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USAID CATALYZE

Mobilizing Private Capital for
Development

Year 2, Quarter 2 Report
January 1, 2021 – March 31, 2021



CREDIT: ZACH VESSELS

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Introduction

INTRODUCTION



17 buy-ins from USAID Missions



1.02 billion capital mobilization targets for base 5-years (with possible 3-year extension)



20 countries in Asia, Africa, LAC and Western Balkans



Sectors - Education, financial, agriculture, ICT, tourism, commercial care, garments, social protection, infrastructure, SMEs across sectors



Cost Plus Award Fee contract type for buy-ins **incentivizes achievement** of results and use of pay-for-results type mechanisms



Engagement mechanisms include **Grants Under Contract**



Focus on wholesale, **platform approaches** to deploying blended finance at scale in USAID presence countries

USAID CATALYZE,

implemented by Palladium, works with businesses, investors and other key market actors to solve the world's most pressing challenges. We seek to unlock private sector financing for development impact, especially in underserved social sectors and frontier countries, using up to \$250 million in catalytic capital from USAID.

ILLUSTRATIVE INTERVENTIONS



CATALYZE will work through intermediaries to **develop a pipeline** of financeable transactions in targeted geographies and sectors



CATALYZE will **support financial intermediaries** in developing countries to build or strengthen local financial ecosystems



CATALYZE will **link financeable opportunities** to sources of capital, structuring funds, and closing complex transactions



CATALYZE will **identify and assess blended finance approaches**, supporting agency-wide learning and development

CATALYZE is designed to provide a wide range of support to missions, offices and bureaus, with activities particularly focused on implementing complex multi-year programs centered on catalyzing private finance.

TOOLS



Use performance incentives such as results-based contracts, performance grants, development impact bonds, and other products







Develop risk mitigation tools, such as country- or sector-specific blended finance platforms or funds, pre-investment feasibility studies, and other tools that incorporate risk mitigation features







Provide catalytic capital, via the grant's mechanism, for seed funding, co-funding, and performance grants

CATALYZE uses a variety of blended finance approaches to address the specific constraints faced in a wide diversity of markets and geographies.

Illustrative Demand-side Interventions

	INDICATIVE ACTIVITIES	INDICATIVE RESULTS
 <p>Lack of Collateral</p>	<ul style="list-style-type: none">• Reform of laws and regulations that promote equal access to assets• Providing technical assistance to develop cash flow-based loans	<ul style="list-style-type: none">• Improved asset ownership among SMEs and entrepreneurs• Larger number of cash flow-based products and services on the market
 <p>Poor Business Management Skills</p>	<ul style="list-style-type: none">• Integrating non-financial services into financial products• Rolling-out digital tools to facilitate record-keeping	<ul style="list-style-type: none">• Enhanced business management skills to mitigate risk when lending to the segment• Better connections to formal economy
 <p>Low-levels of Awareness</p>	<ul style="list-style-type: none">• Facilitating targeted marketing campaigns• Partnering with real economy players (e.g., FMCG companies)	<ul style="list-style-type: none">• Improved financial health at enterprise and household levels• Growing pipeline of SMEs and entrepreneurs in need of financing
 <p>Low-Levels of Trust</p>	<ul style="list-style-type: none">• Providing training in FIs to improve engagement with new and emerging sectors• Revamping recruiting to attract more diverse staff, including front line staff	<ul style="list-style-type: none">• Enhanced client retention and improved satisfaction amongst new clients• Easier engagement with SMEs from a more diverse range of sectors

Illustrative Supply-side Interventions

	INDICATIVE ACTIVITIES	INDICATIVE RESULTS
 Ecosystem-level	<ul style="list-style-type: none">• Reform of enabling environment and improved regulation• Ecosystem mapping and analysis• Sector opportunity assessments	<ul style="list-style-type: none">• Appropriate regulatory reform to enhance access to finance• Benchmarking reports for FIs highlighting gaps in the ecosystem
 Fund-level	<ul style="list-style-type: none">• Underwriting sector targeted bonds at the regional level• Developing a fund of funds for sector specific entrepreneurs	<ul style="list-style-type: none">• Increased capital flows targeting emerging sector entrepreneurs in the region• Reduced risk in lending to hard-to-reach segments
 Financial Institution-level	<ul style="list-style-type: none">• Technical assistance for the deployment of cash-flow based loans• Rolling-out value chain financing	<ul style="list-style-type: none">• Enhanced capacity to design and rollout customer-centric products• Increased lending to emerging sector entrepreneurs
 SME-level	<ul style="list-style-type: none">• Deploying transaction advisors to build capacity in SMEs• Facilitating the provision of non-financial services including mentoring	<ul style="list-style-type: none">• Stronger pipeline of emerging sector SMEs and entrepreneurs for financing• Enhanced networks emerging sector entrepreneurs

BUY-IN SUMMARY

- **Budget of \$154M (base period), of which \$98.4M is obligated.**

- **Oct 2019 – Sep 2024 (based period)**

- **Asia, Africa, Latin America and Caribbean, Western Balkans**



EduFinance - Improve and sustain learning outcomes for children and youth, particularly those who are the most marginalized and vulnerable



Women's Empowerment – Increase women's access to finance



Ethiopia – Market Systems for Growth – Foster private enterprise growth, primarily in agricultural markets, to create jobs and increase income



Peru – Catalyze investment and access to finance in the Peruvian Amazon



Sri Lanka – Private Sector Development – Generate SMEs growth in diverse, high growth potential sectors, unlock financing, and support economic opportunities for women



Sahel – Finance for Resilience – Increase financing to support capital investment in the agricultural sector and in youth entrepreneurship in Burkina Faso and Niger



Western Balkans – Engines of Growth – Increase small and medium enterprises' (SME) access to and use of finance to drive enterprise growth



Asia – Social Protection – Improve access to financial and social protection for vulnerable women in Asia

BUY-IN SUMMARY

17 Buy-ins from USAID Missions

- ✓ USAID HQ - Private Sector Engagement Hub
- ✓ USAID HQ – Education
- ✓ Women's Global Development and Prosperity (W-GDP)
- ✓ USAID LAC Regional Bureau (Education)
- ✓ USAID Democratic Republic of Congo (Education)
- ✓ USAID Tanzania (Education)
- ✓ USAID Zambia (Education)
- ✓ USAID South Africa (Education)
- ✓ USAID Africa (Sustainable Development)
- ✓ USAID Asia
- ✓ USAID Ethiopia
- ✓ USAID Burkina Faso (Sahel)
- ✓ USAID Niger (Sahel)
- ✓ USAID Sahel
- ✓ USAID Europe and Eurasia/Western Balkans
- ✓ USAID Peru
- ✓ USAID Sri Lanka



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CATALYZE Core Updates

CATALYZE CORE UPDATES

Core Quarterly Updates (Y2 Q2)

- In January, CATALYZE COP Roland Pearson presented a summary of the CATALYZE buy-ins to the Development Finance Corporation (DFC)'s various regional representatives and discussed potential areas of collaboration. Individual buy-ins – i.e., Peru, Sri Lanka, and Sahel, among others – have engaged in follow-up conversations with the relevant DFC counterparts.
- On February 4th, CATALYZE Gender Investment Specialist Emily Brearley presented at the Gender Data Impact and Innovation Series discussing Gender in International Development and the role of Behavior Economics in program design, highlighting women's access to finance issues which are central to the work on the CATALYZE Women's Empowerment buy-in.
- CATALYZE team participated in the USAID Finance and Investment Network semi-annual webinar to share buy-ins' approaches to mitigating the effects of COVID, updates on procurements, and communications products.



CATALYZE CORE UPDATES

Core Quarterly Updates (Y2 Q2)

- CATALYZE team met with VillageCapital (VilCap) to discuss potential partnership to connect SMEs from buy-ins to relevant investors through their new Abaca offering
- Conducted “Learn and Review” sessions on
 - Lessons learned from the first Quarter of year two, providing buy-in teams the opportunity to share approaches and ideas to mitigate common issues (results of this discussion were highlighted in the Y2Q1 quarterly report).
 - Open Capital presented on their lessons learned from their initial assessment and training development for transaction advisors in Sahel.
 - Two sessions on integration of women into various buy-in activities, including ensuring engagement of women owned SMEs, women-centered investments, and ensuring a gender mix in staffing.



