORTUNITIES FOR COORDINATION WITH STAKEHOLDERS**

The Activity's primary goal is to mobilize \$100 million in new capital to the DRC, creating linkages between investors and firms while leveraging investment facilitation services to help partners bolster the DRC's financial ecosystem. Beyond these objectives and aforementioned activities, there exists several opportunities to leverage the Activity's achievements to create a stronger base of knowledge for impact investing best practices to support cross-sectoral growth of the DRC's economy and strengthen the BEE. However, given the Activity's relatively small team dedicated to investment facilitation and



constraints with regards to resources available for direct support to local partners, the Activity must collaborate with like-minded stakeholders to capitalize on these opportunities. These opportunities include:

**Shaping the DRC's investment context:** Beyond the new capital deployed through investment facilitation, USAID/DRC's 2020-2025 CDCS seeks to promote a stronger BEE. The Activity will be at the forefront of bringing new capital to the DRC while more effectively deploying existing capital, and thus will have lessons, data, and anecdotes to share with policy makers. However, moving the needle on a transparent and efficient investment climate in the DRC is a complex and long-term challenge that will require shared priorities from the highest levels of governments along with alignment of resources. Success in improving the investment context can have far-reaching impact for inclusive growth, export-readiness beyond rare metals, and trust in regulatory and financial institutions. The Activity will follow USAID's lead in how learning from investment facilitation can help advance the CDCS's development objectives.

**Capacity building of BDS providers:** The Activity will seek opportunities to collaborate with high-performing BDS firms, however strengthening their capacities through direct technical assistance and training is beyond the Activity's scope. A strong BDS sector with multiple competing firms that are constantly engaged by firm and investor clients can improve the strength of the business climate and set common standards for governance, financial management, and quality control. The Activity will seek out opportunities to improve the DRC's BDS market and demonstrate to firms and investors the importance of third-party management consulting.

**Getting SMEs investment ready:** While the IFT will evaluate existing firms' suitability for investment through the TSS, the Activity will not have the resources to support many firms who are deemed too far from being investment ready following the evaluation process. This is likely to be the case for many SMEs given the level of business sophistication required to absorb new debt or equity capital. The Activity will seek out programs and partners whose mandates are to support SME development to evaluate their top performing SMEs for the Activity pipeline and will refer SMEs that have expressed interest in receiving investment – but are deemed not investment worthy – to those same programs.

**Robust post-transaction monitoring for impact:** Per Annex I, the Activity's part-time MEL Advisor will lead the monitoring of Activity indicators, particularly the number and value of new transactions. The MEL Advisor will also lead a post-transaction survey of firms who closed transactions with investors to evaluate the performance of the investment projects, particularly the transaction-level impact metrics selected early in the engagement. However, the Activity does not have the MEL resources to perform robust post-transaction monitoring of projects with the goal of evaluating progress against impact metrics and aggregating additionality measurement to the portfolio level. The Activity will solicit interest from impact-minded investors and donors in collaborating on post-transaction monitoring to develop new lessons learned and methodologies for measuring investment impact in light of the barriers for doing business in the DRC.

**Sector analysis of non-priority sectors:** The sector analyses described under activity 2.1 are underway to find investment opportunities, particularly in the agriculture sector. While the Activity will capitalize on opportunities encountered outside of these priority sectors, the IFT will focus on investment facilitation after these analyses. As the Activity becomes more visible and generates more interest in investment facilitation services, the team will leverage assessments conducted by other institutions to

understand market opportunities in non-priority sectors, such as textiles, health, education, and non-agricultural logistics.

**Political Economy Analysis (PEA) of financial and priority sectors:** Led by an MD and IFT with decades of investment banking experience in emerging markets, the Activity will think and work politically to recognize the formal and informal difficulties of mobilizing investment to the DRC while identifying leverage points to support long-term strengthening of the BEE. The team will carefully review and consider prior PEAs, such as ELAN’s analysis conducted in 2017. However, a complete PEA and action plan are beyond the Activity’s resources, and thus the Activity will seek to identify organizations working in this space and advocate that the complexities of investment and capital deployment in the DRC, particularly in the East, be included in future PEAs.

## COMMUNICATIONS

The Activity will echo the U.S. Embassy to the DRC’s message that the “DRC is open for business”. To promote investment in the country and reduce outflows of capital, the Activity will disseminate key messages that resonate with specific audiences to increase awareness of the Activity, promote successful deals, and generate interest in investing in the DRC. These messages will be refined over time as the Activity learns more about the incentives and obstacles that investors and firms face in deploying capital in the DRC. Our Year I messages will include:

Audience	Message
Investors, DRC’s business community	It is a great time to invest in DRC. Visit our website for more information and opportunities.
Congoese firms, GoDRC	The Activity will link businesses to finance in the DRC.
Congoese people, donors and development finance institutions	The Activity will unlock capital to improve livelihoods.

