

# **WORLD BANK GROUP PROPOSAL**

## **WOMEN ENTREPRENEURS FINANCE INITIATIVE (WE-FI)**

**CREATING FINANCE AND MARKETS FOR ALL**

**IMPLEMENTED JOINTLY BY:**

**THE WORLD BANK & INTERNATIONAL FINANCE CORPORATION**

Date of Submission to the Secretariat: March 12, 2018

**PUBLIC VERSION**

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## PART I: GENERAL INFORMATION

### 1. Program Name

Women Entrepreneurs Finance Initiative (We-Fi): **Creating Finance and Markets for All**

### 2. Implementing Partner

World Bank (WB), 1818 H Street, NW, Washington, DC 20433

International Finance Corporation (IFC), 2121 Pennsylvania Avenue, Washington DC 20433

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### 3. Type of Program:

☐ Private Sector: 66%

☐ Public Sector 34%

**X Both**

### 4. Funding Request from We-Fi

The World Bank Group is requesting \$75.1 million in We-Fi funding, of which \$49.4 million is allocated to IFC activities and \$25.7 million to WB programs. Allocations would be drawn down in four tranches from 2018 to 2020.

	2018	2019	2020	2021	Total
IFC	\$17.0M	\$17.0M	\$15.3M		\$49.4M
WB	\$6.0M	\$7.8M	\$6.7M	\$5.2M	\$25.7M
Total	<b>\$23.0M</b>	<b>\$24.8M</b>	<b>\$22.0M</b>	<b>\$5.2M</b>	<b>\$75.1M</b>

### Intended Beneficiary Countries

All activities will support WSMEs in IBRD/ ODA eligible countries, provided they meet the objectives laid out in this proposal. Over 50% of We-Fi funding will be allocated to activities in International Development Association (IDA)-eligible<sup>1</sup> and/or fragile and conflict-affected states (FCS). Expenditures on global activities will be prorated between IDA/FCS and non-IDA/FCS based on country-level expenditure breakdowns.

**Country Allocations:** The World Bank activities will be concentrated in **Bangladesh, Cote d'Ivoire, Mozambique, Nigeria, Pakistan, Senegal, Tanzania and Zambia**, and a regional program in the **Middle East/North Africa (MENA)**. IFC will implement joint or complementary activities with WB in the countries listed above and will also undertake innovative demonstration projects in other eligible countries.

<sup>1</sup> Refers to all IDA-eligible countries, including IDA-blend and IDA gap countries.

## 5. Mobilization

Financial Instruments	We-Fi Investment Requested (\$)	WBG Expected Investment (\$)	Private Investment Expected (\$)		Bi-lateral Donor Investment Expected (\$)	Government Investment Expected (\$)	Total Non-We-Fi Project Cost (\$)
			Private Capital for Investments	Financial Institutions' Loans to WSMES			
Total WBG Mobilization	\$75.1M	\$225.2M	\$228.6M	\$870.0M	\$34.5M	\$133.0M	\$1,491M
Total WBG Leverage		3.0	3.0	11.6	0.5	1.8	19.9* / 8.3**
* Leverage per the We-Fi revised definition of leverage							
** Leverage calculations do not include the funding provided by financial institutions to WSMES							

## 6. Program Timeline

WB regional and country-level project commitments will be made at the start of the program, and implementation will start immediately. IFC will commit its investment and advisory funding on a rolling basis to be responsive to private sector clients. Some activities will also start immediately. We-Fi funds will be considered as committed based on investment mandates and approved concept notes for advisory services. Advocacy, research, and evaluation activities across the WB and IFC will also be committed on a rolling basis throughout the duration of the program.

The WBG programs will be implemented over a period of five years. However, the implementation activities as well as monitoring and supervision of projects will continue for a period of up to 7 years, with the program and all expenditures terminating in December 2030. IFC proposes to use investment reflows on a revolving basis as needed until December 2030.

