

**The INVEST Project: Mobilizing Private Investment for Development**  
**Statement of Objectives for USAID/Haiti Assessment of Finance Needs and Opportunities**  
**Haiti INVEST Agricultural Value Chain Assessment**

**I. Introduction**

USAID seeks to unlock the potential of private capital to drive inclusive growth. Increasingly, private investors and businesses are looking to emerging markets for better returns and new market opportunities. Specifically, USAID can leverage its resources – grants, technical assistance, guarantees, and convening power – to help raise awareness of investment opportunities, lower transaction costs, and mitigate the risk of investments that generate positive social, economic, and environmental impact.

In support of its efforts to promote blended finance within the agency, the USAID Office of Private Capital and Microenterprise (USAID/PCM) awarded the INVEST contract to DAI in September of 2017. Through INVEST’s flexible buy-in mechanism, USAID Missions and Operating Units are able to access an unprecedented network of firms and individuals that have the range of technical expertise needed to identify opportunities and effectively mobilize private capital toward development priorities. Using a lean approach tailored to high potential opportunities, relevant parts of the network will come together to research, develop, and build specific solutions that align private capital with development needs.

**II. Haiti INVEST Platform Activity**

USAID/Haiti INVEST launched the Haiti INVEST Platform Buy-in Activity in FY18 to promote and facilitate private investment into Haitian small and medium sized enterprises (SMEs). The activity will target businesses in the agriculture, housing, tourism, manufacturing, and other sectors. Haiti-INVEST’s approach to the financial market can be analyzed through three pillars of the investment community that include a host of actors, all playing a vital role in promoting investment activity.

The first pillar, the “**Investors**”, is made up of private equity funds, financial institutions’ lending or equity divisions, private companies, pooled assets, diaspora funds, credit unions, etc. These groups are directly active in allocating funds to private companies, from equity to debt, in either active management or passive investments. Continued economic growth is dependent on these actors being properly incentivized to invest or lend to enterprises, while meeting their return objectives, and producing a successful track record that encourages future growth.

Some challenges they face that impede the latter are:

- Inability to complete certain deals because they do not meet return thresholds.
- Optimal staffing and retention to properly analyze a smaller market.
- Inability to focus on certain sectors given the resources required and the size of the deals.
- Access to other investor markets that have the capability of growing assets under management.

The second pillar, the “**Intermediaries**”, includes business advisory service providers, transaction advisors, financial institution advisory services, insurance companies, notaries, etc. These actors often bring together the sources of capital and the investment targets. They help analyze deal flow, perform due diligence, and prepare companies for investment.

In performing these functions, however, they face some of the following challenges:

- A culture that tends to downplay the importance and willingness to pay for consulting services.
- Inability to focus on smaller deals due to size and resulting consulting fees.
- A success fee model that limits the ability of new entrants to successfully build a practice over the longer term.

The third pillar, the “**Target Companies**”, include those small and medium-sized enterprises that have a track record and experience operating in Haiti, and are looking to grow.

Challenges for these firms include:

- Inadequate access to capital markets and lack of knowledge of investors in their sector.
- Incomplete documentation and record keeping, that hinders investors from performing proper due diligence.
- Inexperience in preparing “road show” presentations to access investor capital locally and abroad.

Utilizing a pay for performance model, the Haiti INVEST project will design smart and non-distortive incentives by catalyzing investment through pillars 1 and 2. The activity will do this by hiring Haitian and international firms on a pay for performance basis to 1) identify opportunities for investment, 2) ensure they are investor ready, and 3) match them with the available and relevant investors operating in the Haitian context whether that is banks, investment funds, family funds, or private individuals.

### **III. Statement of Objectives**

Haitian business and investment are heavily concentrated in Port-au-Prince and many actors active in the finance and investment space in Haiti are unfamiliar beyond a nominal understanding of the opportunities, players, and realities of the commercial and agriculture sectors outside of the capital. To facilitate entry for investors and intermediaries into the markets and sectors outside of the capital to facilitate investment, the Haiti INVEST Platform aims to complete a rapid value chain finance assessment on the commercial and agriculture sectors.

The rapid mapping of key agricultural value chains should include: Legumes in the Kenskoff area of Port-au-Prince, fruits and rice in the Artibonite, and eggs and milk in the North of Haiti. In addition to assessments of value chain investment opportunities in these zones, opportunities within other high-growth commercial sectors should be identified.

An assessment of the finance needs and opportunities in Haiti should take existing USAID investments into consideration and leverage opportunities and investment already completed by USAID supported projects.

Under this statement of objectives, the selected partner/partners will:

#### 1. Rapidly assess opportunities and constraints for investment in Haiti:

- Based on a combination of desk review, including review of existing value chain assessments in Haiti, key informant interviews, and taking into consideration existing USAID projects’ investment in Haiti, the contractor will identify the key sectors to focus on by region and by timeframe (short term, medium term) based on their attractiveness to investors, investment readiness, infrastructure needs, and overall risk profile of the business/sector.
- The contractor will complete an ecosystem map incorporating the value chains for the targeted sectors.

#### 2. Transaction identification

- Identify specific opportunities or transactions to target, their support needs, and their time frame (short term, medium term). Identify primary stakeholders, including potential sources of financing;
- Describe potential blended/innovative finance approaches that could be deployed by USAID to facilitate transaction completion;
- Identify high-level challenges or risks associated with USAID engagement.

## Deliverable and Implementation Timeframe:

Implementation Activity	Milestone	Duration
<i>Assessment of opportunities and constraints for investment in Haiti</i>	<ul style="list-style-type: none"><li>● Overview of investment opportunity landscape</li><li>● Ecosystem map incorporating value chains for targeted sectors</li></ul>	<i>~3 weeks</i>
<i>Transaction Identification</i>	<ul style="list-style-type: none"><li>● Preliminary list of investment opportunities (Week 3)</li><li>● Draft report including potential blended/innovative finance approaches to be deployed by USAID (Week 4) with project pause to allow time for revisions/input from USAID</li></ul>	<i>~1 week</i>
<i>Final Report</i>	<ul style="list-style-type: none"><li>● Develop a final report that summarizes the current landscape, provides potential opportunity deals, and addresses risks/challenges</li></ul>	<i>~1 week</i>

## Duration and Place of Performance

This engagement is expected to commence in April 2019 and be completed by end May 2019. Work will take place in the US and in Haiti and travel to Haiti will be required to assess context and to present the summary report to the Mission.

## Role of INVEST Project

INVEST will work closely with USAID/Haiti and the selected partner(s) during all stages of this work. DAI will subcontract the selected partner(s) directly and provide review and oversight throughout the life of the activity in accordance with INVEST's lean management approach. DAI will administer periodic check-ins, reporting, deliverable review prior to client presentation and approval, and manage an ongoing ME&L framework.

- **Partner Onboarding:** DAI will work closely with USAID/HAITI staff to provide the successful offeror(s) with all necessary context, and work with USAID/HAITI staff and the successful offeror(s) to develop work plan(s)
- **Project Implementation:** The selected partner(s) will implement the work as prescribed by the work plan(s). DAI will provide management support and ensure periodic check-ins/reporting