

**WOMEN'S ENTREPRENEURSHIP FACILITY:
ESTABLISHMENT OF A FINANCIAL INTERMEDIARY FUND**

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ABBREVIATIONS AND ACRONYMS

AEP	Agribusiness Entrepreneurship Program
ANDE	Aspen Network of Development Entrepreneurs
BAS	Business Advisory Services
BDS	Business Development Services
CTP	Climate Technology Program
DEP	Digital Entrepreneurship Program
DRC	Democratic Republic of Congo
FIF	Financial Intermediary Fund
GEM	Growth and Employment
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IFI	International Financial Institution
IDA	International Development Association
IMF	International Monetary Fund
LBF	Lao Business Forum
MDB	Multilateral Development Banks
MDTF	Multi Donor Trust Fund
MFIs	Microfinance Institutions
MIGA	Multilateral Investment Guarantee Agency
MSMEs	Micro, small, and medium enterprises
OPIC	Overseas Private Investment Corporation
SDTF	Single Donor Trust Fund
SGs	Saving Groups
SHGs	Self Help Groups
SMEs	Small and medium enterprises
TA	Technical Advisory
TTL	Task Team Leader
UFGE	Umbrella Facility for Gender Equality
VC	Venture Capital
WALN	Women in Agribusiness Leaders Network
WBA	Women's Business Association
WBG	World Bank Group
WEDP	Women's Entrepreneurship Development Program
WEOF	Women Entrepreneurs Opportunity Facility

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Women's Entrepreneurship Facility

I. Introduction

1. Women entrepreneurs play a critical role in economic development by boosting growth and creating jobs, particularly in the bottom 40 percent. However, women face numerous challenges to financing, owning, and growing businesses, including access to capital and technology, lack of networks and knowledge resources, as well as legal, regulatory, and policy obstacles to business ownership and development.

2. Firms that women own are more likely to be micro or small in size and informal in nature. The best data available suggests that women own about one-third of micro firms (fewer than 10 employees), one-third of all small firms (10–49 employees), and one-fifth of medium-size firms in developing countries (50–250 employees). Women-led enterprises tend to be concentrated in retail and service sectors where profits and growth opportunities are lower, and rarely in mining, construction, electronics or software, for example. In Africa, Asia, and Latin America and the Caribbean, around 75 percent of female entrepreneurs are in consumer-oriented sectors (against 45 percent of male entrepreneurs). Far fewer female than male entrepreneurs engage in exporting and importing.

3. The focus of the proposed facility will be on female owned or led small and medium enterprises (SMEs), given the "missing middle" of finance and other complementary services for SMEs. Moreover, World Bank, Organisation for Economic Co-operation and Development and other data suggest that only a fraction of microenterprises develop into the high growth firms that create jobs and productivity growth. SMEs need different and more specialized types of support than microenterprises, as detailed below.

4. One of the major constraints limiting formal female-led enterprises is access to financial services. Some 70 percent of formal women-owned SMEs in developing countries are either shut out by financial institutions or are unable to receive financial services on adequate terms to meet their needs. This results in a credit deficit to formal women-owned SMEs of at least US\$287 billion annually.¹ The challenge requires a holistic private sector oriented solution to ensure the support provided is sustainable and benefits women in a way that is significant, measurable, and scalable. Developing tailored financial services and financial infrastructure that correspond to the business needs of women-owned businesses are key.

5. Lack of networks and knowledge also constrain female entrepreneurship. Studies show that men have more social connections that enable them to access business opportunities, information, and contacts than do women. In this way, women are disadvantaged from the start, having fewer professional connections, role models, and mentorship opportunities, which can adversely affect their businesses in the long run. Coupled with occupational sex-segregation, fewer capacity

¹ IFC 2014. *Women Owned SMEs: A Business Opportunity for Financial Institutions*.

building opportunities, time and mobility constraints, among other obstacles, women are often relegated to less profitable sectors and own less productive firms.

6. Gender gaps in access to and use of technology can also influence access of women entrepreneurs to financial services. Examples include gaps in mobile phone ownership and internet usage. Globally, women are 14 percent less likely to own a mobile phone than men on average, while in Africa, women are 50 percent less likely to use the internet than men.²³ Such tools can be essential to managing and growing businesses, both through communications and payments efficiency gains, but women are often constrained by high costs of equipment and corresponding access to credit.

7. Finally, running a business requires the legal ability to perform many different functions. However, data from *Women, Business and the Law* shows that married women cannot perform the following functions in the same way as married men in many economies: inherit property (35 economies), travel outside the home (17 economies), obtain a national ID card (10 economies), sign a contract (1 economy), open a bank account (1 economy), and register a business (3 economies). Globally, only 47 of 189 economies have laws prohibiting discrimination in access to credit on the basis of gender.

8. Overwhelmingly, the evidence shows that narrow solutions are rarely effective; multi-dimensional approaches are more likely to succeed than finance alone. Successfully promoting women's entrepreneurship is likely to require tackling constraints at various levels (i.e. legal/regulatory environment, access to information/network, access to specific skills – both hard and even more importantly soft skills, promoting changes to norms and behaviors, and creating market opportunities and linkages for women's businesses). These solutions, coupled with access to credit, access to savings, insurance, and other financial services throughout the enterprise cycle can better address underlying constraints. Expanding women's entrepreneurship means tackling constraints at all of these levels. There is currently no significant fund or facility dedicated to a holistic public and private approach to addressing the above-mentioned constraints.

9. Against this backdrop, and given its experience, track record, and strong learning and innovation agenda, the World Bank Group (WBG) was invited by the United States and Germany to develop a new facility, the Women's Entrepreneurship Facility (hereafter Facility), that seeks to address barriers to financial access faced by women, and to provide support to women entrepreneurs and women-led SMEs through capacity building, market linkages, and legal and regulatory reforms, which are essential to address if women are to be a sources of potential job growth in developing countries. The Facility is an unprecedented opportunity to accelerate progress toward the WBG's twin goals and the Sustainable Development Goals.

10. The ambition is for the Facility to enable up to US\$1 billion of financing to improve access to capital, provide technical assistance, and invest in other projects and programs that support women and women-led SMEs in all WBG client countries, covering both International Development Association (IDA) and International Bank for Reconstruction and Development

² Global System for Mobile Communication Association 2015. *Bridging the gender gap: Mobile access and usage in low and middle-income countries*.

³ World Bank, *World Development Report 2016*, based on Research ICT Africa.

(IBRD) countries. The Facility aims to leverage donor grant funding of up to US\$200 million, and to mobilize up to US\$800 in International Financial Institution (IFI) and commercial financing by working with financial intermediaries, funds and other market actors, and to build on the International Finance Corporation's (IFC) Women's Entrepreneurship Opportunity Facility.

11. The proposed Facility would support programs and activities that eliminate barriers that women face in starting and growing successful SMEs in a variety of sectors, and strengthen the enabling environment for such firms. Given the need for aligned public and private sector interventions to address constraints, the Facility would support complementary approaches through two windows (public and private sector). The Facility would not only provide dedicated resources to foster innovation and new approaches to removing these constraints for women entrepreneurs, it would also help elevate the issue to spur action by governments and private sector.

12. The Facility would be established and managed as a Financial Intermediary Fund (FIF) at the Bank, drawing on the Bank's strong track record in designing and managing such Funds to ensure best practice in terms of governance and efficiency. The Bank would be the Trustee for the Facility, drawing on its financial platform and extensive experience with the provision of such services for other FIFs; it would also serve as the Secretariat; and both the Bank and IFC would be Implementing Partners, drawing on their extensive sectoral and gender expertise. The structure would also allow for other Multilateral Development Banks (MDBs) – that would propose private and public sector activities to be supported by the Facility – to serve as Implementing Partners.

13. The Facility is well-aligned with the WBG's ambitious gender strategy and can position the WBG to use public and private sector tools to scale effective approaches and create meaningful opportunities for female entrepreneurs and female-led firms. The Facility will enable the WBG to build on the success of current IFC programs to broaden the WBG's reach into new areas (e.g. supporting women at earlier stages of growth through equity or through better insurance access) while at the same time supporting public sector interventions that strengthen the enabling environment and enhance market creation and related opportunities. In addition, the Facility could enable innovation around new financial and non-financial services for women entrepreneurs. The Facility would be additional to current WBG programs, while incorporating lessons learned from other relevant initiatives to support women entrepreneurs.

14. It is recognized that the details of the Facility's governance structure and operating arrangements are yet to be finalized, based on further consultations with the Facility's founding contributors. To keep the momentum going, and to enable the team to engage in further consultations with stakeholders, including potential contributors, beneficiaries, and MDBs that will serve as Implementing Partners, prompt approval of the proposed FIF is required.

15. The rest of this paper is organized as follows. Section II provides the background and sector context for the WBG to engage in the Facility. Section III presents the objectives and key features of the Facility. Section IV outlines risks identified along with mitigation measures. Section V provides conclusions and recommendations.

II. Background, Sector Context, and WBG Experience

16. In December 2015, a [WBG Gender Strategy \(FY16-23\): Gender Equality, Poverty Reduction, and Inclusive Growth](#) was launched, for the first time, jointly committing the Bank, the IFC and the Multilateral Investment Guarantee Agency (MIGA) to support public and private sector clients in closing gaps between men and women, as critical to poverty reduction and shared prosperity. The strategy calls for the WBG to: close gender gaps in health and education; reduce constraints to more and better jobs and entrepreneurial opportunities for women, especially in the provision of care services and safe transport; close gender gaps in finance and ownership of assets, such as land and housing; and engage men and boys. As a key enabler of entrepreneurship and asset ownership, access to financial services, including insurance services is prioritized in the strategy.⁴ The WBG Gender Strategy positions the Bank to be ambitious, highly operational, and a leading actor in transforming economic opportunities for women in client countries.

17. The joint strategy is a continuation of the WBG's extended history of supporting women's economic participation and entrepreneurship. IFC started its early gender-dedicated work in 2004 with the [Gender Entrepreneurship Markets Program](#), which developed the business capacity of women entrepreneurs through training as well as providing access to markets and finance. The program also began the work with financial institutions to help better capture the value of the women's market. On the enabling environment, the Bank's Women, Business and the Law database regularly collects information on legal economic discrimination that hampers women's entrepreneurship, which Bank teams have used to help countries reform laws and regulations. In addition, through lending and technical assistance to government clients, the Bank has assisted countries to target key reforms that can enable women-owned SMEs to access financing, helping to: establish alternative information to meet identification requirements and introduce risk-based, tiered "Know Your Customer" requirements; set up moveable collateral registries; strengthen public finance management systems to improve payment practices; digitize payments for SMEs for the supply of goods and services; support the development of reverse factoring products which can enable women-owned SMEs to access financing based on invoices and cash flow; and design, underwrite and finance credit guarantee programs (see Annex 5 for a listing of all WBG lending and technical assistance activities on women's entrepreneurship).⁵

18. The WBG has further supported women's entrepreneurship through private sector investments, training and knowledge sharing. The Bank has designed and piloted innovative training and mentorship approaches for women's entrepreneurship, especially in sub-Saharan Africa. Lessons learned from these activities are being spread to South Asia and Central America. IFC has provided credit and other financial and non-financial services to women entrepreneurs

⁴ The WBG and its partners have set an ambitious goal of achieving [Universal Financial Access by 2020](#). Currently, 2 billion people -- or 38 percent of adults in the world -- don't have access to basic financial services. There is also a persistent gap with 58 percent of women holding an account (bank or mobile), compared to 65 percent of men (Findex). Innovations such as branchless and mobile banking can help. However, we also know that this is not enough. Often there are larger issues related to infrastructure and connectivity that must be tackled.

⁵ In addition to women-owned SMEs, World Bank lending and technical assistance engagements also helped countries improve legal and regulatory environment for women micro-entrepreneurs, and provided much needed financing through on-lending mechanisms and graduation programs.

through financial intermediaries in emerging economies, through its [Banking on Women business and the Women Entrepreneurs Opportunity Facility](#) (see Box 1 below).

Box 1: Women Entrepreneurs Opportunity Facility Background

In 2014, IFC's *Banking on Women* business and the Goldman Sachs *10,000 Women* initiative established the 10-year Women Entrepreneurs Opportunity Facility (WEOF), with the dual goals of expanding access to finance for women-owned SMEs in developing economies, and demonstrating to the investor market the commercial viability of investing in women.⁶ The WEOF, an important tool for IFC, mobilizes donor funding for blended finance and commercial funding and advisory services to address the significant financing and capacity gaps faced by women-led SMEs in emerging markets. IFC's *Banking on Women* business, with support from the WEOF Facility, provides expertise to financial institutions to develop service offerings for women customers, provides and mobilizes investments to financial institutions to fund the growth of their lending portfolios to women-led businesses, and builds the business case for financial institutions to increase and improve services to women. IFC finances investments from a combination of its own account and mobilized investors, and uses performance incentives, first-loss funding, and advisory services co-funding with select, but not all, projects in WEOF.