Implementation Timeline		
Start Date	End Initial Investment Period	We-Fi End Date
May 2018	April 2023	December 2030

## PART II: STRATEGIC CONTEXT

The World Bank Group (“the Group” or “WBG”) is strongly committed to gender equality and the economic empowerment of women. Through its public sector arm, the International Bank for Reconstruction and Development (“World Bank” or “WB”) and its private sector arm, the International Finance Corporation (IFC), the WBG has developed a wide range of innovative and complementary approaches to expanding economic opportunities for women. These range from broad policy interventions to direct investments in women-led firms, encompassing the full spectrum of engagements with intermediaries required to support the entrepreneurial ecosystem for women-owned/led small and medium-sized enterprises.

**This proposal builds on the strengths and synergies of the WBG and provides a joint programmatic approach to implementing the We-Fi program through a robust set of activities in countries with large gender gaps.**

The framework for working together as one WBG is rooted in a series of strategies recently adopted by the WBG, including:

- The **“Maximizing Finance for Development”** (MFD or “the Cascade”), approach, which ensures the World Bank Group looks to private sector solutions first and asks how public-sector interventions can crowd in the private sector. From a practical perspective, this means that WB projects going forward will be seeking IFC’s input as to what solutions might be available in the private sector before turning to public sector solutions.
- IFC’s **Creating Markets** strategy, endorsed in 2017, is designed to address inherent investment constraints by promoting upstream policy reforms and introducing new instruments to reduce risks. This is expected to lead to a wider integration with the WB across diverse activities, and a closer alignment between Bank and IFC operations.
- The **WBG adopted a joint public and private sector gender strategy** in 2015. Since then, it has been drawing on its expertise in both sectors to implement the strategy, with a special focus on closing access to jobs and asset gaps and enhancing women’s voice and agency. The WBG engages through policy dialogue, lending and direct investment in the private sector, joint research on what works and what doesn’t, aligned resource mobilization, and global convening of key stakeholders.

The integrated approach for implementing We-Fi proposed by the WBG will enable us to leverage an extensive and complementary network of public sector (WB) and private sector (IFC) clients in more than 140 developing countries to expand opportunities for women entrepreneurs.

Examples of alignment across the World Bank and IFC include:

- **Business-enabling environment.** IFC relies heavily on data collected through the World Bank on gender-related issues. For example, the *Women, Business and the Law* report outlines legal impediments to women’s full economic participation. The Doing Business project introduced gender indicators for the first time in 2017, and collaborated on IFC’s guide for governments and the private sector on the Gender Dimensions of Investment Climate Reform (Simavi et al., 2010). Such efforts enable women entrepreneurs to more easily register their businesses, own property, pay taxes, resolve disputes, trade across borders, and access public procurement contracts.
- **Entrepreneurship and innovation ecosystem.** IFC’s work with early stage/growth WSMEs and private sector players is complemented by the World Bank’s focus on working with governments to build

healthy innovation ecosystems made up of human capital, research and development institutions, financial capital, the industrial base, the legal and regulatory environment, business and innovation culture, and the quality of networks.

