



Volunteer Expert Scope of Work, Liberia-IBEX Program, Impact / Social Investment Training 2014

- Assignment Title:** Volunteer Expert, Impact Investor
- Assignment Locations:** Monrovia, IESC/IBEX Office
- Duration:** Approximately one week to 10 days in country

Program Background:

Liberia is recovering from a civil war that devastated the country and decimated the lending operations of commercial banks. Banks lending in the agriculture and energy sectors are risk averse, which combined with a lack of capacity, especially in rural areas and for lending in non-traditional sectors like renewable energy, has shaped an inhospitable credit environment. Additionally, there is low capacity among SME borrowers and potential borrowers who often lack financial literacy, collateral, documented credit/cash flow history, and market credibility. The resulting lack of credit in agriculture and energy poses a key constraint to growth in these sectors as well as to overall economic development.

The Liberia/IBEX program focuses on improving Liberia's lending environment in agriculture and renewable energy through improved risk management and loan guarantees designed to reduce risk and costs associated with lending in these sectors. Coupled with technical assistance provided by Liberia/IBEX staff and volunteer technical experts to partner banks as well as borrowers, this encourages lending to renewable energy and agribusiness borrowers, with a specific focus on small and medium enterprises (SMEs).

Awarded through the Volunteers for Economic Growth Alliance (VEGA) and implemented by the International Executive Service Corps (IESC), Liberia/IBEX is scheduled to run from May 2012 to May 2015 with a total value of approximately \$1.6 million. Implemented through IESC's core Monrovia-based field team, volunteer technical experts, and partner organization Opportunities Industrialization Centers International (OICI), Liberia/IBEX's activities are concentrated within three components:

1. **Technical Support and Capacity Building for SMEs** to identify potential borrowers, support them in the loan process, and assist business planning and growth.
2. **Technical Support and Capacity Building for Banks** to train and coach bank staff on administration, management, and structuring specific to lending in the renewable energy and agriculture sectors, as well as to introduce mechanisms and methodologies to promote proactive, informed, and criteria-driven portfolio management.

- 3. Sustainability** ingrained in the program approach through institutionalization of US Diaspora linkages to sustain mentoring and advisory support through business incubators, membership communities, and chambers of commerce.

Purpose: The main task will be to provide training to Non-Development Credit Authority (DCA) banks, Small and Medium Enterprises (SMEs) selected by IBEX, and Non Bank Financial Institutions (NFBIs). However, priority will be given to IBEX Program partners such as Ecobank and IB Bank. The training program to be provided would help asset managers understand the structure and dynamics of social impact investing and best practice methods for creating impact portfolios achieving below or equal to market-rate returns.

Assignment:

Impact investing aims to create positive social and/or environmental impact (herein “social”), alongside financial returns. With the proliferation of new players, approaches, financial instruments and evaluation tools, the field of impact investing has significantly progressed in recent years to tackle an array of social issues.

The training to be conducted is designed to be an introduction to impact investing: how the industry emerged, why it is gaining prominence, and where it is going. It will explore its roots in microfinance, its influence on business and philanthropy, as well as the opportunities and challenges ahead.

Investing for Impact training for selected institutions will:

- Explore how a market-based approach can be leveraged to generate profits by positively impacting marginalized communities and individuals around the world;
- Examine measurement frameworks to evaluate the financial and social returns of impact investments and new business models;
- Follow the life-cycle of impact investments from innovation and ideation to exit; and
- Consider new financial instruments and approaches across various asset classes, including the emergence of social impact bonds.

Specifically, the VE will:

- A. Hold briefings / discussions with the IBEX team to understand Investment practices in Liberia
- B. To conduct a three to five day training seminar for selected institutions on:
 - The challenges for international aid and economic development
 - The evolution of philanthropy and impact investing
 - The attributes of impact investments and how they differ from traditional investments
 - The history of financial inclusion in developing countries and the evolution of the microfinance industry

- A comparison of international and domestic microfinance
- The current landscape of impact funds from impact-first to financial-first investors
- The continuum of opportunities in impact investment across asset classes and financial instruments
- How investors measure and compare the effectiveness of a social enterprise versus traditional charity efforts or a business venture
- Shared Value - How Companies are Investing Funds and Resources for a Double Bottom
- Line
- Leadership and the Future of Investing for Impact

C. To provide feedback on how the IBEX project can support the targeted sectors going forward.

Outputs and Deliverables:

- Develop a training module for use during the training seminar
- Successful implementation of the training seminar
- Successful meetings / discussions with selected participating institutions
- Report on the information obtained from discussions with selected institutions
- A summarized assessment report (within 15 days of the completion of the task). The assessment report should include observed / learned current bank practices and how IBEX can assist to improve their system in the future.