CATALYZE CORE UPDATES

Core Quarterly Updates (Y2 Q2)

- Developed Funding Opportunities Notices (FONs) across multiple buy-ins to attract new partners and increase outputs faster than the standard RFP solicitation method
- The Monitoring, Evaluation and Learning Plan has been approved by USAID
- Submitted suggestions for Contract Modification 4 to the Contracting Officer (CO) for incorporation to the CATALYZE contract including buy-in ceiling values and CLIN 1 Workplan & Budget and CLIN 1 and CLIN 2 Award Fee pools
- Creating a leverage ratio calculator to standardize and allow use across geographies and sectors
- New Hire - Finance Manager Mohammad Gouhar joined the CORE finance team.



CATALYZE CORE UPDATES

Observations and Insights

- Coordinate more clearly across Missions to provide guidance and set expectations for PWS content and target setting in order to meet both core CATALYZE targets and those of individual buy-ins in a timely manner
- Maintain adaptive management approach amidst rapidly changing economic and political environments



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Buy-In Updates



EDUFINANCE

Buy-in Summary – Improve and sustain learning outcomes for children and youth, particularly those who are the most marginalized and vulnerable



Projected LOP budget of **\$50.5M**, of which **\$42 M** is obligated. Capital mobilization target of **\$90.7M**



Oct 2019 – Sep 2024



Democratic Republic of Congo, Rwanda, South Africa, Tanzania, Zambia, Kenya, Latin America and the Caribbean



Kaizenvest, UBS Optimus Foundation, Opportunity International

- **Zambia** - Strengthen regulatory environment to reduce barriers for school entrepreneurs and scale a network of low-fee schools
- **Democratic Republic of Congo (DRC)** – Provide financing mechanisms and technical assistance to improve quality of education, particularly for girls and learners with disabilities
- **South Africa** - Support Early Childhood Development centers to access low-cost capital and provide quality pre-primary education
- **Rwanda** - Mobilize private finance that can increase access to quality education and close the skills gap in Rwanda
- **Tanzania** - Mobilize private finance for institutions delivering high-quality education services, especially to girls, and responding to the educational impact of COVID-19



EDUFINANCE

Quarterly Updates (Y2 Q2)

- **Zambia** - Fixed Amount Award signed with UBS Consortium (UBS, PEAS and EPG) in February. In February and March, the Opportunity International team met with Zambian financial institutions, many of whom have confirmed interest in partnering on education finance. CATALYZE, OI and the UBS consortium (UBS, EPG and PEAS) held a project kick-off call with the USAID Mission to provide an overview of the planned activities through December 2021. A draft Activity MEL plan for the Zambia Edufinance activity was shared with the Mission for comments.

***Key Priorities thru Dec 2021:** To get PEAS funding proposal approved by FCDO. To support the Ministry of Education to improve private school regulation; to provide support to rural primary schools leveraging a public-private partnership model (UBS Consortium); to collaborate with local financial institutions to develop appropriate credit products for low-cost private schools in urban areas; to support schools in improving learning outcomes.*





EDUFINANCE

Quarterly Updates (Y2 Q2)

- **South Africa** – Kaizenvest has completed hiring for all key positions in the team and set up partnerships with well-known local organizations (Yellowwoods Foundation, iKapadata). The team is also in contact with Ministry of Education (DBE) representatives. Funding agreement with Hempel Foundation expected to be signed in April. April will also see the launch of new ECD assessment methodology with iKapadata. Complexity of South Africa lending regulations (NCA) proving to be a challenge in attracting financial institution partners in South Africa. A project kick-off call was held with the USAID Mission. A draft Activity MEL plan for the South Africa Edufinance activity was shared with the Mission.

✓ **Key Priorities thru Dec 2021:** *To mobilize \$7.5M of private capital through affordable lending to early childhood development; to establish lending strategy, monitoring, evaluation and learning (MEL), and edu-quality partner frameworks to ensure quality improvement and increased access to 30,000 learners.*





EDUFINANCE

Quarterly Updates (Y2 Q2)

- **Democratic Republic of Congo** – Opportunity International have received strong partnership interest from multiple financial institutions. CATALYZE team met with PSE team at the USAID Mission to discuss including education loans in a new guarantee facility. A project kick-off call was held with the Mission. A draft DRC Activity MEL plan was shared with the Mission for comments.
 - ✓ **Key Priorities thru Dec 2021:** *To facilitate private finance to identified schools; to partner with local school associations to improve teaching and enhance school leadership; to improve inclusivity and child protection framework among education enterprises.*
- **Rwanda** – The RFP for implementing an Edufinance activity in Rwanda was issued; Kaizenvest consortium selected out of eight bidders to implement the activity.
 - ✓ **Key Priorities thru Dec 2021:** *To mobilize \$6 mil in financing for Rwanda non-state education sector; to facilitate private finance to early childhood development centers and TVET institutions; to improve learning outcomes in ECD centers and youth employability in TVET institutions*





EDUFINANCE

Quarterly Updates (Y2 Q2)

- **Tanzania** – The RFP for implementing an Edufinance activity in Tanzania was issued; Opportunity International selected out of five bidders to implement the activity.
 - ✓ **Key Priorities thru Dec 2021:** *To mobilize \$10 mil in financing for Tanzania non-state education sector; to facilitate private finance for primary and secondary schools and TVET institutions; to improve learning outcomes in schools and youth employability in TVET institutions*
- **Kenya** – Open Capital Advisors selected to conduct a market assessment of Kenyan non-state education sector. An introduction meeting with the Ministry of Education planned for April 2021.
- **Latin America and Caribbean:** Funding Opportunity Notice was issued on March 30 to invite proposals for an Edufinance activity in the Dominican Republic, El Salvador, Guatemala, Haiti, or Paraguay.
- **Community of Practice (CoP):** The consent to contract Dalberg and an IDIQ package was submitted to the CO. The goal of the CoP is to build a coalition to lead sustained engagement and dissemination, and to collect best practices and lessons learned in blended finance for education.





EDUFINANCE

Quarterly Updates (Y2 Q2)

- **Investment Activity:** A one-pager on Investment Activity was provided to all Missions. A Funding Opportunity Notice for an investment activity was finalized for release in April.
- **Monitoring, Evaluation and Learning (MEL):** An RFP for an external evaluator closed in the last week of March; final selection of an awardee by April.
- **Reporting -** CATALYZE shared a quarterly reporting template with all implementation partners for their quarterly performance reporting. A monthly and quarterly reporting calendar has been finalized with all partners. USAID will be invited to both monthly and quarterly meetings.
- **Staffing** – CATALYZE team received strong interest on the Africa EduFinance Lead job advertisement but none of the candidates were found suitable. Position will be re-advertised in April 2021 after revising the job description.





EDUFINANCE

Observations and Insights

- **Competitive bidding** for Edufinance activity in Tanzania and Rwanda produced higher capital mobilization leverage than previous proposals received under APS, while also allowing for the activities to meet the Mission's priorities.
- **Funding Opportunity Notices** are clearer than traditional RFP templates, and work better in attracting interest from less traditional partners.



WOMEN'S EMPOWERMENT

Buy-In Summary – Support women's access to finance



Projected LOP budget of **\$10M**,
all of which is obligated.
Capital mobilization target
of **\$30M**.