The Goldman Sachs Foundation committed US\$43 million in grant funding for: (a) performance rebates to financial institutions on interest rates and cross-currency swap costs upon reaching pre-agreed targets to finance women SME customers, (b) first loss for risk-sharing facilities on portfolios of loans to women SME customers, (c) cost-sharing on advisory services to banks financial institutions to build platforms for women customers, and (d) business case research, business development, knowledge dissemination, staff/expertise, monitoring and evaluation, and fees for administration.

To date, of the US\$1.36 billion in cumulative commitments in the *Banking on Women* business, IFC has committed under WEOF US\$680 million in 20 investment projects with financial institutions in 14 developing countries across all regions of the world as part of in the WEOF Facility. Of this commitment volume, US\$432 million is from IFC's own account, with US\$248 million mobilized from other lenders. One of the early challenges in launching a *Banking on Women* project with financial institutions is that they do not, as a rule, flag women-owned SMEs in their management information systems prior to an IFC engagement. As a result, one of the first steps IFC takes with a new client bank in the *Banking on Women* business is to establish the baseline level of lending to women business customers, and then works with the financial institution to implement a measurement system which to includes women-owned businesses in the system.

19. **WBG sector experience:** The WBG has extensive private and public sector experience in promoting women's entrepreneurship through public sector interventions as well as private sector investments, advisory services, training, impact evaluations, and knowledge sharing. The WBG, for example, has designed and piloted innovative training and mentorship approaches for women's entrepreneurship in all WBG regions, and has developed a range of innovative financial instruments and services for female owned firms.

20. IFC has provided credit and other financial and non-financial services to women entrepreneurs through financial intermediaries in emerging economies, through its [Banking on](#)

⁶ WEOF was approved by the Board in February 2014, Project #33997.

Women business. Launched in late 2010, IFC's *Banking on Women* business invests in and provides advisory services to financial institutions to scale up and improve financial and non-financial services for women and women-led SMEs globally. Through *Banking on Women*, IFC has US\$1.36 billion in cumulative investment commitments in 43 projects in 24 countries (53 percent for IFC's account and 47 percent from mobilized lenders), dedicated to financing women SME customers, and has led 33 advisory services projects in 23 countries to scale up financial and non-financial services to women customers.

21. Through the *Banking on Women* business, IFC has also developed partnerships with grant funders and co-investors. Within this program, the WEOF, led by IFC, has for example successfully leveraged grants to mobilize commercial finance to support women entrepreneurs.

22. For investments, IFC measures standard indicators on an annual basis, such as the number and US\$ volume of loans outstanding to women-owned SMEs as well as non-performing loans to women-owned SMEs, in addition to project-specific indicators, such as for example, average loan size, the proportion of women-owned SMEs in the total SME portfolio, financing to women in underserved sub-regions or sectors, and other indicators.

23. The WBG also has experience implementing complementary public and private interventions supporting women entrepreneurs. For example, the WBG has supported a set of activities in Pakistan that include investment climate advisory, training/networking, and a financial inclusion lending project, complementing IFC support to a private bank (see Box 2).

Box 2: WBG Support to Women Entrepreneurs in Pakistan

- **Punjab Investment Climate Advisory:** This program assists the government in improving the province-level business environment, including for women, through identifying and addressing implementation gaps in laws and regulation affecting women.
- **WomenX (P144110):** The WomenX pilot in Pakistan is part of a multiregional program for growth-oriented women entrepreneurs in Africa and South Asia. The program aims to build capacity for enterprise growth through a combination of business education, networking, and mentoring.
- **Pakistan Financial Inclusion and Infrastructure Lending Project (P159428):** The new Pakistan Financial Inclusion and Infrastructure Project (US\$137) contributes to increasing access and usage of digital payments and other financial services for households and businesses in Pakistan. This will be done by: (a) improving market infrastructure and institutional capacity, (b) supporting the uptake and usage of Digital Payments and Financial Services and by (c) improving access to financial services for micro, small, and medium enterprises (MSMEs). The project seeks to substantially increase access and usage of financial services by women and support women-owned MSMEs. The project has a gender dimension that aims to achieve positive impact on women by allocating 60 percent of microfinance loans to women and women-owned enterprises, by targeting women for digital transaction accounts, and by providing technical advice support and awareness raising for women.
- **Habib Bank Limited:** IFC provided advisory services to a client bank to launch a Gender Intelligence initiative, including training to bank senior management during 286 training sessions in 36 cities, provided the bank's staff with tools to better serve women customers.

Furthermore, the WBG is building evidence for effective gender and private sector development programs (see Box 3 below), which will inform the Facility. The objective is to increase the take-up of effective policies that address the underlying causes of gender gaps in entrepreneurship. The WBG is leading fifteen impact evaluations in sub-Saharan Africa on women and enterprise development, and starting three others in East Asia and Pacific.

Box 3: Learning from WBG Impact Evaluations in Africa on Women and Enterprise Development

- **Togo Entrepreneurship Training:** A recent impact evaluation in Togo of personal initiative skills development – promoting self-starting, future oriented and persistent behavior – demonstrated impacts of 40 percent on profits of women-owned businesses and large effects on innovation and investment. This successful intervention is now being scaled up in WBG operations in Ethiopia, Mexico, Mauritania and Mozambique, and in an Inter-American Development Bank program in Jamaica.
- **Malawi Formalization and Savings:** Combining business formalization with linkages to private banks in Malawi led to large positive impacts on women’s access to business bank accounts and insurance, as well as an increase of 20 percent in profits. Following this impact evaluation and an additional study in Benin, programs led by the WBG Investment Climate team require teams to introduce gender informed interventions to business environment reforms.
- **Nigeria Business Plan Competition:** An impact evaluation of a large-scale business plan competition in Nigeria showed over 30 percent larger impacts on female vs male entrepreneurs on the likelihood of operating a firm. The study also demonstrated very large impacts on women’s enterprise-level innovation, business practices, business performance and employment, having mostly doubled the number of workers of the firms. Business plan competitions are now also being implemented by WBG operations in Senegal, Guinea-Bissau and Kenya.
- **Ethiopia and Uganda Crossovers:** Recent studies in Ethiopia and Uganda of women entrepreneurs operating in male-dominated sectors showed that these women make three times more than those in traditional sectors. The studies showed that typical barriers (e.g. education, finance) are not critical in preventing women from crossing over to high-performing male-dominated sectors. Instead, information seems to be key, and mentorship and early exposure most important. These recommendations are being implemented in new projects in Congo and Guinea.

III. The Proposed Facility

A. Objectives

24. The objective of the Facility is to address barriers to financial access and to provide complementary services such as capacity building, access to networks and mentors, and opportunities to link with domestic and global markets as well as improving the business environment for women-owned or women-led SMEs across the developing world, covering both IDA and IBRD countries, thereby promoting jobs and boosting economic growth. The Facility differs from current efforts in that it represents a platform to align country-level reforms and private investment, build on and implement lessons learned about what works for starting and growing female owned/led firms, collect key data from the public and private sector on female entrepreneurs and their firms, and support innovation and learning for results at scale.

25. The ambition is for the Facility to enable up to US\$1 billion of financing to improve access to capital, provide technical assistance, and invest in other projects and programs that support women and women-led SMEs in WBG client countries. The Facility aims to leverage donor grant funding of up to US\$200 million, and mobilize up to US\$800 million in IFI and commercial financing by working with financial intermediaries, funds and other market actors, potentially through similar models as IFC's WEOF.

B. Key Features

26. The Facility is envisioned to be a platform that can scale up proven existing approaches to financing and building the capacity of female-owned firms, complement those efforts with new lines of support, including equity and venture funds, and ensure an aligned country-level approach for public and private activities that are sensitive to diverse local country contexts. Proposals to the Facility will be selected on the basis of the extent to which they incorporate these features.

1. Complementary private and public sector approaches

27. The proposed Facility would support programs and activities that eliminate barriers that women face in starting and growing successful SME businesses in a variety of sectors, and strengthen the enabling environment for such firms. Given the need for both public and private sector interventions to address constraints, the Facility would support complementary approaches through two windows (public and private sector). It is expected that the Implementing Partners would use innovative approaches, and be incentivized to do so via funding decision criteria of the Governing Committee that places a premium on innovation.

28. ***Private sector window:*** The Facility would solicit proposals for implementing entities aimed to improve access to capital and related critical services through a private sector window. Proposals will need to be further considered and specified before submission to the Governing Committee but could include the following:

- Channel financial services to women customers of financial institutions and women-led SMEs through financial intermediaries and non-bank financial institutions;
- Provide performance-based incentives and risk sharing to banks and non-bank financial service providers, including insurance companies by using Blended Finance⁷, to expand their female customer base and target women-led SMEs;
- Support angel, seed, venture and growth capital-type facilities that provide critical equity and debt financing to women entrepreneurs;
- Use financial tools, incentives, and technical assistance to increase corporate sourcing from and distributing to women entrepreneurs and women-led SMEs;
- Provide advisory services and technical assistance to financial intermediaries, business networks, funds, corporates, and accelerators/incubators to encourage and facilitate greater use of and engagement with women customers and women-owned SMEs and entrepreneurs; and

⁷ Using Blended Finance structures such as first loss guarantees or performance incentives or using donor funds in subordinated positions will increase banks' risk appetite to provide financing for perceived higher risk client segments such as women-led SMEs.

- Support efforts to build the business case for investing in women, for example by collecting high-quality financial data on women-owned businesses, conducting business development activities, research and market diagnostics, rigorous impact evaluations, knowledge events, and other activities to build the pipeline of investment-ready transactions.
- Use commercial funds from the Implementing Entity and other investors to leverage donor funds and ultimately channel directly or indirectly funds to women and women-led SMEs.

29. ***Public sector window:*** The above initiatives would be complemented by a public sector window that would help governments improve the business environment by identifying and addressing binding regulatory and legal constraints, create market opportunities and develop innovative programs to support the growth of female led businesses that align with country commitments to gender equality. The Facility would solicit proposals that could include:

- Improve the business and legal environment for women businesses in such areas as: (a) reforming collateral registry and central bank requirements to include moveable collateral; (b) reforming land, title, and other laws to establish principles of equitable treatment; (c) supporting the implementation of transparent, inclusive and efficient policies and regulatory practices that lead to improvements in business registration and licensing offices and procedures as well as offering complementary targeted interventions (e.g. help with setting up business bank accounts); (d) elevating women’s voices in policy dialogues by establishing inclusive business-to-government feedback loops for entrepreneurs and workers, and supporting capacity development of women’s business associations; and (f) access to financial services, through introduction of tiered know-your-client regulations and creating the enabling environment for nonbank provision of e-money and financial services
- Technical assistance and grants to the government or public sector players to help open markets to women-owned businesses, for example, through advisory projects to increase women’s engagement in export and trading activities, value-chain analysis and market linkages, on-line platforms which support commercialization, supplier development programs, and business incubators and innovation centers to help women-led businesses expand, and capacity building through training and technical assistance and mentoring programs for female entrepreneurs that help build the pipeline of businesses for financial institutions.
- Support for innovative pilots in areas where market failures indicate the need for public sector involvement, including for example, by facilitating information flows; skills development for expanding the number of women entrepreneurs in male-dominated sectors and circumventing norms regarding willingness to compete; new financial interventions and take up of financial technology; and
- Funding for rigorous impact evaluations of programs to support women’s enterprise development and taking lessons to scale in other contexts.

30. ***Interdependence of the Private and Public Sectors to Support Women:*** Building a supportive ecosystem for women’s entrepreneurship requires both private and public sector activities to create economic opportunities and remove barriers to entrepreneurship and economic participation. An example of this complementarity is provided in Box 2, which illustrates public

and private sector projects aimed at supporting women’s entrepreneurship in Pakistan. The Facility would encourage proposals that incorporate a holistic public and private approach.

2. Eligibility

31. Programs supporting women, particularly targeting women entrepreneurs and women-led SMEs, as the intended final beneficiaries, in all WBG borrowing countries would be eligible. The Governing Committee may also decide on allocations or targets for specific activities, such as the provision of financing, as well as technical assistance or other activities, to improve the enabling environment for women-led businesses.