- **Markets and value chains.** World Bank private sector development operations often focus on improvements to increase the competitiveness of specific sectors, with IFC supporting private sector engagement in the same sector. For example, the World Bank project on developing the cashew sector in Cameroon was accompanied by an IFC risk-sharing facility for smallholder farmers in the cashew value chain. Similar collaborations are envisioned under this proposal.
- **IFC and the World Bank have joint engagements in 25 countries committed to **Universal Financial Access**** focusing on policy support and private sector investments (eight of these countries are featured in this proposal).
- **Financial infrastructure.** The World Bank's legal reform program to create secured transaction systems and movable collateral registries are necessary complements to IFC's banking and value chain finance work under We-Fi. Secured transaction systems help WSMEs establish credit histories, while movable collateral registries help women securitize nonfixed assets, enabling banks and Non-Bank Financial Institutions (NBFIs) supported under this program to better assess and mitigate the risks of lending to women. In places, such as Nigeria, where a registry has just been launched, IFC and the World Bank will work together to accelerate bank lending to women using such collateral.
- **Digital infrastructure.** The World Bank is working to develop the policy and regulatory framework for digital payments and finance, which are important foundations for IFC's work leveraging digital technology to increase financial access to women. Conversely, IFC's work directly with technology providers can create scalable commercial solutions and feed information on operational needs and realities back to regulators to ensure policy solutions that help the growth of digital financial solutions.
- **Insurance.** IFC has begun work with insurance clients around the world to expand insurance offerings to women, while the World Bank started to educate regulators and policymakers about opportunities in insurance markets, including the differing risk profiles between men and women.
- **Gender data.** The World Bank and IFC are equally committed to understanding and testing the role that data can play in supporting financial inclusion for women, and together with others participate in a variety of efforts to promote the collection and use of sex-disaggregated data. The Bank and IFC both participate in the Data2X<sup>2</sup> alliance initiative to work with FIs to collect and report sex-disaggregated information on clients.
- **Impact assessment and design thinking approaches.** Over the years, the Bank and IFC, through the Gender Innovation Lab, Women, Business and the Law team, and the Equitable Growth, Finance, and Institutions Vice Presidency, have pioneered design thinking approaches, impact assessments, and efforts that link the broader policy dialogue to individual private sector projects.

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<sup>2</sup> Data2X. <http://www.data2x.org/partnerships>

## PROGRAM CONTEXT

**SMEs are important drivers of economic development, innovation, and employment.** In emerging markets, these businesses contribute up to 45% of total employment and 33% of GDP. Although one third of registered SMEs globally are estimated to have been created by women, with close to 100 million women running established businesses, **the gap between women and men remains significant.**

Women-owned businesses tend to be smaller and less formal, women disproportionately have lower access to collateral, and they are often overlooked as a viable business segment by financial service professionals. Overall, women-owned MSMEs in developing countries encounter a finance gap of \$1.5 trillion<sup>3</sup>. Similarly, while WSMEs are more vulnerable to social and financial shocks, insurance companies do not yet understand the potential that women entrepreneurs as a customer segment can bring, and thus provide few products that cater to women's multiple needs. Furthermore, women entrepreneurs often have limited formal managerial, technical, or financial training to support the needs of a growing enterprise, and they continue to be at a disadvantage in accessing mentorship and support networks to build their capacity. In the absence of inclusive entrepreneurial ecosystems, women are less likely to become investor-ready and to connect to potential investors.

On average, only 9% of companies accessing venture capital in emerging markets are women-led firms. Also, women tend to operate in less productive sectors, or operate as small-scale producers, and are largely invisible in global and local value chains and export markets, making it more difficult to improve their productivity or expand their markets.

**This proposal features the unique value proposition of the WBG, employing an integrated approach to addressing the constraints faced by WSMEs across four dimensions:** legal and regulatory inequities, capacity constraints of women, access to finance and access to markets.

The multidimensional nature of the challenges faced by WSMEs in starting and growing their businesses demands holistic public and private sector approaches. Successful promotion of women's entrepreneurship requires tackling multiple constraints: reforming the legal/regulatory environment; improving access to finance and information/networks; building both hard and soft skills; promoting changes to norms and behaviors; and, creating market opportunities and linkages for women's businesses.

**Private sector investments and relevant technical support are required to expand opportunities for women to succeed in business.** Banks, insurers and funds must get better at providing financial services to women entrepreneurs; corporations must find ways to support and bring more WSMEs into their value chains, and technology firms need to design for and with women to be tailored to the needs of both men and women. Moreover, investors need to be mobilized to make more funding available for investments in women entrepreneurs.

The public sector has an equally important role to play in both addressing the constraints and biases that hold back women entrepreneurs, and providing opportunities that help them grow. Working together with the private sector, **the public sector can help create an entrepreneurial ecosystem that promotes gender equality and women's economic empowerment.** Public sector involvement is necessary for enacting enabling laws and policies, establishing a supportive regulatory framework, building sector competitiveness, and facilitating finance. Through lending and technical assistance to government clients,

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<sup>3</sup> IFC Enterprise Finance Gap.