Oct 2019 – Sep 2024



Global



Partners – BAC El Salvador and
Guatemala, DFC, Produbanco
Ecuador, Banco Lafise Dominican
Republic

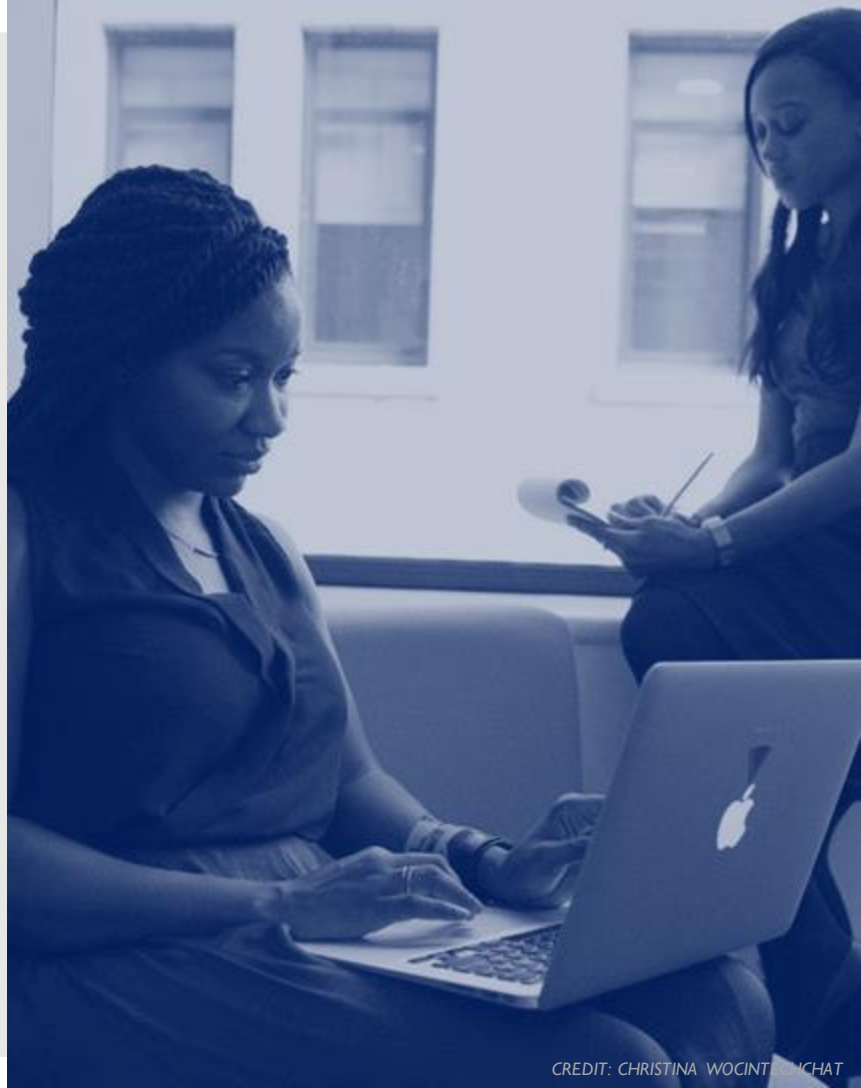
WGDP is developing a suite of activities to build learning around an "incentives toolkit" and mobilize finance for women-led small and medium enterprises (SMEs). The approach will test several interventions to gauge what moves the needle for women and addresses the financing gap. This includes technical assistance for banks, training for women, interest rate incentives and the introduction of flexible loan products.



WOMEN'S EMPOWERMENT

Quarterly Updates (Y2 Q2)

- The Women's Empowerment team has been working with BAC El Salvador, BAC Guatemala and the DFC to pioneer at **new approach to 'due diligence'** diagnostics that are gender responsive and will ensure that technical assistance programs are client-focused and designed with both profitability and inclusion in mind.
- In February, the Women's Empowerment buy-in launched their **Access to Finance initiative** with Banco Lafise (in Dominican Republic) and the International Finance Corporation: the Palladium team will be focusing their technical assistance on developing a new financial product that allows women-led SMEs to grow their businesses based on flexible cash-flow based measures.
- **Completed the gender diagnostics for BAC El Salvador and Lafise DR.** The team is now designing complimentary and laser focused market research to aid the design of the Gender Plans.
- The call for Proposals **"Using Blended Finance to Build Financial Resilience for Women"** met with a strong response with over 94 submissions from across the global south. VC firm Sarona Volta was awarded the prize for its scalable approach to blended finance that can bridge the gender financing gap in Africa

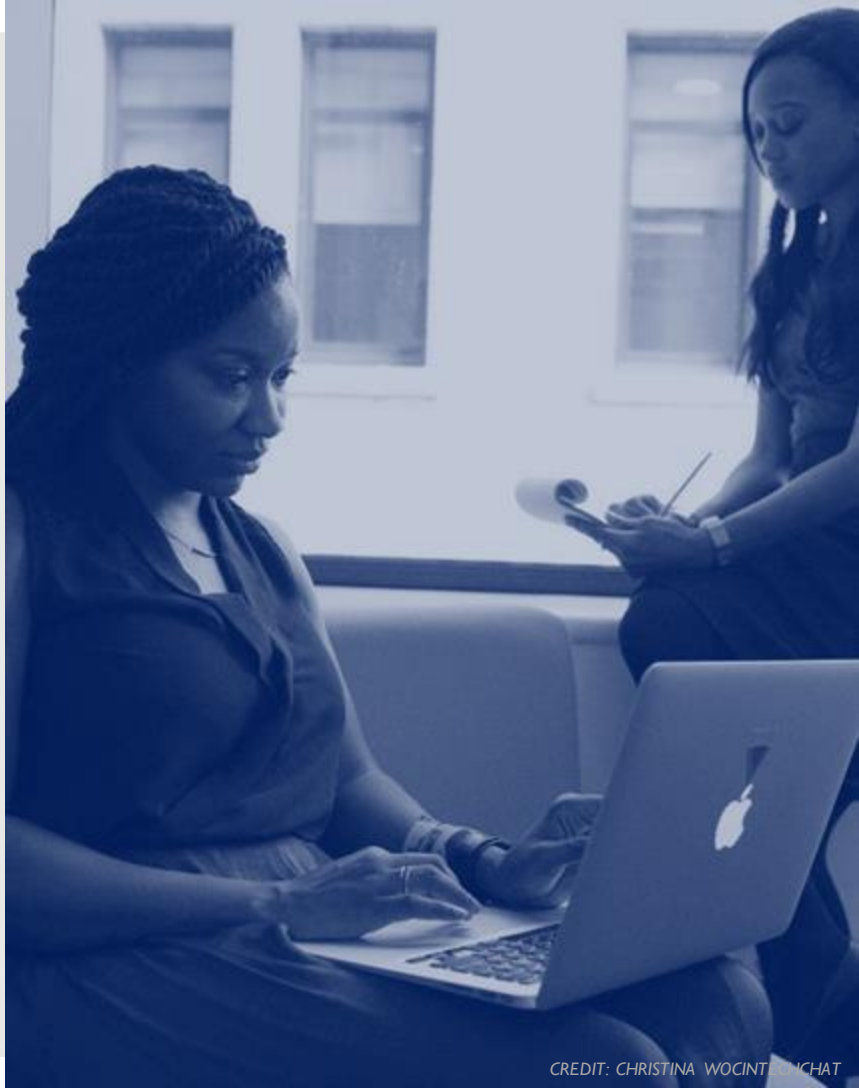




WOMEN'S EMPOWERMENT

Quarterly Updates (Y2 Q2)

- **Currently creating a new and innovative financial vehicle for CATALYZE called a “Capital Grant”** using the following approach: A sub-contract seeks incremental results over time. It mitigates risk by including P4R/tranches/milestones. A Capital Grant wants immediate results: in the case of Catalyze WE, it will be used to act as a correction to market failure (not investing in women) and demonstrate with this grant financing, in the most direct and catalytic way, (putting money where mouth is) that women-led funds/SMEs are good investments. It mitigates risk by carefully selecting a partner whose reputation would be ruined should they not comply, and who were selected through a rigorous competition. Incentives are aligned: an investment fund wants to invest and CATALYZE wants them to invest! Compliance is monitored closely by regular reporting and bolstered by funding a staff member dedicated to this cause. In essence, the capital grant acts immediately to influence, whereas a P4R works over time. This is an extremely important step for CATALYZE as it mimics the behavior of private sector investors and allows the project to cut red tape and influence finance-sector behavior.





WOMEN'S EMPOWERMENT

Observations and Insights

- If we want to be successful for CATALYZE it is important for both Palladium and USAID to question the existence of red tape: does it help mitigate risk or merely add complexity. We must ensure that we are responsible stewards of scarce donor money but can also achieve this through rigorous M&E standards.



ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Buy-In Summary – Foster private enterprise growth, primarily in agricultural markets, to create jobs and increase income



Projected LOP budget of **\$44M**, of which **\$15.8M** is obligated. Capital mobilization target of **\$282 M**



May 2020 – Sep 2024



Ethiopia



Partners – PRECISE Consult

- **Catalyze business growth** for job creation through investment, business support
- **Build capacity** for market-led workforce skill building
- **Improve** the business enabling environment
- **Enhance** US government capabilities to catalyze trade and investment
- **Advance** the digital economy
- **Increase** exports
- **Mobilize** capital to spur business growth



ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Quarterly Updates – (Y2 Q2)

- In an effort to increase trade and investment, MS4G continued its **support to Addis-based Prosper Africa Deal Team (PADT)**, an inter-US Government Agency working group supporting US private sector investments in Ethiopia, while simultaneously building out our MS4G deal pipeline. Our team is providing quick-win investment support including: Sheker Pharmaceuticals (\$32m), a firm converting from importing pharma goods to manufacturing locally (25% exports), Unitrac (\$45m), for which we are providing legal and policy support, as well as market assessment report with the Ethiopian Investment Commission; EDAG (\$24m), a project establishing a specialized hospital and the first to have a certification to accommodate medical tourism and Bayer Ethiopia (\$10m), a global company that specializes in high yielding maize seed production. These projects combined will create 2,867 permanent jobs and 7,500 seasonal employment opportunities.
- During the reporting period, a **youth advisory board** was also established which consists of four young entrepreneurs (3 women) who understand and know the challenges/opportunities in the establishment of SMEs and in searching for employment opportunity. The youth has started providing advice in terms of identifying major youth aspirations and will continue to be engaged in other MS4G activities as well. The Youth Advisory Board has a clearly defined code of conduct and roles to embed Positive Youth Development in MS4G planning and implementation to maximize impact.





ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Quarterly Updates – (Y2 Q2)

- Completed the engagement with the USAID Ethiopia Mission to develop a market systems approach and baseline assessment scope to the **post-conflict recovery efforts in the Tigray region**. The USAID Mission has approved the proposed draft and MS4G is currently in the procurement process to execute the private enterprise assessment and make targeted intervention efforts to revive economic activities in the region.
- The assessments commissioned by MS4G on to provide detailed assessments on Ethiopia's Business Advisory Service Providers (BASP) and financial ecosystems and stakeholders has been completed. In April the findings will be presented to USAID and other relevant stakeholders for validation. The assessments will lay the foundation for results-based contracts for investment and business growth.
- Under the **work force development** component, MS4G has signed three results-based contracts with job placement centers. The aim of the partnership is for the placement centers to train and place 2000 job seeker youth each, a total of 6,000 youth and make sure the youth are retained with in their respective works.





ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Quarterly Updates – (Y2 Q2)

- MS4G is currently undertaking a **landscape assessment** to determine impact of several constraints in Ethiopia. MS4G aims to assess current market size, growth trends/direction, future addressable markets, and other quantitative measures of market opportunities to use in its programming activities to build the eco-system and have the industry be led by the private sector.
- Several studies and engagements are underway including the pilot SME assessment, Transaction Advisory Service Providers training, Transaction Advisory service provider selection, Tigray private enterprise assessment. All of these efforts will lead the direction in which MS4G will target its resources and intervention focus in order to have transformative effects for enterprise growth and job creation.





ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Observations and Insights

- **Funding Opportunity Notices** have been a useful mechanism for attracting less traditional partners to engage with MS4G and USAID to address development challenges. Several MS4G workforce training partners are businesses and nonprofit organizations new to market-led training and job placement, but whose institutional goals match with MS4G objectives.
- **Market Systems are strengthened** when a variety of stakeholders adopt, adapt, scale an innovative model. In traditional sustainability planning, it was often expected that organizations which piloted new service delivery models would remain involving in scaling them. A deeper understanding of market systems emphasizes the key role of disseminating new models across a variety of market actors in order to scale them. Businesses, business associations, public and private training institutions, and financial institutions, business advisory service providers and governmental institutions will all play a role in adopting, adapting, and expanding MS4G innovations in order to transform the market system.
- **There can be tension between Collaborate, Learn, and Adapt approaches, and traditional target-based donor programming.** Learning and adaptation can shift program activities into emerging opportunities and directions, which may not be always be fully captured by indicators and targets set sometimes years earlier during program design, particularly in dynamic environments.



ETHIOPIA – MARKET SYSTEMS FOR GROWTH

Observations and Insights

- MS4G's launch of enterprise growth activity was delayed due to the delay in finalizing the BASP assessment, which was designed to assist the project in the design and deployment of the Enterprise Growth activity. The slow economic recovery in Ethiopia due to COVID, civil war and the impending election also contributed to the delay. MS4G launched a pilot project with four SMEs and a BASP to mitigate the delay in the launching of the larger activity. Subsequently, MS4G in April launched the larger activity with 100 firms to be served by a minimum of 5 BASPS.



PERU

Buy-In Summary – Catalyze investment and access to finance in the Peruvian Amazon



Projected LOP budget of **\$15M**, of which **\$5M** is obligated.
Capital mobilization target of **\$106M**.



May 2020 – December 2023



Peru

- **Develop large-scale projects and business models** with direct supplier relationships that include innovation in financing and technology.
- **Build capacity of Business Advisory Service Providers** and develop a more robust market for their services in financial facilitation and business development through pay for performance models.
- **Provide technical assistance and incentives to financial institutions (FIs)** to motivate and enable FIs to increase funding in target geographies.
- **Develop a digital information** system with the goal of adding value for all actors involved in a business model – smallholders, SMEs, off-takers, end buyers, input suppliers and financial institutions.



PERU

Quarterly Updates (Y2 Q2)

Engagement with investor pipeline:

- CATALYZE Peru continued discussions with Caynarchi, a subsidiary of Virú, on potential partnering. Virú is seeking to expand the production capacity of its suppliers in the Peruvian Amazon. To achieve this, they are seeking assistance in structuring and facilitating finance to their producers as well as TA to improve agriculture processes. CATALYZE Peru has agreed to assist Virú and a MoU was drafted and shared with the team. Further discussions and revision of the MoU will occur in April.
- Discussed investment opportunities with Imlak'esh, a social enterprise company sourcing superfoods from indigenous communities in the Peruvian Amazon. Imlak'esh is seeking assistance to increase production and optimize its supply chain while protecting standing forest in the Amazon. It is interested in partnering with CATALYZE Peru to receive pre-investment technical assistance and potential investment advisory assistance.





PERU

Quarterly Updates (Y2 Q2)

Stakeholder engagement:

- The CATALYZE Peru team met with the Inter-American Development Bank's (IDB) Bioeconomy team. Initial discussions were held to explain CATALYZE Peru's objectives, key offerings, and strategy. IDB Bioeconomy has similar objectives to CATALYZE and is interested in collaborating by combining its technical assistance (TA) to financial intermediaries with CATALYZE Peru's incentives to increase impact. The Bioeconomy team will begin implementation in six months; in the meantime, they have offered to provide training to the Business Advisory Service Providers (BASPs) that CATALYZE Peru will contract. IDB will also be in contact with information on possible partnerships with Government of Peru entities such as COFIDE.
- CATALYZE Peru also identified several potential avenues of specific collaboration with representatives of five programs of COFIDE, Peru's national development bank. COFIDE works with value chains, digital finance, financial inclusion, fund of funds, environmental sustainability, among other areas, and offers a range of financial products. There is also an Inter-American Development Bank (IDB)-COFIDE program focused on the Peruvian Amazon that may have strong synergy with CATALYZE Peru.





PERU

Quarterly Updates (Y2 Q2)

- CATALYZE Peru met with the Development Finance Corporation (DFC) to discuss potential synergies and DFC's financial product offerings, including guarantees, debt, equity, and technical assistance. DFC highlighted its experience and lessons learned working with financial institutions in the Peruvian Amazon. DFC's guarantees are of specific interest to CATALYZE Peru as they have a track record of incentivizing FIs to enter into new sectors and areas. DFC provided suggestions on how to best implement its guarantees with the FIs we choose to partner with and also agreed to provide lending criteria training to the project's BASPs.

Initial Assessments & PWS

- CATALYZE Peru submitted the final version of the Business Advisory Service Provider (BASP) Report to USAID. The assessment found that there is a mismatch between the BASPs located in the Amazon and the services required by clients in the region. For example, many clients require services related to preparation of financial statements, investment readiness training, or sophisticated financing transactions, which some BASPs in the region may not wish to or are able to provide. It also found that the BASP market, as a service sector dependent on a client base of businesses, was among the hardest hit sectors by the COVID-19 pandemic. Based on the assessment findings, a set of recommendations was included in the report for CATALYZE Peru to strengthen the BASP market to increase both supply and demand. CATALYZE Peru will develop incentives for BASPs to structure services that will best serve Peruvian Amazon clients.