The Activity will disseminate these messages and other information through communications products that will facilitate outreach to firms and investors, share successes with USAID and other stakeholders, and capture knowledge on lessons learned in investment facilitation. During Year I, the Activity will develop the following communications products:

### **National and International Events:**

- Content:* The Activity will participate in forums, conferences, and other events organized by partners who have similar objectives. The Activity will lead content development and provide speakers for sessions on investment facilitation and the DRC’s investment climate. The Activity will use the convening power of these forums to connect investors with pipeline firms and provide actors who have successfully closed investment deals to promote these successes. Given limited resources for sponsoring new events, the Activity will take an opportunist

approach and coordinate with other DFIs and actors working to strengthen DRC's BEE to co-design and promote events whose objective is to help mobilize capital in the DRC

- *Audience:* DRC's business community; GoDRC; MNCs international development practitioners.
- *Channel:* Makutano, SVC Investment Event, *Saveur du Kivu*, ACERD RE Investment Forum, and relevant priority sector events like the *Saveur du Kivu*, African Fine Coffees Association (AFCA) Conference, and AgriMines Forum.

#### **Website:**

- *Content:* The Activity will coordinate with USAID's DOC advisor to establish a website. The website will host a description of the Activity, bilingual FAQs, instructions for expressing interest in the Activity by both firms and investors, eligibility information, contact information, and a repository of public reports and communications products. The website will also be used to amplify successful deals through published press releases and presentations of portfolio-level impact. The Activity will work with ANAPI to cross-link both websites.
- *Audience:* Interested firms and investors; broader public.
- *Channel:* DRCInvestActivity.com domain purchased; implementation paused pending confirmation of Activity name and branding plan.

#### **Transaction press releases:**

- *Content:* Upon closure of each transaction, and with the approval of the parties, the Activity will draft a press release that will summarize the scope of the transaction, the parties involved, and key social impact metrics. In some instances, the release of certain information such as transaction value will not be possible due to confidentiality concerns of the firm or investor. Press releases will be reviewed by USAID DOC, and both USAID and U.S. Embassy leadership will be given the opportunity to comment.
- *Audience:* DRC's business community; local communities within target regions.
- *Channel:* National and regional news outlets; social media.

#### **Success stories:**

- *Content:* Particularly successful transactions, such as a partnership of high-profile stakeholders with important social impact benefits, may be featured in success stories following USAID's template. Success stories will go into more detail than press releases, focusing on quotations and perspectives from firms, investors, and their clients/suppliers/employees. Success stories will also feature at least one high-quality action or portrait photo and will be careful not to expose firms or investors to unnecessary risks while respecting confidentiality requirements.
- *Audience:* USAID Missions; international organizations.
- *Channel:* Website; USAID Medium Page; USAID Story Hub.

#### **Social media highlights:**

- *Content:* To support USAID's strategic communications, the Activity will prepare a quarterly social media package that will feature suggested language for social media posts, hashtags or tagging, as well as high-quality pictures that USAID can publish through their social media networks. Beginning in Q3 to allow for transactions and results to develop, these social media

highlights will focus on the role of investment and business in driving inclusive prosperity as a means of reducing conflict.

- *Audience:* DRC citizens; organizations operating in the DRC.
- *Channel:* USAID social media pages.

#### **External versions of analytical reports:**

- *Content:* The Activity will develop a series of analytical reports during Year 1 to identify areas of investment and to better understand the DRC's financial ecosystem. Given the relevance of this information to a broad group of stakeholders, the Activity will develop shorter, externally-focused versions of some of these reports for broader dissemination. For example, the capital mapping report which will highlight information on the DRC's comparative advantages and sources of capital available in-country would be relevant information for international investors to evaluate the DRC for potential investment, as well as for donors to inform their intervention strategies.
- *Audience:* International organizations; investment professionals (national and international).
- *Channel:* Website; professional network distribution; Marketlinks.

#### **Fact sheet (completed)**

- *Content:* The Activity developed a bilingual fact sheet to introduce the scope and share contact information. The fact sheet will be refreshed at the end of Year 1, and formatting will be adapted to incorporate infographics.
- *Audience:* All new partners and introductions.
- *Channel:* Email attachment; website.

## **OPERATIONS**

### **OPERATIONS TEAM**

The Activity's Operations team is in place and is composed of Director of Finance and Operations, Cyril Mabingo, and Finance and Operations Assistant, Veronique Lupetu. Both individuals are operations professionals and experts in both USAID regulatory compliance and Chemonics' policies and procedures. The operations team is currently working to establish internal controls that pass through the MD and the PMU without creating a heavy compliance burden on project resources. The team was selected based on their broad experience in operations and their ability to backstop the Activity's accounting, procurement, human resource management, and logistics functions. To further improve the efficiency of their work, the operations team will split time between the Goma and Kinshasa offices and leverage remote-work tools such as Microsoft Dynamics 365 to conduct remote management of Activity operations.