<https://www.smefinanceforum.org/sites/default/files/Data%20Sites%20downloads/MSME%20Report.pdf>

IFC is currently in the process of updating these figures.

the Bank has assisted countries to target key reforms that can enable WSMEs to own and operate successful businesses -- access financing; increase entrepreneurial capacity and firm productivity; introduce modern secured transactions laws and collateral registries; strengthen public finance management systems to improve payment practices; digitize payments for SMEs for the supply of goods and services; and design, underwrite, and finance public credit guarantee programs. The WB has supported more than 20 rigorous impact evaluations (IEs) on what works to reduce financial and non-financial constraints to female-owned firms, and provides key sources of data on the sector through the Women, Business and the Law<sup>4</sup> database, Enterprise Surveys<sup>5</sup> and Global Findex<sup>6</sup> database.

## **DEVELOPMENT IMPACT AND ALIGNMENT WITH WE-FI OBJECTIVES**

This WBG proposal supports the We-Fi objectives through coordinated execution of its private sector activities led by IFC and its public-sector activities led by the World Bank. The integrated IFC and WB approach is organized in three pillars in support of WSMEs: (i) strengthening entrepreneurial ecosystems; (ii) expanding financial services; and (iii) improving market access. There are two complementary cross-cutting themes: facilitating the effective use of technology and working with our We-Fi clients and partners to ensure they are implementing inclusive workplace policies.

**Direct impact on WSMEs:** We-Fi funding will enable the WBG to work with an estimated 85 financial and corporate clients globally to raise awareness of the opportunities the women's entrepreneurship market represents, help companies better finance and insure women entrepreneurs, and provide access to larger markets. The investments and advisory programs enabled by We-Fi will facilitate an increase of 40,000 loans, equity investments and insurance policies to women-led businesses globally and unlock an additional \$870 million in financing for women entrepreneurs. Additionally, We-Fi funding will help create an estimated 55,000 new jobs.<sup>7</sup> We-Fi will have a long-lasting impact by directly reaching over 43,000 WSMEs and tens of thousands more indirectly, and by generating global knowledge and applied solutions through the ambitious research, learning and policy agenda.

The We-Fi contribution of \$75 million will leverage an additional \$454 million in funding through co-investments from IFC and the private sector, and \$167 million in additional government and bilateral donor investment for women entrepreneurs. As such, We-Fi will be leveraged 8.3 times by co-investors in the We-Fi activities. WE-Fi will achieve additional leverage of \$870 million in loans that will be provided by financial institutions to WSMEs above and beyond the funding provided by We-Fi and its co-investors. When considering the additional lending to WSMEs facilitated by financial institutions, We-Fi leverage increases to about 1 to 20 (see mobilization table for details).

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<sup>4</sup> The World Bank. Women, Business and the Law. <http://wbl.worldbank.org>.

<sup>5</sup> World Bank Group. Enterprise Surveys. <http://www.enterprisesurveys.org>.

<sup>6</sup> The World Bank. Global Findex. <http://www.worldbank.org/en/programs/globalfindex>.

<sup>7</sup> IFC uses a statistical extrapolation model to estimate the number of jobs created by WSMEs as a result of accessing loans from financial institutions. Detailed methodologies will be provided during reporting.



## TRACK RECORD

### WORLD BANK

With the adoption of the 2015 World Bank Group Gender Strategy, the World Bank solidified its reputation for a strong institutional commitment to supporting women's entrepreneurship, evidenced by its track record on policy dialogue, country-level implementation, using impact evaluations to scale innovation, attaining leverage through lending operations, global data collection, and global convening power and partnerships among public and private sector stakeholders. For IDA 18, the WB has committed to close gender gaps in access to and use of financial services in at least 10 National Financial Inclusion Strategies and at least 10 lending or advisory operations by 2020. The WB has long been effective in delivering women's entrepreneurship programs, including in challenging contexts, and systematically reporting on results. Focused programs such as the Women Innovators Network in the Caribbean and WomenX are flagship examples of the role played by the WB through programs that shape entrepreneurial intent, network women entrepreneurs, teach business and growth strategies, and provide funding, technology and skills development. Additionally, the WB has a long history of piloting interventions accompanied by impact evaluations on women's entrepreneurship. Most of the impact evaluations conducted by the Bank on female entrepreneurship are carried out by the Gender Innovation Labs (GIL), which will also lead the implementation of rigorous impact evaluations for We-Fi.