PERU

Quarterly Updates (Y2 Q2)

- CATALYZE Peru submitted the final Financial Institutions and Opportunity Assessments to USAID. The Financial Institutions report included a more thorough analysis on the role and impact of cooperatives operating within the Peruvian Amazon. The Opportunity Assessment highlighted the need and potential for significant new investment in a range of sectors. This will help to increase the gross regional product and expand sources of licit income in the region. Based on the potential sectors and sub-sectors studied, data analyzed, and interviews conducted with prospective investees, CATALYZE Peru developed a non-exhaustive initial pipeline of 48 specific investment opportunities in the region.
- The team shared a Draft Program Work Statement (PWS), including life of project targets, with USAID for review and commentary.
- CATALYZE Peru developed a financial model to determine capital mobilization targets utilizing a bottom-up analytical approach, segmented for each PWS objective activity. The team presented the model to USAID staff.





PERU

Quarterly Updates (Y2 Q2)

- **Staffing:** CATALYZE Peru has made strides in its recruitment efforts.
 - Hired Chief Financial Officer, Grants and Subcontracts Manager, and Monitoring, Evaluation and Learning Officer.
 - Extended offers to the identified Chief Executive Officer, Director of Strategic Partnerships, and Director of Innovative Finance. The project is pending USAID approval on the Chief Executive Officer but estimates to have all above-mentioned positions start in April.
 - Katie Paguaga has rejoined the team as the CATALYZE Peru Activity Lead. Julie Abrams will continue to assist the project through her primary role as the CATALYZE Investment Lead.





PERU

Observations and Insights

- **Operating and onboarding in a non-English speaking region** – Initial onboarding of staff and conversations with potential partners have highlighted the need to have a repository of standardized Palladium/CATALYZE documents available in the local language. The project has learned the necessity of allocating budget towards the translation of key procedural documents to increase understanding of CATALYZE's initiatives among staff and partners.
- **Lack of women candidates for technical/directorship roles** – CATALYZE Peru has noticed a major disparity in the number of male and female candidates applying to the buy-in's main leadership roles, including the recruitment process through a world class executive search firm. Most short-listed and interviewed candidates have been males. The project has noted this gap and the importance of ensuring that the opportunities that CATALYZE Peru create and promote gender inclusivity.
- **Benefits of the USAID-DFC relationship:** CATALYZE Peru benefited from the strong relationship between USAID Peru mission and DFC's Mission Transaction Unit (MTU) resulting in a full briefing on DFC financial products and beginning of solid relationship, including offer for DFC to do a short training of CATALYZE Peru Business Assistance Service Providers (BASPs) on the DFC financial institution credit guarantee.

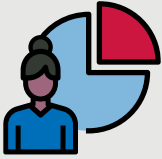


PERU

Observations and Insights

Initial Assessments Main Conclusions – Below are some of the more salient conclusions from the Financial Institutions, BASP, and Opportunity Assessments.

- While economic growth within the Amazon is largely stagnant and lagging in competitiveness, the assessments unveiled that there is a significant unmet financing demand, estimated at \$349.8M (annual \$244.7M, one-time \$105.1M).
- Despite increased Financial Institutions (FI) presence, the largest FIs with the most resources report significant barriers to expanding into the Amazon. Microfinance Institutions (MFIs) dominate the Amazon financial sector, but struggle with liquidity and scale, and offer high interest rates, limiting supplier profitability.
- BASP Fees must be tied to results, but carefully curated to be sufficiently interesting to cover initial costs and motivate the most capable firms to expand into the Amazon.
- Focusing on services, agriculture, commerce and manufacturing, in sub-sectors with positive export growth rates is required.



SRI LANKA - PRIVATE SECTOR DEVELOPMENT

Buy-In Summary – Promote economic diversification and employment opportunities for women



Projected LOP budget of **\$19.5M**, of which **\$5.7M** is obligated. Capital mobilization target of **\$160M**.



May 2020 – Sep 2024

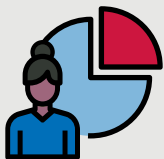


Sri Lanka



Partners – TBD

- **Increase SME competitiveness** - Strengthened business services industry to increase SME capacity and technology adoption, improved market linkages and info and advanced private markets, increased innovation
- **Improve Women's Labor Force Participation** - improved care economy, professional development for women, increased growth of women-led enterprises
- PSD will focus on five sectors because of their potential to create productive employment opportunities, increase SME revenues, and contribute to economic diversification, especially for women, including tourism, ICT, the commercial care industry, the garment sector, and processed food and beverage.

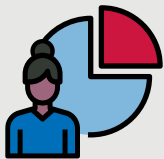


SRI LANKA – PRIVATE SECTOR DEVELOPMENT

Quarterly Updates (Y2 Q2)

- **Foundational Market Assessments.** PSD's program design is informed by market assessments and stakeholder validation through direct engagement with private sector leaders. The PSD team is working simultaneously on both activities. The Financing Landscape and Intermediary Mapping Assessments have been completed by our partners. The former was delivered by a new USAID partner, a women-owned business. The SME Competitiveness & Gender Inclusion Assessment completed a survey of 271 SMEs and the final findings will be presented in Q3.
- **COVID-19 FON: Economic Relief and Adaptation.** PSD continued the COVID-19 grant solicitation in this quarter, including holding a virtual information session on January 26th with the Mission Director, Reed Aeschliman, as the keynote speaker and over 70 participants.
 - Round 2: 27 concept notes received; 3 invited for co-creation and submission of full business plans; 2 finalists in final stages of negotiation and award.
 - Round 3: 69 concept notes received; 5 invited for co-creation and submission of full business plans.
 - Round 4: 68 concept notes received and currently being reviewed.



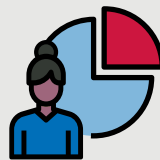


SRI LANKA – PRIVATE SECTOR DEVELOPMENT

Quarterly Updates (Y2 Q2)

- **Activity Monitoring, Evaluation and Learning Plan (AMELP).** The PSD team drafted and presented its results framework and list of indicators, developed with Moonshot, to use as the workplan is being finalized.
- **Operational Start Up.** The PSD team opened a temporary office in Colombo and full-time staff went from 3 in Q1 to 7 in Q2, with plans to continue expanding in Q3. By the end of Q2 the team has added a Director of Operations, Procurement Manager, Director of Grants, Grants Associate, and Director of Finance and Business Advisory Services. The Director of SME Competitiveness joined on the first day of Q3. Growing team has been instrumental in ramping up activities on the ground.
- **DFC.** PSD facilitated introduction of the Sri Lanka Banks' Association and its 20 members, with representation across the entire island, to DFC. PSD is tracking which banks have expressed interest in and are exploring potential partnerships with DFC.

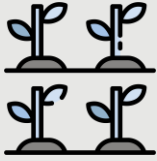




SRI LANKA – PRIVATE SECTOR DEVELOPMENT

Observations and Insights

- **Stakeholders and teams leading assessments are new to co-creation and co-design process.** While the assessment teams, especially OMEC Global, delivered high quality insights for the design of the program, open-ended scopes of work have been challenging to work with especially in an environment where in person meetings were difficult to arrange.
- **Capacity development for new partners.** The PSD team has learned a great deal about how SMEs are financed and perceived by financial institutions. The new and underutilized partners who delivered the Financing Landscape and Intermediary Mapping assessments have stated that they learned from the PSD team what it takes to deliver client ready products that meet USAID expectations.
- **Learnings captured and adapted in COVID-19 FON management.** After each round of the grant solicitation, the PSD team captured lessons learned and adapted the process. For example, after round 2, PSD introduced amendments to simplify and address the most frequently asked questions and after round 3 PSD spent more time with short-listed applicants on co-creation to design better grant proposals, translate the FON into Sinhala and Tamil, and continued offering information sessions.



SAHEL – FINANCE FOR RESILIENCE (F4R)

Buy-In Summary – Increase financing to support capital investment in the agricultural sector and in youth-led enterprises



Projected LOA budget of **\$10.7M**, of which **\$6M** is obligated. Capital mobilization target of up to **\$34M**



August 2020 – Sep 2024



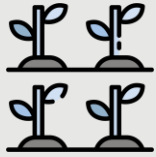
Burkina Faso and Niger



Implementing Partners: ICDE (Burkina Faso) and SINERGI SA (Niger)

Collaborators: Yalwa, Yidgiri, Bridge Youth Connect, WATIH, DFC, USADF, Sahel Collaboration and Communication Activity

- **Component 1:** Mobilize lending from financial institutions (FIs)
 - **Component 2:** Provide incentives for facilitators who link FIs and other finance sources with the farmers, cooperatives and youth-led enterprises in targeted regions & sectors
 - **Component 3:** Project Development Facility to finance small-scale community infrastructure in Niger (optional component pending Year 1 review)
- Components 1&2** are expected to run the duration of the program. Component 3 may start in Year 2 or 3 depending on early program results.