32. Given the diversity of macroeconomic, political, industry, and normative environments of the WBG’s borrowing countries, as well as the size, experience, and capacity of the partner institutions, it is expected that there will be a mix of projects that provide significant leverage, market signaling, and high volumes of financing to women, as well as projects with lower leverage and volumes but that provide solutions for women entrepreneurs in more challenging country environments. This mix would be an added value of the Facility as it aims to address a different set of challenges to women entrepreneurship than existing efforts. Annex 1 provides some examples of this diversity of leverage, volume, and impact from IFC’s *Banking on Women* experience.

33. It is currently envisaged that the majority of the targeted donor financing would be allocated by the Governing Committee to the private sector window for both technical assistance and de-risking/blended finance instruments. This would best allow the Facility to reach its anticipated leverage goals to enable an additional US\$800 million in commercial funding from private sector financial institutions and multilateral institutions for women entrepreneurs. The targeted leverage of the Facility is based upon the experience of IFC through their WEOF and other investment programs (see Box 1 above). However, the Governing Committee of the Facility would have the flexibility to allocate funding between public and private sector window proposals based on a demand-driven and adaptive approach.

3. Financing

34. The ambition for the total size of financing mobilized by the envisaged Facility would be US\$1 billion, of which US\$200 million in grant financing would be provided by donors to finance the type of activities as described above. Grant funding could come from countries, foundations, or impact investors.⁸ Donors could also explore other avenues to support the Facility, such as co-financing or engaging in priority areas to boost the overall leverage of the funds deployed. Given the scale of the challenge, the Facility would be open to receiving grant financing in excess of the US\$200 million target.

⁸ Contributions from foundations and other non-traditional sources would be carefully vetted based on existing guidelines, which are currently being updated. These include: “Guidance Note for Bank Staff on Partnership Due Diligence” (2013); “Operational Framework for Accepting Unsolicited Private Donations to IDA (2008); and “Identifying and Addressing Partnership Conflict of Interest in Global Programs and Partnerships” (2007).

4. Structure and Governance

35. The Facility would be established as a FIF at the Bank. It would be open to contributions from all WBG member countries and non-sovereign entities (e.g. foundations). The Facility is expected to be endorsed by G20 Leaders at their Summit in Hamburg. However, its operations and governance would be fully independent from the G20.

36. While an alternative could have been to establish this as a traditional, WBG-managed multi-donor trust fund (MDTF), the proposed FIF design responds to requests by potential founding contributors to have the Facility open to other MDBs, in addition to the Bank and IFC. As Implementing Partners, the Bank and IFC would utilize funding from the Facility to complement core programs/investments on women, SMEs, and gender that are currently being supported by IBRD/IDA, trust funds and IFC.

37. The proposed design of the Facility is based on best practices in other FIFs with which the Bank has extensive experience (see Box 4). The Facility leverages off the WBG's financial platforms well as its extensive sectoral and gender expertise.

38. **Implementing Partners** would be the MDBs, that would propose private and public sector activities to be supported by the Facility. Both the Bank and the IFC would serve as Implementing Partners. Where applicable, the 'cascade' approach would be employed to ensure we mobilize the maximum amount of commercial finance into the sector.

39. **A Governing Committee** would set the Facility's operational policies, eligibility and resource allocation criteria, approve allocations to Implementing Partners, provide regular monitoring, and review evaluations. Contributors to the Facility would need to exercise their fiduciary and oversight obligations with respect to their financial contributions; this would be achieved by way of a decision-making role in the Governing Committee. Those who contribute above a threshold to be determined by the founding contributors (currently envisaged at US\$10 million), would occupy voting seats on the Governing Committee. Consistent with other voluntary funds, the first Contributors to the Facility would agree to the minimum contribution that would be required, and decision-making would be by consensus. Other contributors, along with representatives from beneficiary countries would have a role on the Governing Committee as agreed among the founding contributors. Implementing Partners, and the Trustee would serve as observers on the Governing Committee. The roles and responsibilities of Governing Committee members, and procedures to be followed would be specified in a Governance Document to be negotiated among the Contributors and adopted by the Governing Committee, usually at its first meeting.

40. In addition to the oversight provided by the Governing Committee, the Bank's Board would have usual oversight over the Bank's engagement in this Facility in its various capacities and it could request for updates, as needed. The FIF would be included in regular reporting to the Board on trust funds and FIFs. Further, when the Bank or IFC is the Implementing Partner, Board approval of projects submitted would be required.

Box 4: Best Practices in the Structure and Governance of FIFs

The Bank currently provides Trustee service to some 30 FIFs (e.g., the Global Environment Facility, Climate Investment Funds, Global Partnership for Education, etc.) with over US\$30 billion of funds held in trust. For many of these FIFs, the Bank also provides Secretariat functions and serves as one of the implementing agencies.

The following are some of the best practices in FIF design:

- An inclusive Governing Committee that comprises representatives from donors as well as beneficiary countries;
- A clear decision-making and funds allocation role for the Governing Committee, with voting rights for those who make financial contributions;
- Secretariat and Trustee functions housed in the same institution, to take advantage of common systems, policies and procedures;
- The use of MDBs as implementing entities, relying on their sound financial and program management policies, procedures and experience, and in which the same contributors to the Facility participate in their governance;
- The use of a pooled approach to contributions, but separate windows for the purpose of funding allocations by the governing body – in this case, for the public and private sectors – permitting contributors to benefit from the efficiency of a pooled approach and avoiding earmarking;
- Costs for all services provided by the Trustee, Secretariat and implementing entities covered by contributions to the FIF on a full cost recovery basis, subject to annual budgets submitted for the Governing Committee’s approval.

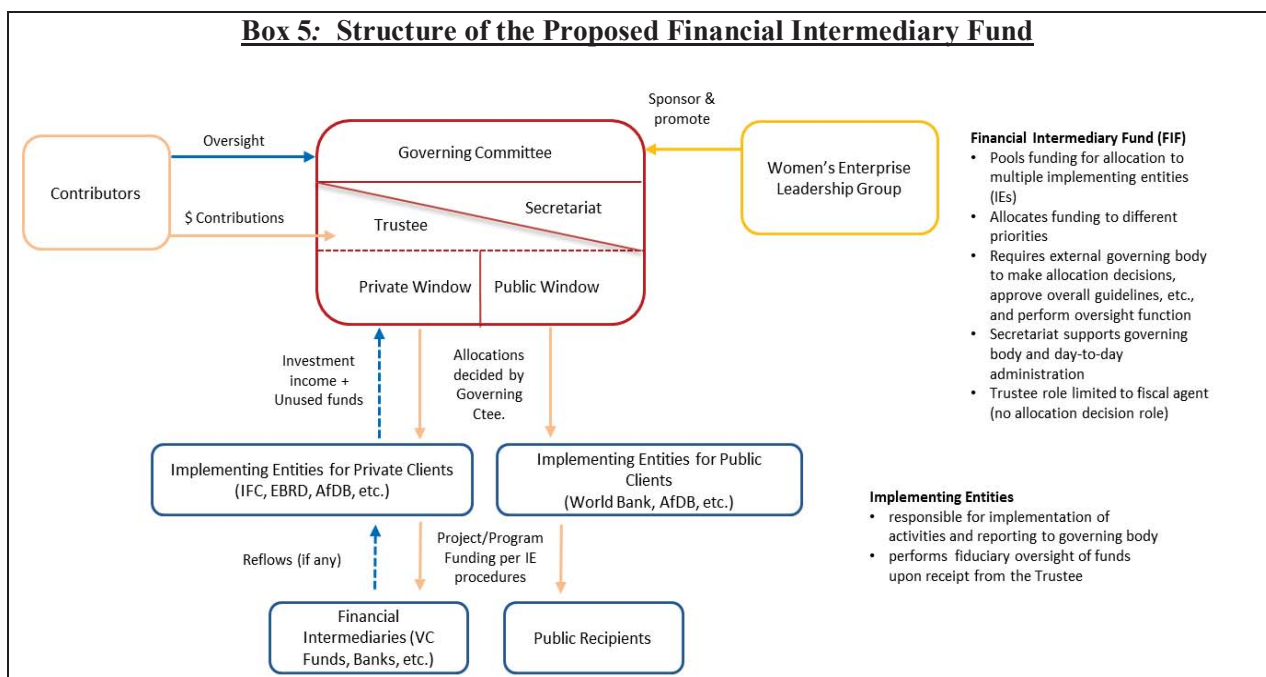
41. A **Women’s Enterprise Leadership Group** is being considered to provide high-level strategic guidance, ensure coherence with existing facilities and programs, and help raise awareness of the issue on a global level. This Group would be separate and distinct from the Governing Committee, to preserve the clarity of the fiduciary roles as described above. The Group would have no formal authority over the operations of the Facility.

42. The WBG would establish a FIF to receive and hold contributions in one pooled account and transfer cash to Implementing Partners based on decisions of the Governing Committee. It is also expected that the Governing Committee would make allocations from the public and private windows, to be tracked and recorded by the Secretariat. In addition, a specific allocation would be made from the private window to the IFC. The Implementing Partners would use funds received in accordance with their policies and procedures, to deliver results for the ultimate beneficiaries.

43. The Bank would serve as **Trustee**, drawing on its extensive experience with the provision of such services for other FIFs. As Trustee, the Bank would sign Contribution Agreements with each donor, receive and manage donor funds, and transfer funds only to MDBs as Implementing Partners, who would then use the funds for projects and programs with other partners in accordance with their policies and procedures.

44. A **Secretariat** would be established at the WBG. Its principal function would be to support the day to day operations of the Facility and its Governing Committee. Insofar as it would have a role in making recommendations to the Governing Committee, the Secretariat would be housed in a separate unit of the WBG; i.e., separate from the unit(s) that may submit proposals to the Facility. The proposal is for the Secretariat to be housed within the Bank’s Development Finance Vice-Presidency, which will obtain technical recommendations from within the WBG for project, program and other operational issues, but if no suitable reviewers are found (given they may be part of the proposing units) then the Secretariat will seek an outside reviewer for the proposal/issue. The governing and operational documents for the Facility approved by the Governing Committee will clearly spell out the roles and responsibilities of the Trustee and Secretariat, respectively, to address potential conflicts of interest.

45. Box 5 summarizes the structure of the proposed FIF.



46. **Process for submitting proposals:** While it is recommended that the initial set of proposals be sought through a “call for proposals”, subsequent to that, the Facility could adopt a call for proposals approach based on available funding, or accept funding requests on a rolling basis. Proposals would be reviewed by the Secretariat and submitted to the Governing Committee with a recommendation to approve or reject. Such details would be discussed with the Facility’s founding contributors and laid out in the Operations Manual that would be agreed with and endorsed by the Governing Committee.

47. **Cost Recovery:** Consistent with other FIFs, the costs of the Trustee and Secretariat would be recovered on a full-cost basis from the contributed resources in the FIF. Each Implementing Partner would recover costs for implementing projects in accordance with their respective cost recovery policies and procedures.

48. **Results, Monitoring and Evaluation:** Each proposal to the Governing Committee would describe expected results, monitoring, and evaluation at the project level. A Results Framework at the Facility level will be prepared and submitted to the Governing Committee for endorsement (see Annex 4).

49. The proposed structure and governance arrangements presented here draw on best practices from FIFs. Details would need to be finalized and agreed with the founding contributors, and endorsed at the first meeting of the Governing Committee, which is expected to take place in October 2017. Recognizing that consultations are still ongoing, we will update the Board, prior to the effectiveness of the FIF, should there be any significant deviations in structure or governance.

5. Possible areas of support

50. The Facility would seek complementary and aligned (at the country level) public and private sector window proposals to the Facility to best enhance the impact of interventions. For the private sector window, the Facility would seek interventions that can achieve similar reach, scope and leverage of the WEOF. For example, by using grant resources, IFC could achieve significant leverage (e.g., 10:1) for donor funds by working through financial intermediaries and leveraging IFC loans (see Annex 1 for more examples). IFC could also take advantage of the IDA Private Sector Window's local currency facility to provide local currency financing to financial institutions to on-lend to women entrepreneurs. Combining support from the Facility and the IDA Private Sector Window could enable IFC to reach women entrepreneurs in the most difficult markets. The Facility would enable IFC to develop new and innovative approaches to reaching women entrepreneurs in these sectors. For example, IFC could work with venture capital (VC) funds to provide a first loss allocation to a portfolio of VC investments in women-owned businesses. IFC could also work with private equity funds to encourage women leadership roles and provide investment capital to encourage co-investment in women-run/owned companies (see Annex 2 for more details).

51. As the WEOF model primarily reaches relatively mature SMEs, the Facility would also seek proposals that support women entrepreneurs along the enterprise cycle, including early and late stage VC as well as growth equity, may also be considered.