### INTERNATIONAL FINANCE CORPORATION

IFC was the first multilateral development institution to undertake gender-lens investing in 2006. Since then it has conducted pioneering work in investing and advising banks, insurance companies, and corporations on how to expand financial services and market access for women entrepreneurs. IFC and its mobilized lenders have invested \$1.6 billion dollars in 49 projects targeting WSMEs, and has provided advisory services to 36 FIs to expand services to WSMEs. In 2017, over 30% of its advisory projects included a gender focus and 29% of IFC's equity board nominations were women. IFC has recognized that access to loans is important, but credit alone is not enough. IFC has recently begun to test models to spur women entrepreneurs' access to insurance, housing finance, and digital channels. IFC continues to learn and identify new and better avenues to support women in the private sector. Innovations such as IFC's recent *Tackling Childcare* work illustrate how IFC continues to expand its gender-smart solutions with clients.

## PART III: PROGRAM DESCRIPTION

### PROGRAM DEVELOPMENT OBJECTIVES

The overall goal for the WBG We-Fi program is to enhance women's confidence, capacity, capital and community to run and grow successful businesses by addressing the multiple constraints faced by women-owned and led SMEs. The WBG's ability to implement gender-focused programs globally, as well as crowd in significant private investment will maximize the additionality of We-Fi funding. The WBG's We-Fi approach addresses the financial and non-financial constraints faced by WSMEs through three pillars with the aim of testing new approaches and scaling up what works. The WB and IFC, through their complementary programs, will focus on proven activities to assist female entrepreneurs, testing new innovations and scaling successful new models with public and private sector clients.

**The WB will** build a supportive regulatory framework for WSMEs and the private sector, develop a policy dialogue with key stakeholders, increase women's entrepreneurial capacity and WSMEs' productivity. The WB will also create new private and public partnerships and pilot new initiatives and models that are at a pre-commercial stage.

**IFC will** roll out scalable commercial solutions with private sector clients, mobilize significant capital targeted to supporting WSMEs, advise financial institutions and corporates on how to more effectively engage WSMEs, and develop innovative models to sustainably expand financial services and market access for women entrepreneurs.

To develop effective programs, the WB and IFC will develop constant feedback loops in the We-Fi program implementation, and will establish strong partnerships with NGOs, bilateral donors, private foundations, and multilateral development organizations.

1. **Strengthening Entrepreneurial Ecosystems.** This pillar focuses on increasing the competitiveness and productivity of women entrepreneurs by providing key data on the establishment and operation of women-owned firms, identifying constraints, and mobilizing the public and private sectors to reform the legal and regulatory environment. With an understanding of the enabling environment and needed improvements identified and underway, the WBG will help WSMEs acquire new skills, build new business relationships, and gain confidence to grow their businesses; as well as, training and motivating them to move into higher value-added segments in the same sector and to cross into new, traditionally male-dominated industries. Wherever possible, the projects will leverage technology as a means to delivery access to information, markets and capital. To further contribute to a supportive ecosystem in countries of engagement, the WBG will seek to improve women's access to accelerators, mentoring and networking platforms. These efforts aim to create more high-growth women entrepreneurs that have access to equity and better prospects for continued growth and business success.
2. **Expanding Financial Services.** The second pillar focuses on strengthening the ability of commercial banks, non-bank FIs, fintechs and insurance companies through investment and advisory services to better design products and services for WSMEs, supported by reforms in the legal and regulatory framework. This will contribute to closing the finance gap for women by creating growth in banking and insurance services for women entrepreneurs, expanding movable asset based lending, and leveraging technology-driven solutions to provide alternate methodologies to traditional banking relationships where gender stereotypes or biases may impact financial decisions. The WBG will also address WSME's low uptake of insurance, savings, and transaction accounts, products that are

particularly critical for WSMEs since women are more likely to face business interruptions from life events and utilize business profits to pay for emergencies. In addition, this work will entail testing and seeding innovations, mobilizing funding from capital markets and leveraging digital technology, prompting the private equity industry to integrate a gender lens in their investments, as well investing directly in high growth firms owned by women.