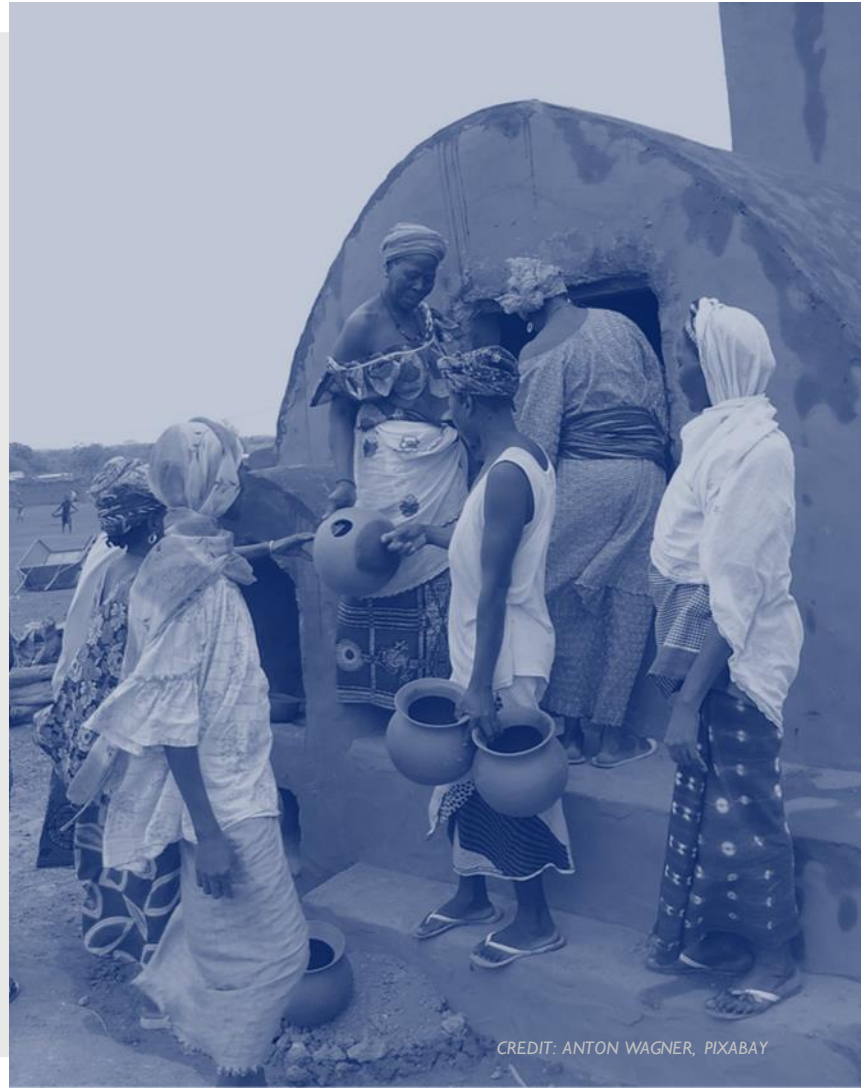


SAHEL – FINANCE FOR RESILIENCE (F4R)

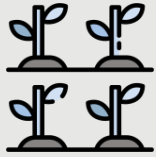
Quarterly Updates (Y2 Q2)

Burkina Faso:

- Open Capital Advisors created three modules of training materials and toolkits for financial facilitators: i) pipeline development, ii) transaction support and iii) investor relations. With input and guidance from local partner, ICDE, OCA is currently tailoring the training and toolkits for Burkina Faso.
- Began discussions with Sahel Collaboration and Communication Activity (SCC) to determine the most effective way(s) to explain and promote the services of CATALYZE Sahel F4R and to showcase opportunities for collaboration with other USAID programs in Burkina Faso and Niger
- Continued outreach with USAID projects Yidgiri and Bridge Youth Connect to understand programmatic approaches, preliminary targets and startup timeline. Identified possibility of supporting Yidgiri program beneficiaries who may overlap with Sahel F4R focus groups such as agro dealers, warrantage operations, and youth entrepreneurs.



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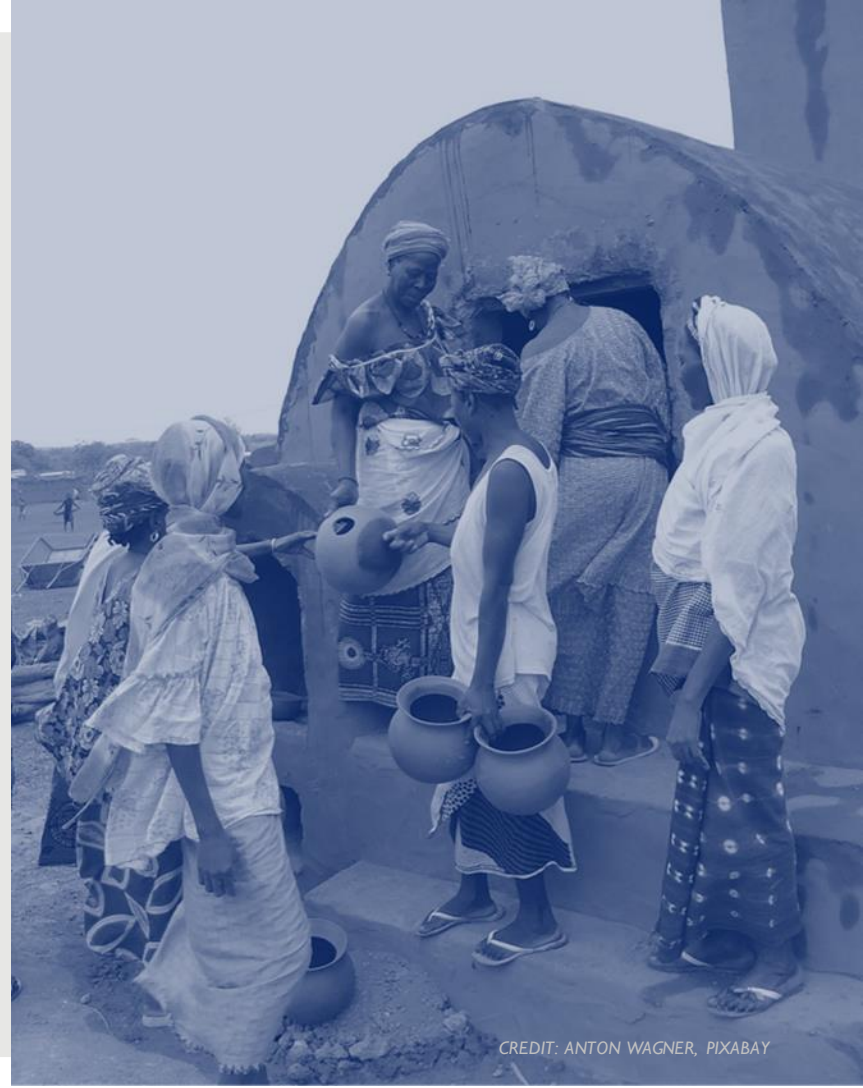


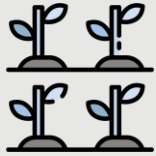
SAHEL – FINANCE FOR RESILIENCE (F4R)

Quarterly Updates (Y2 Q2)

Niger:

- Niger market assessment finalized. The assessment identified key capital needs, preferred types of capital, and access challenges for Nigerien SMEs. Also, the report highlighted gaps in financial intermediary services as potential areas of intervention for Sahel F4R.
- Participated in DFC Credit Guarantee in Niger call with USAID Niger and Project Yalwa to review timeline and gather feedback and additional questions to ask the potential bank partner to enhance facility design.
- Local implementing partner in Niger, SINERGI, began operations and planning activities. Completed a shortlist of high potential FI partners.