52. ***Scaling up and expanding existing efforts:*** The initiatives above would not only scale up current activities that focus on financing women and women-led SMEs; they would also allow the Bank and IFC as Implementing Partners of the Facility to expand the breadth of activities to reach new women's customer segments, new types of financial service providers, a broader group of investors, women in the value chains of corporates, and women and women-led businesses both at early and mature stages of the enterprise cycle. With respect to the scale up, only a relatively small group of financial service providers in emerging markets have begun to seize the opportunity to focus on women customers in a meaningful way. For this reason, a significant increase is needed to continue to build the business case and market in every region. When comparing the estimated US\$300 billion annual credit gap for formal women-led SMEs in emerging markets with IFC's cumulative committed portfolio of US\$1.3 billion in the *Banking on Women* business, it is clear that much work remains to be done. With respect to expansion, IFC's business in this area is growing; however, it has been primarily focused on providing solutions to commercial banks to

help them increase financial and non-financial services to women-led SMEs. A significantly broader spectrum of complementary activities is needed to support women and women entrepreneurs in developing economies, and the Facility would enable IFC to expand its work to: (a) develop solutions for new types of financial service providers like insurance companies, digital financial services providers and platforms, and non-bank financial institutions; (b) target new women's customer segments such as women-led companies in the value chains of corporates and women insurance customers; (c) provide solutions to early stage entrepreneurs through targeted support to angel, venture, and seed funds as well as incubators; and (d) once the programs reach scale, crowd in a broader group of commercial investors.

53. For proposals in which IFC would be the Implementing Partner, the use of the donor funds for IFC investments will adhere to the principles for using concessional finance in private sector operations.⁹ These principles could also be applied to all proposals to use Facility resources as concessional financing. For IFC, these include the following:

- **Additionality.** Use of funds from the Facility will need to demonstrate clear additionality to IFC's current activities supported by existing solutions. This additionality could take the form of new/additional scope—such as entry into expanded customer and product segments, such as insurance, private equity funds, and digital financial services for women customers; or in scale—such as to increase in the extent of IFC investments in eligible markets with higher mobilization impact to further leverage additional private investment
- **Minimizing Concessionality and Market Distortions.** Given the focus on engaging in markets with substantial risks, the Facility is expected to enable private sector investments by addressing risk-return gaps through financing and risk mitigation support at prices that likely do not fully reflect the cost of the risk, a form of subsidy. Use of funds from the Facility for technical assistance and Blended Finance investments will follow “minimum concessionality” practices to ensure that no more subsidy is used than that required for the projects to be viable, determined through the relevant governance processes

54. Alongside the private sector proposals, the WBG has also been asked to develop complementary public sector proposals that could build upon existing WBG lending or advisory programs in financial inclusion or gender. For example, the Bank could seek to leverage IDA and scale up successful programs such as the Women's Entrepreneurship Development Program (WEDP) in Ethiopia, which aimed to support women entrepreneurs through access to loans and business training. This was originally funded by an IDA US\$50 million investment loan, with additional donor financing of US\$13 million grant funding from Canada and the UK. The project has reached over 14,000 women entrepreneurs and transformed the landscape for financial services for women entrepreneurs in Ethiopia. The WBG is now exploring replicating the WEDP model in both Africa and Asia (see Annex for more details).

⁹ This is based on IFC's blended finance principles approved by the IFC Board in 2012 (see Blended Finance at IFC: IFC's Approach to Blending Concessional Funds, March 12 2012), and the working principles jointly developed and endorsed by representatives from Development Finance Institutions in 2013. IFC is also leading a discussion among MDBs engaged in private sector operations to refine and enhance these principles, anticipated for the Annual Meetings in 2017.

55. **G20 Compact with Africa:** The G20 Compact with Africa is a G20 initiative to promote private investment and investment in infrastructure, and is a central project of Germany's G20 presidency. The Bank, International Monetary Fund (IMF) and African Development Bank have produced a joint report that proposes a catalogue of instruments and measures designed to improve macroeconomic, business and financing frameworks as a way to boost investment. The Facility would seek proposals that aim to support the G20 Compact with Africa by seeking interventions with countries that have signed official G20 compacts. For example, through the *Banking on Women* business, IFC currently has ongoing or completed advisory services and investment services projects with financial institutions to increase business with women customers and women-owned SMEs in countries such as Cote d'Ivoire, Democratic Republic of Congo, Kenya, Nigeria, Tanzania, and Uganda. A complementary public sector initiative, and an important topic of increased focus among central banks, including African central banks that are members of the [Alliance for Financial Inclusion](#), is collecting sex-disaggregated data from reporting financial institutions on lending and deposits for women and men customers in the retail and business segments. For example, in 2016 the Moroccan Central Bank, Bank Al-Maghrib, committed to collect sex-disaggregated data from financial institutions in the semi-annual financial reporting cycle. In addition, the Bank Al-Maghrib, in collaboration with IBRD and others, is currently conducting a study on financial inclusion with the goal of better understanding gender and other aspects of financial disparities, and expects to publish a report in late 2017. Last, the WBG's Finance & Markets Global Practice is providing support to the Bank Al-Maghrib on reforms related to moveable collateral registries and policies, which disproportionately affect women-led businesses. These types of initiatives, while in the early stages, provide an important signaling effect to private sector financial institutions of a supportive public sector environment for increasing financial services to women.

IV. Risks and Mitigation Measures

56. Key risks to be assessed in a FIF-supported partnership are: *strategic, stakeholder, and financial*.

- **Strategic risks:**
 1. The risk that activities financed by the Facility may not be aligned with the WBG's strategy and priorities or may duplicate other WBG financing would be mitigated through WBG participation as an observer on the Governing Committee (in each of the WBG's three separate and distinct capacities: as Trustee, Secretariat, and Implementing Partner), active engagement in Facility operations and reporting in its Secretariat capacity.
 2. The risk that the participation of multiple Implementing Partners could result in fragmentation and duplication across partners would be mitigated as follows. First, the Facility would operate under a single governance framework and operating procedures agreed by all partners. As for other FIFs, the Governing Committee, supported by the Secretariat, would ensure coordination and harmonization across the Implementing Partners. Second, in submitting funding proposals, Implementing Partners would be required to confirm that projects are consistent with respective country strategies and contain results frameworks.

3. The risk of misinterpretation of the WBG's roles in the Facility will be mitigated through the development and implementation of a Communications Plan involving all units across WBG involved in the Facility and with active involvement by the WBG's External and Corporate Relations departments.
- **Stakeholder risk** will be mitigated by receiving funds from well-established contributors to WBG trust funds, the use of established FIF Implementing Partner entities, and approval by the Governing Committee of an Operations Manual that will clearly establish the decision-making role of the Governing Committee and roles and responsibilities of all parties.
 - **Financial risk** will be mitigated by the use of grant (or non-reimbursable capital) contributions to the FIF, and by Trustee commitments to Implementing Partners based on cash available in the trust fund. The risk that insufficient funds are contributed to render the Facility effective will be mitigated by the use of an 'effectiveness condition' i.e., that no project/program funding decisions may be made by the Governing Committee until contributions amounting to at least US\$100 million have been confirmed by way of signed contribution agreements with the Trustee.
 - **Exit strategy:** Best practice for WBG engagement in FIFs requires consideration of a process for periodic review and possible exit from the engagement¹⁰. Experience with other FIFs has confirmed that hard triggers for the WBG's exit from engagement in FIFs are not always desirable, nor feasible to implement in practice. Instead, the WBG's engagement as Trustee, Secretariat and Implementing Partner should be time-bound and subject to review. This requirement will be included in the Governing Framework document to be drafted by the Bank and endorsed by the Governing Committee. Given that the amount of US\$200 million received in grant funding is likely to be fully committed over a relatively short time period, it is expected that, in its initial phase, the Facility will be established for a period of four years (the "end-approval date"). During this period, proposals may be submitted and funding decisions would be made by the Governing Committee based on available funds in the FIF. Cash transfers from the Trustee to Implementing Partners are expected to be required beyond the end-approval date, therefore the FIF would likely need to remain open and the WBG would continue to provide services (at least in a Trustee and Secretariat role) for an additional two to three years, for a total life of the Facility of six to seven years, with optional extension. To better inform these decisions, the status of contributions and commitments, along with performance and results achieved, would be reviewed two years after the date of establishment, to decide whether to extend the end-approval date and allow for additional contributions and commitments beyond the fourth year, as well as an optional extension of the Facility life. Consistent with other FIFs, the legal agreements with the Trustee will contain an end date incorporating the total life of the Facility, as well as termination clauses permitting termination by the Bank under a worst-case scenario with three months' notice. While it is not expected that termination provision would be triggered, this provides an additional level of protection for the WBG.

¹⁰ *Management Framework for World Bank Partnership programs and Financial Intermediary Funds: Strategic Engagement, Oversight and Management*. SecM2013-0286. June 14, 2013

V. Conclusion and Next Steps

57. The aim is to announce the launch of the Facility at the G20 Leaders' Summit on July 7-8, 2017, if the Bank Board approves the proposed Facility in June. Initial support from G20 member countries offers an opportunity to showcase alignment with existing G20 efforts, including the Partnership with Africa and initiatives on financial inclusion, the employment of women and girls in digital technologies.

58. The Governing Committee and Leadership Group are expected to have their first meeting in October 2017, in conjunction with the WBG Annual Meetings. At that time, the Governing Committee is expected to endorse the Facility's Governance Framework and Operations Manual. As noted above, should the final structure, governance and operating arrangements deviate significantly from the description provided in this paper, Management will update the Board accordingly, as noted in paragraph 49 above. It is proposed that, at its first meeting, the Governing Committee will issue a call for proposals from MDBs to be submitted before the end of the calendar year. The WBG is expected to prepare a unified proposal that encompasses complementary public and private initiatives for the Governing Committee's consideration at that time. Subsequent proposals may be sought either through a call for proposal process or on a rolling basis as agreed by the Governing Committee.

59. Executive Directors are hereby requested to approve Management's proposed approach, as described herein, including: i) the establishment of a Financial Intermediary Fund at the Bank to support the Facility and ii) WBG support to the Facility by acting as Secretariat, Trustee, and Implementing Partner.

Annex 1: Examples of IFC's *Banking on Women* Projects

A. Bank of Palestine: West Bank and Gaza

In the fragile and conflict-affected economy of West Bank and Gaza, the Bank of Palestine sought to expand its footprint to become the “Bank of Choice for Women.” Over 60 percent of women-led enterprises in Palestine have unmet financing needs, with a total estimated unmet credit gap of US\$147 million per year for women-led SMEs in the formal sector, and an estimated unmet credit gap of US\$325 million for women-led enterprises in the informal and formal sectors combined. IFC's *Banking on Women* business line responds to the unmet demand for financial services for women, particularly women-led SMEs, by partnering with financial intermediaries to scale up the delivery of financial services and non-financial services to support women and women-led SMEs.

In 2016, IFC committed a US\$50 million subordinated debt investment in Bank of Palestine, of which US\$7.5 million was dedicated to on-lending to women-led SMEs in West Bank and Gaza. To support the Bank's goal to address both the financial non-financial service needs of women entrepreneurs, IFC also supported the bank with an advisory services program to help the bank design new lending products such as collateral-free and gold loans, create a financial literacy program which to date has trained 1,000 women, launch an online resource toolkit for SMEs and women customers, and through a partnership with IFC's Gender Secretariat, design an innovative “mini-MBA” program with local trainers to provide coaching and training to women SME entrepreneurs.

B. Habib Bank Limited: Pakistan

According to the World Economic Forum's 2015 Global Gender Gap Report, Pakistan had the second-largest gender gap of all the countries evaluated, ranking 143 out of 144 countries in the index, which compares gender disparities in earnings, education, health, and political participation, among other indicators. Habib Bank Limited, the largest private sector bank in Pakistan measured by assets and customers, sought to position itself as a leader in the market for women customers, and IFC is currently working with the bank to accomplish this goal. Given market research and challenges in women customers' perceptions of banks in Pakistan, an important first step of this process was to re-position the bank as a reference company for “gender-intelligent” staff and management. An existing investment client of IFC's, Habib Bank Limited sought the support of IFC's *Banking on Women* advisory services to train the bank's staff and management to adapt “gender-intelligent” employee and customer management approaches to accompany the rollout of the bank's women customer platform, *Nisa*.

Between 2015 and 2016, IFC provided advisory services to the bank to launch a Gender Intelligence initiative, including training to 8,483 of the bank's staff and senior management during 286 training sessions in 36 cities, collaborating with a total of 42 local and international trainers. To complement this work, IFC's Development Effectiveness Unit partnered with the Financial Institutions Group to conduct an evaluation to determine the effectiveness of gender intelligence engagements through a control group/treatment group process, and found that IFC's *Banking on Women* advisory services in Gender Intelligence has positively impacted the bank as measured by an increase in gender awareness among staff, increased support for women staff and customers at the bank, an increased confidence level of female staff at the bank, and has led to increased sales to women customers of Habib Bank Limited. The bank is still in the early stages of its *Nisa*

program, but preliminary results show that IFC's advisory services have provided the bank's staff and management with tools and approaches to acquire and better serve women customers.