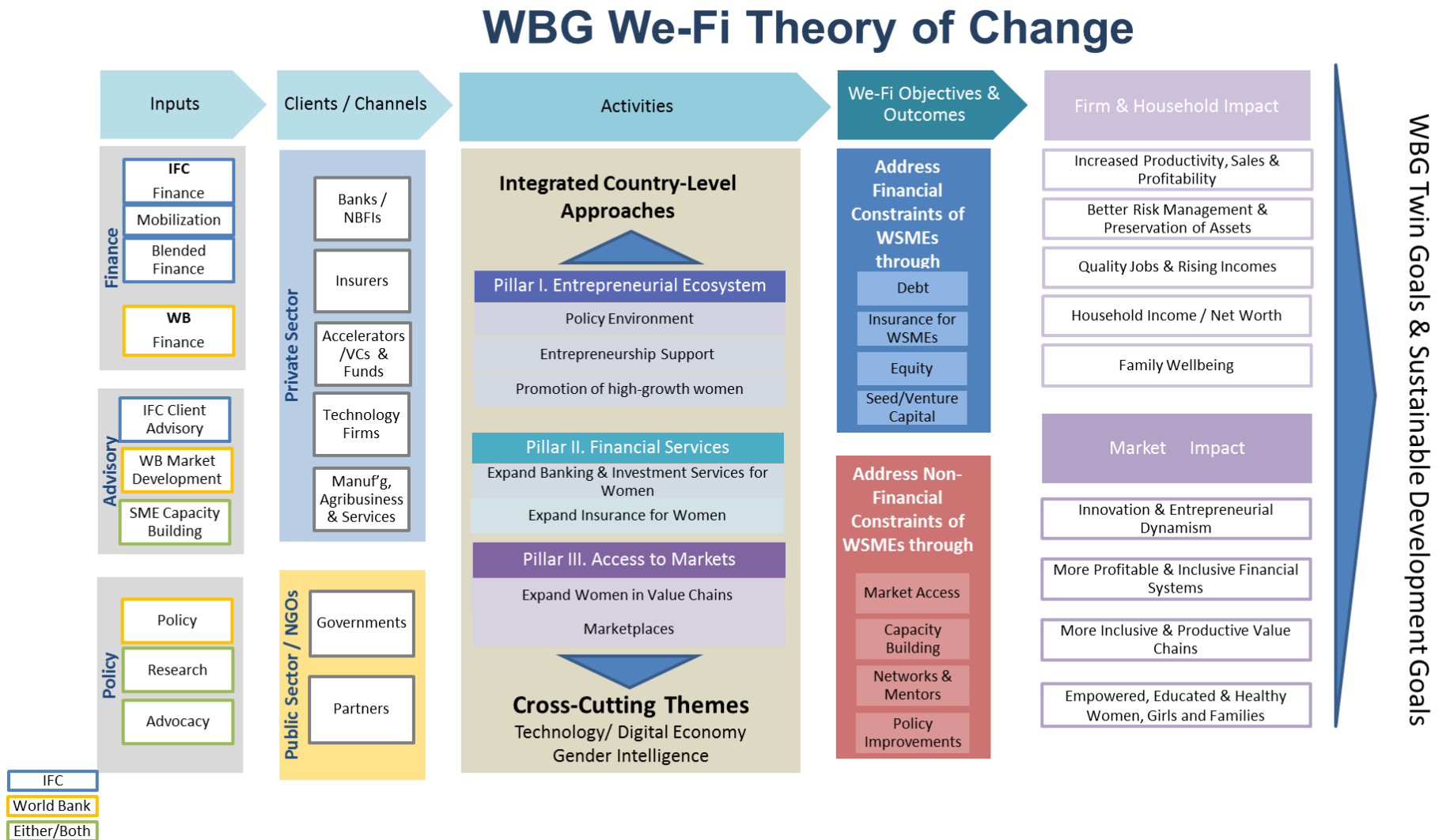
3. **Improving Market Access.** This pillar seeks to expand WSMEs' access to trade and markets by supporting the integration of WSMEs into domestic and international value chains and producer networks, as well as expanding WSME procurement opportunities. The pillar will focus on working through value chain finance platforms and real sector clients to expand WSMEs access to markets. The WBG aims to increase WSME participation in corporations' supply and distribution chains while engaging with governments to sex-disaggregate and improve their supplier and market data. Innovative approaches such as e-trade and e-commerce platforms will be tested to help WSMEs overcome specific constraints to market entry. Training will support WSMEs to become procurement- and finance-ready and ensure they meet the qualifications to be value chain partners and take advantage of tender opportunities.