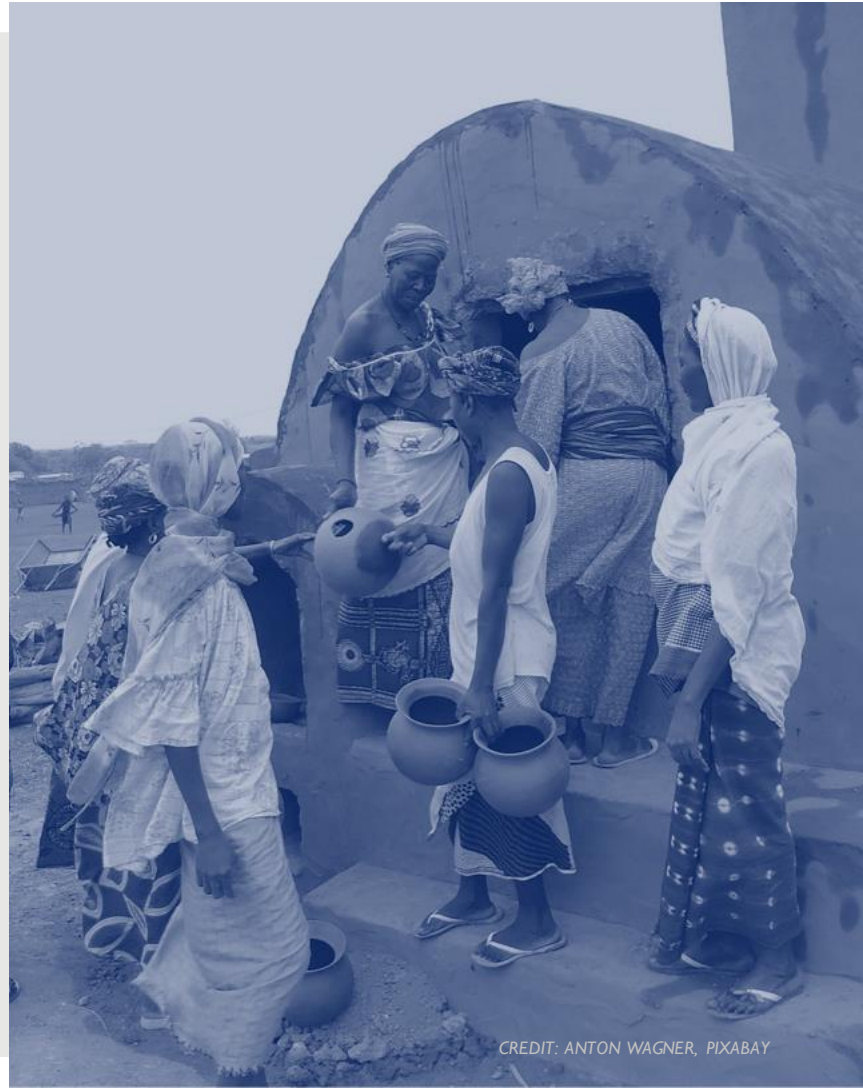




SAHEL – FINANCE FOR RESILIENCE (F4R)

Quarterly Updates (Y2 Q2)

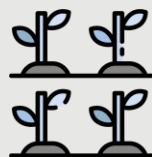
- **Pay-for-Results Program:** Redesigned P4R partner procurement mechanisms in close collaboration with USAID, ICDE, and SINERGI based on lessons learned from the USAID Kenya Investment Mechanism and USAID Financing Ghanaian Agriculture Project.
- **Monitoring, Evaluation and Learning:** Received final approval from USAID on the submitted MEL Plan and began preparing MEL overview and operationalization guidelines for ICDE and SINERGI teams to follow. MEL Plan orientation is scheduled for April.
- **Staffing:** Recruited and extended contracts to administrative field personnel – New Director of Finance & Administration recruited and scheduled to begin remote working May 1 from Ouagadougou. The DFA will oversee all finance and compliance in both countries and will supervise our two Grants & Procurement Managers.



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SAHEL – FINANCE FOR RESILIENCE (F4R)

Observations and Insights

- **Several factors may impact capital mobilization targets in Burkina Faso and Niger.** Challenges include the use of private capital for livelihood/resilience objectives and rising (food and physical) security risks in the region. Potential solutions include adding focus value chains and directly engaging with ag solution providers for individual and community-level solutions for off-grid clean energy, water, etc.
- Coordinating layered technical assistance with other USAID partners in Burkina Faso and Niger is a great strategy for achieving collaborative impact, however, **much consideration must also be paid to how well the project start-up activities align.** For example, target setting for CATALYZE Sahel F4R is challenging when partner programs like Bridge Youth Connect are still in the process of identifying focus sectors.
- **CATALYZE can help local firms develop capacities to manage complex cost-reimbursement contracts** and contribute to building the pipeline of new implementing partners for USAID in the region.
- **Developing innovative performance-based contracts in the form of fixed award agreement grants can be challenging** and should be developed with close guidance from internal Palladium Contracts & Compliance teams from the start for clear guidance.



WESTERN BALKANS – ENGINES OF GROWTH

Buy-In Summary – Increase small and medium enterprises' (SME) access to and use of finance to drive enterprise growth



Projected LOP budget of **\$4M**, with potential for additional mission buy-ins.



May 2020 – Sep 2024



Western Balkans

Individual missions considering CATALYZE: Albania, Bosnia & Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia

This activity will engage market actors and other stakeholders to identify key constraints and opportunities and develop one or more activities to minimize the access to finance constraint. EoG will focus on the following primary objectives:

- ✓ *Mobilize capital to viable SMEs in the wake of COVID-19 to sustain SMEs and retain/rehire workers and capacity for future growth.*
- ✓ *Facilitate longer term financing to support growth-ready SMEs*
- ✓ *Develop financial products and services to meet the need of underserved populations and areas*
- ✓ *Create a COVID-19 Dashboard to help USAID and regional public institutions to monitor the impact of COVID-19 on the Western Balkan economies and financial markets and inform the design of future programs and policies.*



WESTERN BALKANS – ENGINES OF GROWTH

Quarterly Updates (Y2 Q2)

- Working with the Institute for Development Impact (IDI) to develop a COVID-19 Dashboard for the Western Balkans which will gather, integrate and track data from readily available sources on the impact of the pandemic on the health, real economy, financial markets and government policy.
Completed the prototype of the COVID-19 Dashboard for all 6 countries - Albania, Serbia, Croatia, North Macedonia, Bosnia and Kosovo.
- **Shortlisted Business Advisory Service Providers (BASP)** with expertise in strategic business planning, financial analysis, and financial engineering. Selected BASPs will work on a pay-for-results basis to mobilize capital to vulnerable yet viable SMEs. This initiative will be piloted in North Macedonia and Serbia. Starting to ramp up operational and administrative platform to initiate our pay-for-results activities in these two countries.
- Issued a Funding Opportunities Notice (FON) under Window 2 activities to **solicit innovative ideas on new products and services for growing small businesses**. There will be 2 rounds for the submission of applications. The first round for applications ends on May 15th and the second round on August 31st.
- Monitoring, Evaluation and Learning (MEL) plan was finalized in January. In the process of finalizing Y1 indicator targets.





WESTERN BALKANS – ENGINES OF GROWTH

Quarterly Updates (Y2 Q2)

- **Onboarded Team Leader**, Dina Karic, who will be based in Sarajevo. In addition, hired two financial analysts in North Macedonia to help with the roll out of EoG activities in North Macedonia and Serbia



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WESTERN BALKANS – ENGINES OF GROWTH

Observations and Insights

- **Test proposed success fee structures** with BASPs prior to implementing a P4R program. Be prepared to revisit the incentive fee structures during implementation in order to ensure market uptake.
- **Funding Opportunities Notices (FON) is a mechanism that provides a fair degree of flexibility** when soliciting ideas on developing innovative financial products and services for SMEs.