C. Itaú Unibanco: Brazil

Brazil has a sophisticated financial sector, and yet, Brazil has the largest credit gap for women in Latin America, with an estimated credit gap of US\$45 billion per year for formal women-owned SMEs, with an estimated 73 percent of formal women-owned SMEs in Brazil that are un-served or under-served by financial institutions. To begin to address this sizable gap, IFC partnered with Itaú Unibanco, the largest private sector bank in Brazil with customer numbers in the millions, to support its goal to become the bank of reference for women customers, particularly women-owned SMEs, in Brazil. In 2013, through its *Banking on Women* business, IFC committed a syndicated loan package for a total of US\$470 million to Itaú Unibanco (US\$100 million for IFC's account and US\$370 million syndicated from other lenders), 100 percent of which was dedicated to financing loans to women-owned and led SMEs. In addition, IFC provided advisory services to support the bank to develop value propositions for its financial and non-financial service offering to women customers, including the pilot of a psychometric credit scoring tool. Itaú Unibanco sought to position itself as a leader in Latin America for financing women customers, and the project with Itaú Unibanco sent an important signal to other financial institutions in Latin America that women customers were indeed bankable.

Since IFC launched this project with Itaú Unibanco in Brazil, IFC has committed investments with four additional banks in Latin America with all or a portion of the investments dedicated to financing women-led SMEs as part of IFC's *Banking on Women* business, including one Itaú subsidiary in Chile, and three other financial institutions in Brazil, Ecuador, and Costa Rica. Outside of Latin America, financial institutions have sought to learn from and replicate Itaú's experience in banking women customers because of its reputation and market signaling effect, and in 2015, Itaú Unibanco hosted the Annual Summit for the Global Banking Alliance for Women, an important bank-to-bank learning event.

Annex 2: Potential proposals to address lack of access to start-up capital, growth equity and networks

Seed and Venture Capital: WBG research has confirmed that one of the major challenges faced by small and medium women-owned and led enterprises is access to capital, especially for growth, knowledge, skills and networks. IFC proposes to leverage its experience investing in the VC asset class to expand women entrepreneurs' access to these services and increase the pipeline of women-led businesses with potential to later become candidates for private equity investments and loans from financial intermediaries. This component would focus specifically on women-led digital businesses in the earliest stages of innovation and leading up to growth stage businesses, across developing countries.

1. **Technical Advisory (TA) Services:** A portion of the requested funds would be allocated to provide training and mentorship to women entrepreneurs who own and/or operate digital businesses. In addition to using IFC's VC network, the TA would also leverage existing work by the Bank (e.g. the Trade and Competitiveness, and Finance and Markets Global Practices) that has focused on assisting early stage entrepreneurs through incubators, accelerators and impact evaluations. On-going efforts across the WBG include those aimed at boosting early stage entrepreneurship in Kenya, Egypt, Nepal, Morocco, Jordan, and across Africa, using different combinations of programmatic approaches, each with complimentary public and private-sector components. Funds under this header would also be utilized to convene an advisory body consisting of successful women entrepreneurs and focused on coaching/mentoring emerging women entrepreneurs who are growing digital businesses across developing countries. Identifying best practices and cross-pollinating this knowledge across seed stage intermediaries would be a priority use of funds allocated to provide TA services.

2. **Co-investment Envelopes attached to Accelerator Seed Funds:** This would provide a pool of funds to invest in women-owned businesses alongside select Accelerators and Seed Funds, some of which are already in IFC clients (via the Startup Catalyst portfolio) and others that are potential investees. Criteria that promote women entrepreneurs who own and/or operate early stage digital businesses would be prioritized to directly increase the numbers of such entrepreneurs and businesses going through accelerator platforms and receive added follow-on funding at the completion of acceleration cycles to help de-risk and ensure additional runway for such businesses to grow. A similar approach would be adopted using IFC's position as a Limited Partner in current (and future) VC funds, albeit the beneficiaries of such support would be at a slightly more mature phase than accelerators and seed funds.

3. **Incremental Investments in VC Funds with First Loss Allocation on a Portfolio Basis:** These funds would provide up to a 10 percent first loss on a portfolio of VC investments in women-owned businesses. This would enable IFC and other commercial investors to incrementally invest up to US\$100 million in VC funds that in turn, invest in women-owned businesses.

Box 6: Focus on Women Entrepreneurs through Seed Stage Intermediaries

NXTP, a startup accelerator fund based out of Buenos Aires (and an IFC investee through the Startup Catalyst facility) has developed a strategy for fostering more women in entrepreneurship based on the belief that diversified teams are more productive and effective. The three main pillars of their approach are: (a) inspiration, (b) connecting and mentoring, and (c) content and distribution.

To understand where to begin, NXTP's co-founder Marta Cruz became involved with Vital Voices (an American NGO that works with women leaders in the areas of economic empowerment, women's political participation, and human rights) as a mentor and also founded the Argentina chapter of women 2.0 (a for-profit for-good media business that works to bring women into the tech industry and help them succeed) leveraging the NXTP network. Initial findings showed that the main inhibitors for women entrepreneurs were fear, self-limitation, education and most importantly, lack of inspiring role models.

NXTP then decided to address these issue, and launched WeExchange, an annual conference focused on women entrepreneurs from Latin America, a joint-initiative with the Inter-American Development Bank. After a successful first edition, NXTP also created a movement called Emprendedora LatAm (Entrepreneur LatAm & Caribbean), which publishes a monthly newsletter and a blog, and which has become a place for women to find inspiration, identify role models and share their own stories.

As a result of these efforts, as well as the fund's own decision to actively look for and foster the creation of more diverse teams, NXTP has managed to increase the participation of women in its portfolio companies from 2percent to 26percent.

Growth Equity Capital: One of the challenges faced by women owned enterprises is access to capital in the form of equity investments. This situation limits the ability of these companies to grow and access financing from financial institutions. By providing capital in emerging markets where it is scarce, growth equity can play a critical role in development, helping to build the dynamic, job-creating companies that drive prosperity, provide essential goods and services, and strengthen the middle class.

Over the past 10 years, IFC has committed over US\$4 billion to over 200 funds across the globe. These funds have invested in over 1,500 companies supporting over 700,000 employees of which 20 percent are women. As women owned private equity firms and businesses are typically a small share of the industry, IFC proposes to leverage its advisory across the IFC global network of private equity fund managers to highlight women leadership, expand access to capital to women owned firms and increase women employment. The IFC Private Equity Gender Strategy includes implementation of advisory interventions at the fund manager, company and employee levels. The advisory program includes best practice research, gender data monitoring, and training for fund managers and their portfolio companies to positively impact the number of women run companies receiving equity investment and an increased number of women employees. The advisory program will include clients in the IFC's SME Ventures program which targets fragile and conflict states and IDA countries including those in Sub-Saharan Africa as follows: Cote d'Ivoire, Democratic Republic of Congo, Ghana, Liberia, Rwanda, Sierra Leone, Tanzania and Uganda.

Currently the SME Ventures Program partners with the Bank Global Practice Finance and Markets team to complete frontier market private equity regulatory assessments. This creates clarity for the local regulators and equity investing industry on barriers to increasing investment in equity. A gender component will be added to this research to capture additional information on women equity investors and women run companies in the market and their barriers to accessing growth equity capital. The final assessments are submitted to the local government and incorporated in the country strategies and development plans.

IFC advisory services will also provide opportunities to identify and encourage women's leadership in fund management firms, women's leadership roles on Audit Committee/Board seats of companies and women run companies in the portfolio companies. IFC proposes to convene the first ever Women in Emerging Market Private Equity Conference highlighting women's investment leadership in the growth equity space. This would likely have a demonstration impact throughout the industry. An estimated budget of US\$10m of technical advisory services in this component would reach over 60 Global Practice firms and train over 600 entrepreneurs, and fund regional women in emerging market private equity networking events with research, mentorship and training.

Annex 3: Women Entrepreneurship Development Project (WEDP)

The program in Ethiopia illustrates the type of activities that can be implemented through the Facility. The WEDP provides support to financial institutions that fund SMEs, as well as entrepreneurship training to women who manage small but growth oriented businesses.

Launched in 2012, WEDP aims to increase the earnings and employment of women entrepreneurs in Ethiopia, through access to loans and business training. Loans are disbursed through Ethiopian microfinance institutions (MFIs), and training is delivered by a mix of public and private providers. WEDP was originally funded by an IDA US\$50 million investment loan, and Canada and the United Kingdom provide an additional US\$13 million grant funding. The project secured US\$65.8 million in additional financing in 2016 from two new donors, Japan and Italy, enabling country expansion. WEDP has involved a cross-unit collaboration between the Finance & Markets Global Practice and the Gender Innovation Lab in the Africa Chief Economist's Office. This program is closely linked with the initiative to improve access to finance for women-led SMEs through improvement of the moveable collateral framework.

In 2016, WEDP fully disbursed 100 percent of the funds from its line of credit (US\$45.9 million), nearly two years ahead of schedule. Over 14,000 women entrepreneurs have participated in the program. But the true impact is in knowledge, not numbers. The project transformed the landscape for financial services for women entrepreneurs in Ethiopia, by equipping the country's leading MFIs with the techniques and knowledge to reach a previously underserved market segment. WEDP's objective was to increase access to larger, individual loans for growth-oriented women entrepreneurs, since existing 'group loans' offered by MFIs capped out at low amounts and didn't meet the needs of their growing businesses. When WEDP began, only 1 percent of the participating MFIs' portfolios consisted of individual loans to women entrepreneurs, and the average loan size for women entrepreneurs was US\$1,350. Today, individual loans to women entrepreneurs make up 18 percent of their portfolios, and the average WEDP loan size is nearly ten times larger (US\$11,760). Through a dedicated impact evaluation component, the project is testing and measuring innovative pilots to support women entrepreneurs, such as the use of psychometric testing, which enables women entrepreneurs who don't have collateral to write an interactive digital test which predicts their likelihood to repay a loan.

Given the success of the program, the project team is helping other WBG teams design programs to finance women entrepreneurs based on the WEDP model, in countries in the region (Madagascar, Tanzania, Nigeria) and beyond (Indonesia).

A second project in Ethiopia focuses on agriculture. The *Ethiopia Women in Agribusiness Leaders Network (WALN)* is a business training, mentoring and networking program targeted at high-potential women entrepreneurs in five regions of Ethiopia. It aims to increase business performance and community leadership of participating businesswomen by improving their business skills, self-confidence and business networks. This evaluation measures the impact of mentoring programs on business literacy level, women's self-confidence, and/or trust and business performance.