**Advocacy, data collection and research.** Building upon the knowledge gained at the regional and country level, the WBG will also engage at the global level to undertake: (1) data collection and research; (2) policy dialogue; (3) impact evaluations; and (4) outreach, learning and advocacy in support of female entrepreneurship.

At the country level, the WB will roll-out its We-Fi activities in **Bangladesh, Cote d'Ivoire, Mozambique, Nigeria, Pakistan, Senegal, Tanzania, Zambia, and the MENA Region**. These locations were selected due to their strong potential to develop multi-sectoral interventions and opportunities to build an ecosystem approach to supporting women entrepreneurs in these markets. In addition, IFC will work with private sector clients in IDA-eligible countries as well as in several more developed markets - where new gender-smart business models that have a strong demonstration effect can be tested and then replicated or scaled to IDA countries.

**The WBG's Theory of Change (Figure 1) demonstrates how the We-Fi inputs and activities with clients and partners contribute to the We-Fi objectives**, and beyond that, how these activities will lead to anticipated development impact at both the firm- and market-levels. Importantly, We-Fi seeks to achieve sustainable market-level impact beyond the tenure of this initiative.

Figure 1. WBG We-Fi Theory of Change



## PROGRAM BENEFICIARIES

The primary beneficiaries under this program are women entrepreneurs across the business lifecycle - from early stage start-ups to high-growth or mature firms. For We-Fi projects in the banking space and corporate value chains, the WBG will use IFC's standard definitions for SMEs and WSMEs, when working with banks and other financial intermediaries (see Box 1). In cases where this SME definition cannot be applied or is deemed inaccurate, the national definition relevant to the specific intervention will be used.

Projects outside the commercial banking space will have a slightly more flexible definition given that we will be working with women across the business/maturity lifecycle. Examples of such projects include:

- Seed-stage work with women entrepreneurs means working with women who have no staff or sales, and no lending history, but a good idea with a strong growth potential. These women would normally fall into WBG "microenterprise" definition but because they have high potential for rapid growth, they have unique needs beyond what typical microenterprise clients would need.
- IFC's direct investment in women-led firms will focus on more established high-growth firms that are led by women who can be role models and mentors for less experienced women.
- For funds and disruptive tech companies such as fintechs, edu-techs, health-techs, and insure-techs, the WBG will work to create role models and women in leadership to enable a virtuous cycle, since more women serving as role model entrepreneurs and more women influencing decision making on investments, leads to increased numbers of women pursuing entrepreneurial careers. These women in leadership might not fit the percentage ownerships thresholds detailed in the definitions, but they are key staff in decision-making processes or C-level officers. For these investments, we would only use a women-in-leadership filter.