ASIA - SOCIAL PROTECTION

Buy-In Summary – Improve access to financial and social protection for vulnerable women in Asia



Projected LOP budget of **\$440,000**. Seeking at least 4:1 private sector matching of USAID's funding



Sep 2020 – TBD



Bangladesh, Indonesia, Philippines (phase 1b)

- *Improve evidence for best practices in social protection (SP) and assess possible interventions for vulnerable female workers*
- *Co-develop and launch a platform incorporating innovations, including the use of blended finance to mobilize the private sector and promote affordability, ease of use, and sustainability for SP interventions*
- *Monitor and evaluate the SP interventions launched for impact through levels of use, paid employment, health outcomes, and economic empowerment*



ASIA - SOCIAL PROTECTION

Quarterly Updates (Y2 Q2)

- The CATALYZE Asia – Social Protection team had exploratory discussions about investments with USAID Missions in Bangladesh, Philippines and Indonesia and delivered deep dive presentations.
- Received responses to various feedback and inputs from USAID Asia Bureau, Indonesia, Philippines and Bangladesh missions (throughout March),
- Commenced with Bangladesh Phase 1B concept note, coordination with Digital Health, hiring of in-country consultant (throughout March)





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ASIA - SOCIAL PROTECTION

Observations and Insights

- **Designing interventions that speak to disparate goals:** It can be challenging to ensure interventions proposed speak to various Mission offices - Economic Growth, Health, Education, and Democracy and Governance offices have all been involved. We need to balance ensuring our interventions can speak to their concerns while still being true to our original scope.
- **Scaling up staffing for in-country engagement:** Shifting from desk-based research under Phase IA to concept note development under Phase IB has required us to engage with local organizations and hire local consultants, along with scaling up our HQ staff intensity as we (potentially) move to having three country concept notes under development concurrently.
- **Adapting to local conditions:** As we move ahead with in-country work we've been reminded that different countries are at different stages of the pandemic and are therefore navigating evolving lockdown requirements. Work timing and approach to key informant interviews and such have had to be revised accordingly.



USAID
FROM THE AMERICAN PEOPLE

USAID CATALYZE

Spotlight

SPOTLIGHT

COVID-19 Dashboard Provides Up-to-Date Information of Pandemic Impact in the Western Balkans

- ✓ USAID CATALYZE and I4DI developed a COVID-19 Dashboard prototype to allow USAID and the broader public to get up-to-date information on the impact of the pandemic on health, economy and government policies in the Western Balkans. The dashboard covers six countries -- Bosnia and Herzegovina, Serbia, Montenegro, Kosovo, Albania, and North Macedonia and offers country-level as well as regional views. The data can be used to inform policies and programs that will support these economies and assess the viability of SMEs in the Western Balkans in coming years. The dashboard was created using reliable data sources from government agencies and international organizations.

SPOTLIGHT

COVID-19 Dashboard for the Western Balkans

- ✓ The COVID-19 Dashboard was developed as part of the USAID CATALYZE Western Balkans - Engines of Growth (EoG) program. EoG is helping small and medium-sized enterprises in the Western Balkans thrive and create jobs, especially in the wake of COVID-19, by accelerating access to finance.
- ✓ The Dashboard was developed by sub-contractor Institute for Development Impact (I4DI), using I4DI's proprietary data visualization library. The software and accompanying documentation is the copyrighted and/or patented work of I4DI and/or its suppliers.

"The COVID dashboard is designed to make timely and accurate information available on the progression and impact of the pandemic in a way that is highly visual and intuitive. Our hope is that the tool will help development professionals identify and anticipate issues and potential interventions. This may result in adjustments to existing programs or the launch of new activities. It can also help us understand and prepare for the new post pandemic normal."

David L. Cowles
Senior Private Enterprise Advisor
USAID Europe and Eurasia

SPOTLIGHT

Youth Leaders to Help Shape CATALYZE Ethiopia Market Systems for Growth

- ✓ On March 23, 2021, four dynamic young leaders met with the USAID/Ethiopia Market Systems for Growth activity. The youth leaders were each nominated by youth-led and youth-serving organizations to serve on MS4G's Youth Advisory Board (YAB). MS4G is a \$44 million, 4-year USAID/Ethiopia-funded activity to boost inclusive, private sector-led economic growth through a market systems approach.
- ✓ Because Market Systems for Growth (MS4G) is dedicated to ensuring maximum impact through thoughtful engagement with youth, MS4G is providing opportunities for youth leaders to advise MS4G on their priorities and insights on youth-related topics and issues. The YAB met with Country Director Yohannes Assefa; Deputy Country Director for Operations Waqas Mahmood, Job Placement Manager Lidya Argaw; Monitoring, Evaluation, Learning and Communications Assistant Betelhem Eshete, and Activity Lead Katy Vickland.

SPOTLIGHT

Youth Leaders to Help Shape CATALYZE Ethiopia

- ✓ YAB member Nolawit Shimelis Zewde emphasized to MS4G that, “Our participation on the YAB will both give us a chance to share our experience, as well as to learn. I’m confident I can contribute things that are very practical, including access to youth networks.” Nolawit Shimelis Zewde is a 2017 Mandela Washington Fellow and an agronomist with 10 years of experience. Currently, she is a Marketing Manager for Greenlife Trading PLC, one of the leading farm input suppliers in Ethiopia. In this role, she arranges professional support, field days, and other platforms for small-scale farmers. Nolawit is committed to providing farmers with the right knowledge, technology, and skill sets that will provide a positive impact on their socioeconomic status.
- ✓ Abel Hailegiorgis Daddy commented “We look forward to sharing the benefit of the points of view of diverse Ethiopia youth with MS4G. I expect that YAB will provide ideas on activities for MS4G.” Abel is the founder of Bamboo Labs, a social enterprise that promotes affordable, accessible, and sustainable transport systems by using renewable resources to create a positive environmental impact. Abel won the #Greenpreneurs2020 Global Award from Global Green Growth Institute for his work with Bamboo Labs. He is a graduate of Addis Ababa University and Adama Science and Technology University, and a member of YALI.

SPOTLIGHT

Youth Leaders to Help Shape CATALYZE Ethiopia

- ✓ Yordanos Tekleab Wolde is an experienced Youth Programs Manager in the fields of sexual reproductive health, gender equality and youth engagement. Working with Ethiopia's Ministry of Health, she developed a Youth Engagement Guideline, and continues to engage local and international partners in her fields of interest. Yordanos encouraged MS4G to take into account the differing needs of urban versus rural youth, as well as to catalyze additional sources of financing, including seed grants, for young entrepreneurs. She also expressed, "I am excited to learn more about MS4G's market systems approach. My background is mostly in health. This will be a learning experience, I hope, and that is what I look forward to."
- ✓ Samiya Abdulkader Godu pointed out that, "Young Ethiopian entrepreneurs seek training and networking opportunities. They need information on opportunities." Samiya is the Founder and CEO of Aim View General Educational Consultancy and Support, which works to improve the quality of education in Ethiopia. She is also the founder and President of Ethiopian Youth Entrepreneurs Association (EYEA). Samiya holds a Masters in Business Administration and a Bachelor of Science in Applied Chemistry.
- ✓ Throughout the year they serve on the YAB, the youth leaders will engage in formal and informal consultation on activity design and implementation through in-person (safely, in accordance with COVID-safe procedures) and virtual meetings, and on-line surveys, among other means



PARTNER SPOTLIGHT

CATALYZE Teams Up with Opportunity International to Accelerate Education Finance in DRC

CATALYZE EduFinance DRC is partnering with Opportunity International to accelerate investment in the affordable non-state school sector from local financial institutions and provide capacity building for school leaders and teachers.

The Challenge

The education system in DRC faces many challenges including low coverage, low learning outcomes and high drop-out rates, particularly for girls. COVID-19 has further impeded education access and attainment. A market assessment conducted by CATALYZE EduFinance confirmed demand for private education in DRC including among low-income households. Eighty percent of DRC's schools are in the non-state sector; the majority (70%) are faith-based schools (ecole conventionnees) owned or affiliated to a religious institution, and the remaining are privately owned. More than 70% of schools in Kinshasa are private, half of which are low-fee schools. Although there is an active banking and financial sector in the DRC, few lenders have designed suitable products for the education sector. Any existing bank loans for the sector are directed to the premium or international schools. As a result, non-state schools serving low and middle-income communities in the DRC are not able to access the capital required to manage their working capital and infrastructure financing needs.



PARTNER SPOTLIGHT

Accelerating EduFinance in DRC with Opportunity International

Our Approach

In DRC, CATALYZE EduFinance is working with Opportunity International to mobilize access to finance for education in a variety of ways. OI is partnering with financial institutions to mobilize more than US\$13 million for low-cost schools over the next four years and plans to finance over 700 schools in urban and peri-urban centers of Kinshasa, Lubumbashi, Bukavu and Goma. Among other aims, OI will work to address the financing needs of schools in response to COVID-19. In addition, OI is partnering with financial institutions to provide school fee loans for low-income students.

CATALYZE EduFinance and Opportunity International will also strive to improve education quality by providing professional development for teachers and administrators in 300 schools. This will include gender-responsive training for teachers and school leadership to prioritize girls' education.



CATALYZE Y2 Q2 Report

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