Annex 4. Draft Results Framework

Proposals will be screened for the extent to which their results frameworks include indicators that monitor the extent to which women SMEs are being supported, and measures the impact of financing on the performance of women-owned businesses. Therefore, much of the measurement would occur at the project level, and there is flexibility to adapt tracking and monitoring based on lessons learned during the life of the Facility. However, the Facility would also include a set of indicators tracked at the Facility level which could include the following:

	Description	Source	Frequency
<p>Indicator 1: Amount of financing provided to women entrepreneurs <u>Baseline:</u> 0 (2017) <u>Target:</u> US\$800 million</p>	Amount (US\$) provided by financial intermediaries to women entrepreneurs as a result of the Facilities' programs	Secretariat Implementing Agencies	Annual
<p>Indicator 2: Number of financial intermediaries providing access to women entrepreneurs <u>Baseline:</u> 0 <u>Target:</u> [TBD]</p>	The number of financial intermediaries who, as a result of the Facilities' financing or technical assistance, are providing financing to women entrepreneurs	Secretariat Implementing Agencies	Annual
<p>Indicator 3: Number of financial institutions that have updated their screening, support services or financial products offered to better serve women entrepreneurs as a result of participating in the Facility Baseline: 0 Target: [75percent or TBD]</p>	The number of financial intermediaries who, as a result of the Facilities' financing or technical assistance, have improved their ability to support women entrepreneurs.	Secretariat Implementing Agencies	Annual
<p>Indicator 4: Number of beneficiaries in entrepreneurship support programs. Baseline: 0 Target: [TBD]</p>	The number of women entrepreneurs and female owned/led firms that are served by the institutions receiving support from the Facility.	Secretariat Implementing Agencies	Annual

<p>Indicator 5: Number of legal and regulatory reforms supported by the Facility to remove constraints to women’s entrepreneurship. Baseline: 0 Target: [TBD]</p>	<p>The number of reforms undertaken by the public sector to support the creation and growth of female entrepreneurs and their firms.</p>	<p>Secretariat Implementing Agencies</p>	<p>Annual</p>
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Annex 5: A sampling of the WBG's activities on Women and Entrepreneurship in Operations and Analytical Work

AFRICA

Lending Operations

- *Gabon Investment Promotion and Competitiveness* (P129267), US\$18 million, Task Team Leader (TTL): Ashani Chanuka Alles, Alphonsus Nji Achomuma. This project seeks to improve the investment climate and foster enterprise development. Includes support for a Women's Business Center to assist current and future women entrepreneurs through orientation and advisory services; training; networking; and dissemination and facilitation of opportunities for business, markets, and financing.
- *Kenya Industry and Entrepreneurship* (P161317), US\$50 million, TTL: Maria Paulina Mogollon, Elena Gasol Ramos. Gender will be embedded in all aspects of this project, thanks to a pioneering collaboration to implement the new Gender Strategy through this operation, where one team member is from the Gender Cross-Cutting Solutions Area. The project will increase the productivity and innovation of Kenya's private sector. Interventions will be both at the: 1) ecosystem level, via support to business intermediaries and ecosystem stakeholders that serve entrepreneurs; as well as 2) at the firm level, building linkages between traditional industries and start-ups, and supporting managerial and technical skills development and technology upgrading.
- *Democratic Republic of Congo (DRC) SME Development and Growth Project* (P160806), US\$70 million, TTL: Alain Tienmfoltien Traore, Milaine Rossanaly. Provides support to start-up and established MSMEs to improve performance and stimulate growth, including a specific focus on women entrepreneurs. In addition, a component of the project focuses on supporting the resilience of women entrepreneurs through implementation of Family Code reforms aimed at improving equality for women business owners and through cash grants and training for small-scale women entrepreneurs.
- *Zambia Agribusiness and Trade Project* (P156492), US\$40 million, TTL: Tugba Gurcanlar, Wilhelmus Gerardus Janssen, Peter Nuamah. This project aims to contribute to increased market linkages and firm growth in agribusiness. Includes a gender dimension which is incorporated in the SME supplier development program.
- *Nigeria Growth and Employment* (P103499), US\$160 million, TTL: Kofi-Boateng Agyen, Johanne Buba, Adja Mansora Dahourou. The Growth and Employment (GEM) Project Development Objective is to increase firm growth and employment in participating firms in Nigeria. One third of GEM beneficiaries are women entrepreneurs. The support provided includes training, consulting and grants to women entrepreneurs. The project envisages to have a particular marketing/awareness + particular training modules for women. The module will be developed based on feedback on the existing interventions.
- *Ethiopia Women Entrepreneurship Development Project* (P122764), US\$53 million, TTL: Francesco Strobbe. The WEDP provides support to financial institutions that fund SMEs, as well as entrepreneurship training to women who manage small but growth oriented businesses.
- *Tanzania Financial Inclusion Project* (P161355), US\$150 million, TTL: Valeriya Goffe, Andrea Mario Dall'Olio. This project is aimed at enhancing access to credit for individuals and SMEs. The project seeks to work on - financial infrastructure (credit reporting, collateral registry and payment

systems), ID infrastructure, a credit line for SME lending and a credit guarantee facility. Based on a proposal to the SME Launchpad, the project seeks to leverage and closely integrate FinTech for SME Finance.

- *Senegal Tourism and Enterprise Development Project* (P146469), US\$75 million, TTL: Kofi-Boateng Agyen, Laurent Olivier Corthay, Isabelle Celine Kane. The project seeks to complement ongoing reforms in the country that promote economic development and ultimately expand private-sector led job creation. It aims to create conditions necessary to increase private investment in tourism in the “Saly” area and strengthen enterprise development in Senegal. The aspiring and existing women entrepreneurs are specifically targeted under Component 2 of the project: Supporting enterprise creation and growth, under which business plan competition and matching grant schemes will be implemented. The component will incorporate activities aimed to increase participation rate and support to women entrepreneurs in both activities. The program is aiming to develop an impact evaluation methodology focused on acceleration programs with small participant numbers, in collaboration with the Competitiveness Policy Evaluation Lab program run by Development Impact Evaluation.

- *Côte d’Ivoire Infrastructure for Urban Development and Competitiveness of Second Cities* (P151324), US\$120 million, TTLs: Maiko Miyake, Hatem Chahbani, Mahine Diop. The project aims to create conditions for improved competitiveness in the target cities, is guided by existing gender analyses to introduce appropriate interventions in project design, and will monitor implementation progress of these interventions with dedicated indicators. Specific activities to promote women entrepreneurship will be integrated in the project’s entrepreneurship program.

Impact Evaluations

- *DRC/ Rwanda Cross-Border Traders Project*: The interventions include training on taxes and tariffs and information related to gender-based violence for female traders on the borderland between Rwanda and the DRC. The study analyzes the impact of the training on trade knowledge, border crossing activity, corruption, and gender-based violence outcomes.

- *Ethiopia Women and Entrepreneurship Development Project (WEDP)*: The WEDP provides support to financial institutions that fund SMEs, as well as entrepreneurship training to women who manage small but growth oriented businesses. The evaluation measures the impact of each of the project components individually through a series of studies. As part of these studies, innovative approaches such as psychometric screening of loan applicants, as well as action oriented entrepreneurship training curricula will be tested.

- *Ethiopia Women in Agribusiness Leaders Network (WALN)*: WALN is a business training, mentoring and networking program targeted at high-potential women entrepreneurs in five regions of Ethiopia. It aims to increase business performance and community leadership of participating businesswomen by improving their business skills, self-confidence and business networks. This evaluation measures the impact of mentoring programs on business literacy level, women’s self-confidence and/or trust and business performance.

- *Ghana Making Cash Grants Work for Female Entrepreneurs*: This program includes: (1) cash grant to women entrepreneurs; (2) cash grant to women entrepreneurs conditional on reaching a savings goal; (3) cash grant conditional on participating on a household-decision making training; (4) cash grant disbursed to the beneficiary’s husband. This evaluation measures the impact of the interventions on business investment and household allocation of resources.

- *Guinea Women Entrepreneurs and Crossing Over*: The project seeks to learn about how to expand women entrepreneurs' access to information, skills and mentoring to grow the number of women who start their business in higher male-dominated profitable sectors. This evaluation studies the impact of providing women entrepreneurs with adequate information, technical support, coaching and know-how, as well as internship exposure, in succeeding as entrepreneurs in male dominated productive sectors.
- *Kenya A Firm of One's Own: Experimental Evidence on Credit Constraints and Occupational Choice*: This program offers young women in Nairobi's poorest neighborhoods a combination of vocational and life skills training together with start-up capital and ongoing business mentoring. This evaluation will study the impact of the program on income and empowerment in the short and long term.
- *Kenya Business Plan Competition*: This impact evaluation focuses on high-growth entrepreneurship. The impact evaluation compares the impacts of grants of US\$9,000 (small grant) and US\$36,000 (large grant) to test the cost-effectiveness of a smaller grant amount. The Implementing Entity also assesses the additional value of receiving technical assistance in preparing business plans. Additionally, the team is engaging before the intervention in a lab experiment to assess gender differences in willingness to compete, which will inform the main impact evaluation design.
- *Kenya Direct and spillover impacts of business training and mentoring of female entrepreneurs*: The project works with 3500 women in 157 markets in Kenya. The project is administered by the International Labour Organization under the "Get Ahead" female enterprise training program. The program teaches women negotiation skills, dealing with people in market, societal norms and how to overcome them etc. The training is brief and spread of 5-6 days. The study seeks to evaluate if (1) the training affect business outcomes (e.g. sales, income, etc.) (2) is there is spillover effect of training, i.e. if untrained women benefit from the training their counterparts received. One innovation of the project is to introduce a gendered style of training i.e. using a training approach that especially addresses women's constraints to overcome stereotypes/etc.
- *Malawi Business Registration Impact Evaluation*: The interventions tested in this impact evaluation include: (1) assistance in registering business; (2) assistance in obtaining a Tax Payers Identification Number; and (3) information session from a bank where business bank accounts are offered. This evaluation studies the effects of formalization and the added-value of an information session where a bank offers a business bank account. The team will analyze if male and female-owned enterprises gain equally from business registration and the complementary interventions.
- *Mozambique Matching Grant Scheme for Business Performance*: This program focuses on matching grants for business development services (BDS) of MSMEs in Mozambique where micro firms would receive a matching grant of 70 percent of the BDS cost and SMEs receive matching grants of 50 percent of the cost. This impact evaluation studies the gender differential effects of a matching grant program on business performance, access to skills, finance and networks.
- *Sierra Leone Providing education, training and/or more capital to better equip female entrepreneurs to start and grow businesses*: Financial literacy and technical training through classroom teaching and apprenticeships, and microfinance facilitation.
- *Sierra Leone Smallholder Commercialization and Agribusiness Development Project (P153437)*, US\$40 million. TTL: Hardwick Tchale. The project supports agribusiness-farmer linkages and SMEs along selected agricultural value chains. The project has specific mechanisms to target women and youth, for example directing at least 50percent of total matching funds allocated to women and youth for SME and producer groups development.

- *South Africa Online Marketplace*: This intervention includes a networking marketplace connecting SMEs with buyers in a business-to-business online platform. Premium subscribers to the platform receive access to a verified profile, tender research, business networking, receiving quote requests from corporates, cost effective procurement, eCommerce. This impact evaluation studies the impact of the marketplace on firms and if this effect is different by gender.
- *Tanzania Virtual Business Incubator*: This evaluation looks at the effects of a virtual business incubator providing full spectrum business development support for poor female entrepreneurs in Dar es Salaam. This evaluation studies the relative impact of two versions of a business-training program (basic in-class sessions to strengthen managerial and technical skills of participants versus enhanced training including basic training and business coaching sessions) targeting female entrepreneurs in urban Tanzania.
- *Tanzania Women Business Connect*: The Gender Innovation Lab, in collaboration with the Center for Global Development, TechnoServe, and the ExxonMobil Foundation, is evaluating a mobile savings intervention in Tanzania. This ongoing randomized controlled trial addresses two research questions. First, what are the impacts of promoting access to mobile savings among women micro entrepreneurs on savings, business investment, earnings, and profits? Second, do these impacts vary if the promotion of mobile savings is supplemented with business skills training?
- *Togo Entrepreneurship Training*: This intervention is focused on training female and male owned enterprises either in the IFC Business Edge training or personal initiative training (non-cognitive skills including self-starting, future oriented, and persistent behavior). The impact evaluation studies the impacts of each business-training program of women and men entrepreneurs.
- *Uganda Workers Apprenticeship and Managerial Training Skills Program*: The Katwe Small Scale Industry Association Workers Apprenticeship and Training Skills Program focuses on providing technical and managerial skills to entrepreneurs and their workers in targeted sectors in the outskirts of Kampala. This impact evaluation studies the impact of the training on building networks by gender of the entrepreneur.

Lending Operations

- *Moldova Competitive Enhancement Project 2* (P144103), US\$45 million, TTL: Tarik Sahovic, Brett E. Coleman: This project aims to increase the export competitiveness of Moldovan enterprises and decrease the regulatory burden they face. Activities include working with the SME development agency on entrepreneurship and export readiness of companies, including those owned by female entrepreneurs. The project also provides matching grants and tracks percentage of businesses that are woman-owned or have a female Chief Executive Officer (CEO).
- *Armenia Gender Project* (601359), In Armenia, women's participation in value chains is low and typically in the low-value end of the chain with lower economic benefits. The project aims to promote and develop women's economic outcomes in the wild-harvest sector. This will be achieved through coordinated efforts by the Women's Business Association (WBA), targeting skills and enhancing value-chain participation, together with policy support for improvements in the wild-harvest sector's regulatory environment and the inclusion of more women in formal decision-making. Working through the WBA, the project will aim to: (i) enhance women's decision-making participation and increase access to higher-return opportunities in the wild-harvest sector; (ii) build the skills of women collectors through capacity-building of the WBA; and (iii) improve market access through linkages between collectors and buyer firms. Policy support from the Ministry of Agriculture will include assistance in developing legal and policy mechanisms to address constraints faced by women in the wild-harvest sector. The project will disseminate case studies as a part of the knowledge management materials on gender and to gender-inform the design of future trade and competitiveness projects.
- *Belarus National Quality Infrastructure and Business Regulatory Reform Program* (599846). In Belarus, the Project aims to increase the effectiveness of support for women entrepreneurship. In order to identify the demand for training and business skills among women interested in entrepreneurship, the Project assessed knowledge gaps within specific segments of women potential entrepreneurs. The Pilot Women Training Program "How to start successful business? Business basics" was developed to facilitate private sector growth, encourage women to open business, think through their business idea and provide practical knowledge on how to start the business.