### **GOMA OFFICE**

The Activity's primary office will be in Goma, reflecting USAID's priority zone of intervention for investment facilitation. The Goma office will help ease access to companies operating in the East and will

host investors and other stakeholders looking for investment opportunities in the region. Given that commercial real estate in the city is sparse, and that the team has not yet fully mobilized, the Activity will sign a six-month lease for a private residence converted into an office. As discussions progress regarding the final size of the permanent Goma team and the expected frequency of meetings with Eastern DRC stakeholders, the team will revisit the lease length and while continuing to explore other office space options.

The Activity is also closely monitoring the Mount Nyiragongo eruption and the potential impact on operations in the Goma area. As of submission of this work plan, airports remain closed and overland travel is difficult. Scientists at the Goma Volcano Observatory and the Belgian Royal Museum for Central Africa have warned that a new fissure could open with little to no warning, and the U.S. Embassy in Kinshasa has advised U.S. nationals to follow official evacuation orders and depart. While this will not affect the Activity's work in the short-term, the team is monitoring the situation to reduce risk to staff and USG assets. Before signing office leases, the Activity will wait for volcanic activity to subside and assess the seismic impact on the selected building. In the meantime, start-up activities will continue remotely, as planned.

## **KINSHASA OFFICE**

In response to USAID's request that the Activity seek opportunities to bolster the DRC's BEE and closely engage with BDS providers and other stakeholders, the Activity will establish a Kinshasa office to facilitate access to institutions and investors headquartered in the capital. The office will be cost-shared with CrossBoundary, which is set up as an independent legal entity. The cost-shared office will be accessible to any member of the Activity's investment or operations teams and will serve as the hub of all Kinshasa-based work. While cost-shared with CrossBoundary, the office will follow USAID's branding guidelines. The Director of Operations and Finance is leading the office search process and has begun negotiating rental costs and leases with landlords in Kinshasa's commercial districts.

## **SUSTAINABILITY STRATEGY**

From Year 1, the Activity will consider its sustainability strategy to anticipate the future of investment facilitation in the DRC in 2026 and beyond. A donor-funded investment facilitation platform must include an embedded sustainability approach as successful investments in the DRC will have a strong signaling effect to national and international actors and investors. Closed transactions will prove to investors that the DRC is ripe for investment and will increase overall investor confidence in the DRC. Growth will fuel more growth as new investments improve accessibility to finance for others who can learn from first movers. Greater prosperity through new jobs or services can generate more savings, thus leading to more investment and increased growth.

Additionally, when investors successfully invest in a new market, they have more incentive to stay and invest more. For example, in Mali, after Cordaid Investment Management made its first investment through the USAID-funded Mali Investment Facilitation Platform (MIFP) in 2018, the group has remained active in Mali where it has made four subsequent investments, two of which were initiated after MIFP ended. Today, Cordaid is still active in Mali and is working on developing a regional fund focused on four Sahelian countries. Conversely, when investors are unsuccessful when trying to invest in fragile and conflict affected states, it often leaves a long shadow that discourages new funds from entering for a significant period of time. The DRC is at such a period where inbound investor interest – if successfully

acted upon – can create a virtuous cycle of increasing investment and mitigating risks posed by failed market entrances. As opportunities arise, the Activity will encourage Year 1 investors to continue building their presence in the DRC, invest in new transactions, and reinvest their returns. Investors with high interest in the DRC will be linked with multiple deals from the pipeline and may be supported by the Activity in establishing their own DRC investment funds. Investors will benefit from the Activity’s lessons learned, guidance from the Advisory Committee, and network of BDS providers that they can turn to after Activity closure.

Furthermore, the Activity will serve as an honest third-party broker between firms and investors, eroding the barriers of information asymmetry that often stymie investment. By leveraging relationships with BEE actors, the Activity will build investor and firm trust in the DRC’s financial ecosystem and create a path from deal conceptualization to investment closure that other firms and investors can follow in the future.

## **ANNEXES**

**ANNEX 1: ACTIVITY MONITORING, EVALUATION, & LEARNING PLAN**

**ANNEX 2: GENDER ANALYSIS AND IMPLEMENTATION STRATEGY**

**ANNEX 3: CONFLICT SENSITIVITY AND IMPLEMENTATION STRATEGY**

**ANNEX 4: ACTIVITY-LEVEL ENVIRONMENTAL MONITORING AND MITIGATION PLAN**

**ANNEX 5: REFRESHED DEAL PIPELINE**

**ANNEX 6: FACT SHEET**