Impact Evaluations

- *Moldova CEP 2*: working with the SME development agency on entrepreneurship and export readiness of companies, including those owned by female entrepreneurs. Project includes an impact evaluation measuring the effectiveness of a matching grants program and tracks percentage of beneficiaries that are woman-owned or have a female CEO.
- *Tajikistan Performance Based Approach to Business Advisory Services (BAS) Provision*: The project tests the hypothesis that performance based contracts for BAS providers can improve jobs outcomes for SMEs. The project will work with women led MSMEs and will track their outcomes and analyze their results.
- *Georgia GENIE Broadband for Development program*: The project seeks to improve broadband access for SMEs in the country. The project will impart training to SMEs on using internet for their businesses. The project will include women entrepreneurs and look at gender-differentiated

impacts. Women in Georgia run businesses out of house and the team is designing activities to help them benefit from internet (which may be less accessible to them). Women will also be included in the initial training so they can develop their business ideas.

- *Kyrgyz Republic Reducing the tax compliance burden and improving the regulatory environment*: Interventions to reduce tax compliance burden, promote regulatory transparency in tax inspections of male and female-owned SMEs, and improve transparency and accountability of the tax administration.

South Asia

Lending Operations

- *Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas* (P124268), US\$20 million, TTL: Kiran Afzal. The project supports the Government of Pakistan in creating sustainable employment opportunities, generating private sector investment, and laying the foundations for the future development of selected economic sectors in Khyber Pakhtunkhwa. Includes a matching grants program for female entrepreneurs.

- *Afghanistan Rural Enterprise Development Program* (P110407), US\$87.2 million, TTL: Winston Dawes, Azada Hussaini: The project operates in 733 villages, spread among five provinces, to create networks of community level Savings Groups (SGs) and Village Savings and Loans Associations. Locally-owned and managed by members, these groups mobilize savings, which are then offered as loans to other members for new entrepreneurial ventures. The program has had a positive impact on women in the community by ensuring their equal participation in SGs and encouraging their involvement in entrepreneurial and employment opportunities. Women comprise 55 percent of borrowers; this high share is a striking achievement in a country where the female labor force participation rate is a mere 16.2 percent. By helping overcome cultural and regulatory barriers, as well as mobility constraints in accessing financial institutions, the program serves as a model for targeting financial services and economic opportunities to women.

- *Bangladesh Export Competitiveness for Jobs* (P156113), US\$119.12 million, TTL: Michael Olavi Engman, Hosna Ferdous Sumi. The project aims to improve competitiveness of selected manufacturing sectors in Bangladesh to diversify exports and generate opportunities for more and better jobs. The project will address critical constraints for private sectors through improving access to markets, increasing productivity through skills and technology and supporting to establish critical infrastructure. The project will support gender sensitization and awareness raising at factories and training institutes on social compliances required to access export markets. Representative numbers of women will be inducted into the training programs, and special modules on health and occupational safety and prevention of gender-based violence will be included in the curricula. The infrastructure investments will address gender-based needs by including facilities such as separate restrooms in the design.

- *Bangladesh Private Sector Development Support Program* (P120843), US\$140.41 million, TTL: Michael Olavi Engman. The project aims to facilitate serviced land targeted towards manufacturing and service sectors. The project supports Government of Bangladesh to develop economic zones to address land constraints for the businesses and ensure job creation, with specific emphasis on environmental and social improvements. To ensure women's participation in job in these economic zones, the project supports establishment of childcare facilities and improve social

compliances so that women employees can have options to balance their caregiving role while participating in economic activities.

India National Rural Livelihoods Project (NRLP) (P104164), US\$650 million, TTL: Parmesh Shah. This has mobilized into nearly 496,000 Self Help Groups (SHGs) formed and managed exclusively by women. Against a total investment of \$ 289 million from the project (nearly \$ 195 million in direct community level grants), it is estimated that a total investment worth \$ 936 million has been invested into rural poor households through NRLP. This includes own savings mobilized by SHG members worth \$ 135 million and Institutional credit worth \$ 294 million leveraged from banks.

India MSME Growth Innovation and Inclusive Finance Project (P151544) is to improve access to finance of MSMEs (with a strong focus on women) in manufacturing and service sectors from early to growth stage, including through innovative financial products.

Bihar Rural Livelihoods Project – JEEViKA (P090764): The core strategy of the program is to build vibrant community institutions of women in India, which through member saving, internal loaning, regular repayment and economic activities become self-managed institutions. The SHGs, the primary level community organization, will be federated at the higher level to become social service providers, business entities and valued clients of the banking system. Based on the financing strategy and a financial model where the community organization will revolve leveraged funds from various sources rather than from just a single dose subsidy.

East Asia Pacific

Lending Operations

- *Lao PDR Trade Development Facility 2 Project (P130512)*, US\$14 million, TTL: Mombert Hoppe: This project supports the implementation of government's trade and integration priorities and contributes to improved competitiveness and diversification. Includes a component that supports the Lao Business Forum (LBF) in becoming more inclusive through support of small and women-led enterprises in formulating their concerns in an actionable manner – and ensures the LBF addresses them.
- *Mongolia Export Development Project led by Financial Management team with cross-support from Trade and Competitiveness (P147438)*, US\$20.78 million, TTL: Ulle Lohmus: This project supports SMEs in the non-mining sectors to strengthen their export capabilities and expand access to export markets. Female-owned businesses will be supported through a matching grants scheme aimed at increasing their participation in formal exports. Particular support will be targeted at firms in rural areas associated with the meat and dairy sectors, where activities and outputs are characterized by traditional gender roles.
- *Myanmar Financial Sector Development Project (P154389)*, US\$100 million, TTL: Nagavalli Annamalai, Nang Htay: Several project components seek to reduce gender inequality in access to financial services. In particular, microfinance borrowers are mostly women, so the work on improving MFI supervision will help enhance the protection and access to credit afforded to women. All components will endeavor to be gender-informed, with gender-disaggregated indicators where available. Given the low levels of overall financial inclusion and/or the centralized nature of some components (for example, legal frameworks and financial infrastructure), by benefiting both genders equally, these should reduce the relative gender gap.

Impact Evaluations

- *Myanmar Evaluating the Impact of Investment Policy Reform*: The project team is evaluating the impact on women owned/managed businesses of the Government of Myanmar's new investment laws, which aim to improve investor protections and reduce bureaucratic red tape. The laws streamline entry procedures for foreign and domestic investors and rationalize current incentives schemes for specific sectors.
- *Indonesia Mobile Savings*: This impact evaluation explores ways to promote financial inclusion for female entrepreneurs in Indonesia. In particular, the Implementing Entity explores the impact of promoting mobile savings products to female entrepreneurs and asks whether supply-side interventions can work in isolation or whether they have a greater impact when paired with a demand-side intervention. The supply-side interventions provide incentives to branchless banking agents who work for Bank Mandiri. The demand-side intervention consists of financial literacy training for a randomly-selected sub-set of female entrepreneurs in both the high incentive and low incentive villages. Mercy Corps Indonesia is carrying out the training. The team will also explore whether understanding the incentives that the banking agents receive influences the way entrepreneurs perceive the mobile savings products.
- *Indonesia Unconditional Cash Grants*: This study explores whether providing unconditional cash grants to potential female entrepreneurs in Indonesia can promote business start-up, survival and investment and whether it can have lasting impacts on women's income. The evaluation will also test whether the effectiveness of the cash grants can be increased by pairing the grants with a social networking intervention. The Implementing Entity will target women in villages that benefitted from the large conditional cash transfer program, PNPM Generasi, and will help inform the design of the Indonesian Village Law program. The Implementing Entity will have a randomized controlled trial design.
- *Indonesia Study on Women Entrepreneurs*: The study finds that past initiatives to support women entrepreneurs in Indonesia had not fared as well as they could have, mainly due to inadequate targeting. The study provides a number of recommendations for targeting women entrepreneurs in different market segments ('necessity' and 'growth-oriented') and highlights that 'growth-oriented' entrepreneurs are an underserved segment. The findings of the study were used to inform the design of a women's entrepreneurship pillar under a trust fund from SECO. The Potential features of the program (still under discussion) including TA for designing new/improve financial products for women entrepreneurs; TA to develop BDS modules; and TA to develop an instrument to identify growth-oriented women entrepreneurs.

Latin America and the Caribbean

Lending Operations

- *OECS Tourism Competitiveness Project (P152117)*, US\$26 million, TTL: Raha Shahidsaless: The aim of this project is to improve the competitiveness of tourism sectors in Grenada, Saint Lucia, St. Vincent, and the Grenadines by facilitating the movement of tourists within the region using ferries, improving selected touristic sites, and strengthen implementation capacity for

regional tourism market development. The project will focus on female employment and entrepreneurship and includes an impact evaluation on projects job creation, in particular for women.

- *Mexico Expanding Rural Finance* (P153338), US\$405 million, TTL: Rekha Reddy, Steen Byskov: The project aims to expand the availability of finance to the rural economy, especially to underserved micro, small, and medium enterprises. The project comprises of two components: (i) expanding credit for MSMEs; and (ii) strengthening institutional capacity for sustainable rural finance through the modernization of banking systems and the strengthening rural financial institutions. The project is seeking to include Participating Financial Intermediaries since they make efforts to reach women and indigenous populations. Since its inception, the project managed to significantly increase the number of loans to rural populations, especially to women since more than 60 percent of the loans are disbursed to women.

Trust Funded Programs

- *Women Innovators Network of the Caribbean* (P132890), US\$2.7 million, TTL: Sophia Muradyan: The project's aim is to establish a support system for growth-oriented women entrepreneurs to provide them with methods, tools, and access to appropriate expertise so that they may innovate within their businesses and so improve their competitiveness. Key activity is 8-month acceleration program for women entrepreneurs that is based on holistic approach aimed to develop both soft and business skills of the participants as well as facilitate peer-to-peer learning and self-development. Since inception, the acceleration program supported 108 women entrepreneurs across 11 Caribbean countries. A program evaluation will be prepared to highlight program design and implementation lessons.

Impact Evaluations

- *Mexico's National Institute of Entrepreneurship*: a program to increase productivity and growth of SMEs. Includes and impact evaluation which seeks to disaggregate data collection by sex to determine performance of women workers and female owned-firms via measurement of productivity, sales, job creation, and innovation.

Middle East and North Africa

Lending Operations

- *Economic Opportunities for Jordanians and Syrian Refugees* (P159522), US\$300 million, TTL: John F. Speakman, Meriem Ait Ali Slimane: The project supports Syrian refugees and the Jordanian host communities through a program to implement labor market reforms. The project will increase the number of home-based business licenses (which are especially important for women) and provide work permits to Syrian refugees in Jordan, where one fourth of refugee households are female-headed.

- *Tunisia Productive Inclusion Opportunities for Young Women and Men* (P158138), US\$60 million, TTLs: Carine Clert, Mohamed Hisham El-Shiaty. The project seeks to improve economic

opportunities of targeted vulnerable youth and businesses in selected governorates of Tunisia through an integrated approach. In the context of this project, “economic opportunities” are defined as the chance to improve (a) earnings of target youth, (b) access to wage or self-employment for target youth, and (c) sales for beneficiary firms. The project will focus on targeting young women and their families and enroll women in a program to increase self-employment opportunities. The program will both serve women to engage in non-traditional jobs and/or boost their confidence to create microenterprises.

- *Tunisia Third Export Development Project (P132381)*, US\$50 million, TTLs: Mariem Malouche, Jocelyne Jabbour, Jade Salhab. The project aims to help develop, increase and diversify exports by supported enterprises in various sectors and is collecting gender-disaggregated data on the number of firms that will benefit from export matching grants in terms of applications received and firms selected. At a minimum, data will be collected on women-owned/managed firms and number of women working for all selected companies.

- *Morocco Investing in Economic Opportunities for Youth (P151169)*, US\$50 million, TTLs: Ana Paula Fialho Lopes, Philippe De Meneval. The project provides integrated solutions for expanding youth access to opportunities by combining learning and employability measures with young citizens' engagement. Given the specific barriers encountered by Moroccan youth, including the high number of discouraged, inactive and disengaged young men and women, a traditional employment project would not provide the required spectrum of learning and engagement opportunities tailored to their needs. Therefore, youth-led community development, soft skills, sports, volunteering, and peer mentoring are used as entry points for youth engagement at the local level, although not exclusively, in preparation for employability interventions and job placement in the private sector.

Impact Evaluations

- *West Bank Measuring Impact Tourism Interventions on Women in Rural Communities*: The Abraham Path Initiative was designed in part to address issues faced by women in the West Bank to participate in the tourism economy. Designing an impact evaluation to measure the project's effect on female employment and entrepreneurship.
- *Strengthening Micro-Entrepreneurship for Disadvantaged Youth in the Informal Sector*: This entrepreneurship training program supports the disadvantaged in the society to support themselves by helping them start their own micro businesses. The Implementing Entity tests the hypothesis that through training youth from disadvantaged background (no high school, poor neighborhoods) can help them start and sustain micro business ventures. The study also sought to see what kind of design interventions will help retain women in the entrepreneurial training program

Technical Assistance, Synthesis & Cross-Regional Work on Female Entrepreneurship

- *Organisation of Eastern Caribbean States Tourism Competitiveness*: launched a gender disaggregated impact evaluation tool to measure the impact of different tourism development models (in this case, all-inclusive versus non all-inclusive resorts) on jobs, jobs quality and satisfaction, on women and the youth. This exercise will feed into the overall project evaluation.
- *WomenX Pakistan and Nigeria*: a multiregional program for growth-oriented women entrepreneurs, delivering a combination of services including business education, soft skills trainings, networking, and mentoring. The program is leveraging a blended learning (in-class and online) model and expanding beyond large urban areas to test opportunities for scaling up. The impact evaluation in Pakistan will measure the program's effectiveness in build capacity for enterprise growth.
- *FIRST Initiative*: a multi-donor program, funds and supports short- to medium term technical assistance to low- and middle income countries to build stable, more efficient and inclusive financial systems. The advisory projects are executed by the WBG, primarily by the Finance and Markets Global Practice and IMF. In December 2015, the FIRST Initiative Governing Council adopted a gender mainstreaming approach to ensure FIRST projects pay particular attention to gender issues where relevant and feasible, as part of existing FIRST eligibility areas. Since the adoption of the gender mainstreaming approach, FIRST has approved ten projects and programs that include one or more gender relevant activities some of which support entrepreneurial activity.
- *Africa Region Gender and Entrepreneurship Report*: seeks to provide new evidence on the gender differences in entrepreneurship in Sub-Saharan Africa and assess the underlying factors that lead to these differences. The report presents a framework for explaining the gender gaps in entrepreneurship and uses new analytical findings to propose actionable recommendations to guide the policy dialogue on gender and private sector development in Africa. It also reviews the available rigorous evidence on what works, and what does not, to address these gaps.
- *infoDev*: is a multi-donor program within the Trade & Competitiveness's Innovation & Entrepreneurship unit. infoDev supports entrepreneurs in emerging and frontier markets via a global network of business incubators and innovation hubs. Its Climate Technology and Multi-Donor Trust Funds embed gender activities throughout the Climate Technology (CTP), Digital Entrepreneurship (DEP), and Agribusiness Entrepreneurship (AEP) programs in the Caribbean, SSA, MENA, East Asia, and South Asia. The project teams have provided assistance to

implementation partners on developing a gender outreach strategy to increase the number of women entrepreneurs participating in CTP, DEP, and AEP activities. The project teams are also strengthening its implementation partners' relationships to early-stage funds and multi-national corporates, in order to further women entrepreneurs' ability to receive additional funding and business development support, including access to supply chains or new markets.

- *Improving Connectivity in Morocco* (P155446). This activity plans to assess the impact of the improved Nador port on female employment and businesses. There is currently very low female participation in the labor market in the Oriental region. A similar assessment is being envisaged for the Casablanca port.

- *Trade Competitiveness for Export Diversification* (602137). The project aims to reduce time and cost to trade and reduce anti-export bias in trade policy to support export growth and diversification. The project will support reforms in trade policy, bond regime and trade facilitation in line with international standards. The project will follow an inclusive approach to address the challenges faced by women traders following a baseline study on women traders in Bangladesh.

- *Sector Competitiveness Advisory for Bangladesh* (602009). The project aims to contribute to increasing export in strategic sectors by improving sector competitiveness and business environment in which the firms operate. The project will support in policy coordination, reduction of regulatory bottlenecks, promotion of investment, and improved access to markets for several key export oriented sectors which will support in export diversification. While implementing, the project will pay particular attention to inclusiveness through ensuring that women participate in, and benefit from, the improvements in sector competitiveness and have gender focus as an embedded activity. The project will help roll out an analytics based on Women Business and Law to identify implementation gaps in legal and regulatory processes for women-in-businesses. Accordingly, the project will facilitate participation of women in policy dialogues, along with options and facilities to address women's access and mobility challenges in process streamlining (thorough online based application). The project will actively engage with women business associations to facilitate linkage with export markets through innovative platforms like WEConnect.

- *Armenia Gender in Value Chains Assessments* show that women's participation in value chains is low and typically in the low-value end of the chain with lower economic benefits. The Armenia Gender Project aims to promote and develop women's economic outcomes in the wild-harvest sector. This will be achieved through coordinated efforts by the WBA, targeting skills and enhancing value-chain participation, together with policy support for improvements in the wild-harvest sector's regulatory environment and the inclusion of more women in formal decision-making. Working through the WBA, the project will aim to: (i) enhance women's decision-making participation and increase access to higher-return opportunities in the wild-harvest sector; (ii) build the skills of women collectors through capacity-building of the WBA; and (iii) improve market access through linkages between collectors and buyer firms. Policy support from the Ministry of Agriculture will include assistance in developing legal and policy mechanisms to address constraints faced by women in the wild-harvest sector. The project will disseminate case studies as a part of the knowledge management materials on gender and to gender-inform the design of future T&C projects.

- *Belarus National Quality Infrastructure and Business Regulatory Reform Program* aims to increase the effectiveness of support for women entrepreneurship. To identify the demand for training and business skills among women interested in entrepreneurship, the project assessed knowledge gaps within specific segments of women potential entrepreneurs. The Pilot Women

Training Program “How to start successful business? Business basics” was developed to facilitate private sector growth, encourage women to open business, think through their business idea and provide practical knowledge on how to start the business.

IFC Initiatives to Support Female Entrepreneurship

1. Access to Financial Services for Women Entrepreneurs

Promoting women’s access to assets is an IFC priority: The *Banking on Women* program works with financial institutions to boost access to finance for women entrepreneurs. As of March 2017, the cumulative committed portfolio totaled US\$1.4 billion invested in 24 emerging markets, and has provided advisory services to 31 financial institutions in 23 countries. In 2014, IFC’s *Banking on Women* program and the Goldman Sachs 10,000 Women initiative established the 10-year WEOF, which targets the dual goals of expanding access to finance for women-owned SMEs in developing economies and demonstrating to the investor market the commercial viability of investing in women. The WEOF Facility mobilizes donor and commercial funding to address the significant financing and capacity gap faced by women-owned SMEs in emerging markets. The Facility’s goals included providing expertise to financial institutions to build service offerings to women SME customers as well as investing up to US\$600 million in financial institutions over the Facility’s lifetime, which IFC and its partners have already surpassed in the first three years of the Facility.

WEOF components:

- IFC: IFC leads business development, investments, and advisory services projects with financial institutions that target women customers through its well-established *Banking on Women* program.
- Goldman Sachs Foundation: Through WEOF, the Goldman Sachs Foundation committed US\$ 43 million in grant.
- Overseas Private Investment Corporation: In 2015, OPIC signed a Memorandum of Understanding with IFC for OPIC to co-finance up to US\$100 million in IFC-originated loans to financial institutions under the WEOF Facility.
- Women Entrepreneurs Debt Fund: In 2016, IFC’s Asset Management Company launched the Women Entrepreneurs Debt Fund to provide a vehicle for additional investors to participate in IFC’s pipeline of loans to financial institutions under the WEOF partnership. The fund’s investor commitments have reached US\$110 million, and investors include IFC, FMO, Swedfund, and Swedish Pension Fund AP2.

Microfinance investment and advisory operations have been a fundamental building block of IFC’s Access to Finance work. For example, investments from 2011 to 2016 produced an incremental reach to 188 million micro enterprises that did not have access to finance previously. The vast majority (globally more than 70 percent) of these recipients are women. With annual commitments of roughly US\$800 million, IFC is the largest international investor in this space, and we have helped create new MSME banks in almost 30 countries. We are therefore also ramping up our investments and advisory activities in digital finance, with expected commitments of US\$200 million in the current fiscal year. In addition, IFC provides equity investments via its SME venture fund.

Furthermore, IFC provides equity to SMEs via the SME Venture Fund, which includes women entrepreneurs in IDA/fragile states. SME Ventures' innovative program provides both risk capital and technical assistance to entrepreneurs and fund managers in the world's most challenging markets.

2. Access to Non-Financial Services for Women Entrepreneurs

IFC developed and piloted a new business-skills and leadership program with IFC clients for women entrepreneurs. The pilots have been implemented with Bank of Palestine, BHD Leon in the Dominican Republic and with Boyner, a large retailer in Turkey. Further pilots are in the pipeline. IFC's women's entrepreneurship training helps strengthen the management skills of owners, managers, and staff of small and medium enterprises. The training includes online and off-line modules on leadership, finance, and management. It also enables women entrepreneurs to flexibly tap into the knowledge of their peers and to receive business coaching.

3. Access to Insurance for Women Entrepreneurs

IFC launched the SheforShield report in 2015, which highlighted the insurance gaps of women, noting that the insurance industry can earn up to US\$1.7 trillion by 2030 by just targeting women. Exploring the impact of the women's market on both the demand for and supply of insurance, the report also highlights the contribution women can make as agents, marketing and sales leaders, and professionals who would expand coverage to clients in emerging markets. IFC is now building on the evidence and advises insurance companies on how to better provide insurance services that are tailored to the need of women entrepreneurs.

4. IFC leads several key additional initiatives

- Aspen Institute for Entrepreneurship – IFC co-leads the women entrepreneurship group: The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses based on the conviction that they will create jobs, stimulate long-term economic growth, and produce environmental and social benefits.
- SME Finance Forum – IFC hosts the Secretariat: The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum also has a particular focus on closing women's access to finance gap.

Trust Funds

The Umbrella Facility for Gender Equality (UFGE) is a multi-donor trust fund designed to strengthen awareness, knowledge, and capacity for gender-informed policy making. It leverages funding to support investments in areas with potentially transformational impact, providing opportunities for learning across regions and facilitating cross-sectoral approaches. The UFGE was established in July 2012 and has 13 existing development partners. Since its establishment nearly US\$70m have been allocated.

The Women's Leadership in Small and Medium Enterprises (WLSME) Single Donor Trust Fund (SDTF) aimed to increase the entry and growth of women-owned and managed SMEs in

developing countries. This US\$3.5m SDTF was a partnership with the United States Agency for International Development and closed in December 2016. Current and future activities addressing this topic are included in the list of activities above and are now funded under the UFGE.

In addition, there are other trust funds, such as the Jobs MDTF, that selectively fund activities related to women and entrepreneurship which are captured in the activities listed above.

Advocacy Efforts

There are several advocacy and convening efforts under way:

- *Global Banking Alliance for Women*: The Alliance is a global consortium of financial institutions dedicated to supporting banks as they capture the opportunity of the Women's Market. The members work in more than 135 countries to build innovative, comprehensive programs that deliver women the tools that they need to succeed, including access to capital, information, education, and markets.
- *Aspen Network of Development Entrepreneurs*: The ANDE is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses based on the conviction that they will create jobs, stimulate long-term economic growth, and produce environmental and social benefits.
- Memorandum of Understanding for a collaboration with *WeConnect International*, signed in 2015, on increasing procurement of goods and services from women owned enterprises. Several events were co-organized with WeConnect International both at the country and HQ level.
- *Tackling Childcare*: IFC and 11 leading companies from around the world launched Tackling Childcare, an innovative partnership to promote better career opportunities for working parents and to accelerate the spread of best practices for employer-sponsored childcare.
- *HeForShe*: As an inaugural HeForShe Thematic Champion for IFIs, the WBG commits to achieve parity in senior leadership across the organization globally by 2020.

IDA 18

Two of the commitments under IDA 18 related to the proposed actions under Gender & Development are of particular relevance:

- *Remove constraints for more and better jobs*

At least 75 percent of IDA18 financing operations for skills development will consider how to support women's participation in and improvement in the productivity of their economic activity, and/or consider how to reduce occupational segregation.

- *Increase financial inclusion*

At least ten IDA18 financing operations and advisory services and analytics supporting financial inclusion will address gaps in men's and women's access to and use of financial services, and at least 12 Financial Inclusion strategies in IDA countries will sex-disaggregate reporting and put in place actions to specifically target women's financial inclusion.