### Box 1. Standard Definitions:

#### Small and Medium Enterprise

- Sales between \$100,000 and \$10 million
- Assets between \$100,000 and \$10 million
- Between 10\* and 300 employees

Meets 2 of 3 above criteria or:

- Loan size between \$10,000\* and \$1\*\* million

*\*For very small loans, including women's loans to WSMEs with >5 employees, and loan size >\$5,000 can be applied; adjustments based on country definitions are also done on an exceptional basis.*

*\*\*\$2 million in the case of certain large economies*

#### Women-Owned/Women-Led Firm

- ≥ 51% owned by a woman/women; or
- ≥ 20% owned by a woman/women; and have ≥ 1 woman as CEO/COO (President/Vice-President); and have ≥ 30% of the board of directors comprised of women, where a board exists; and
- for those women entrepreneurs with a loan from a financial institution, the loan size at origination would be between US\$5,000 to US\$1 million.

The program will also work with a range of intermediary beneficiaries to reach WSMEs as customers, clients and suppliers, and to build the supportive entrepreneurial ecosystem that is fundamental to the success of individual industries and firms. Examples include:

- Public sector entities involved directly or indirectly in promoting women's entrepreneurship such as line ministries, registries, supervisory authorities and central banks will benefit from technical assistance through country-level activities as well as global, regional and national policy dialogues.

## **We-Fi:** JOINT WORLD BANK AND IFC PROPOSAL

- Financial institutions, including commercial banks and NBFIs, as well as accelerators, funds and value chain finance platforms will receive investment and advisory support from We-Fi to increase their reach to WSMEs.
- Public and private sector clients will receive technical assistance in designing and rolling out new products aimed at reaching the WSME segment. They will also benefit from enabling environment activities which support the growth and use of digital financial services and the expanded use of financial infrastructure such as lending against movable collateral.
- Business associations will receive capacity building and data to better target and implement programs for female members.
- Technology firms and platforms will be engaged through country-level activities as partners and recipients of capacity building. They will also benefit from enabling environment activities which support the growth and use of digital solutions.
- NGOs will benefit from partnerships and coordination with public and private sector players working toward similar goals of eliminating constraints faced by women entrepreneurs.

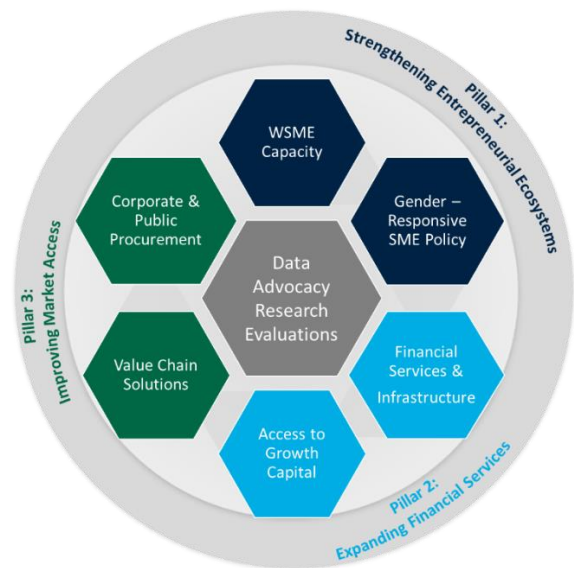
## PROGRAM COMPONENTS

Addressing the complex challenges faced by WSMEs requires a comprehensive approach and multi-tiered solutions, which the WBG is well positioned to provide given its extensive set of tools to address the gender gap. **The WB works** with governments to address policy and institutional barriers that are needed to foster private-sector led growth and create markets. This often entails providing advisory services to public and private sector entities to strengthen the enabling environment to establish and grow businesses. IFC collaborates with the World Bank in these early stage projects and has become more involved in R&D to see what works for women entrepreneurs. **IFC's business focuses on** sponsor/client development and scale, and it prioritizes identifying, supporting, growing clients that can make a significant difference in addressing the constraints faced by WSMEs. IFC seeks to support commercially viable clients and solutions and helps finance and scale them through investment and advisory services. Its work builds significantly on the regulatory and financial infrastructure work implemented by the WB.

To implement We-Fi, the WBG will focus the collective efforts of the public sector, the private sector and international development partners into a set of high-impact projects jointly implemented by the WB and IFC. Each project will fall under at least one of the programmatic pillars:

- 1. Strengthening Entrepreneurial Ecosystems** – fostering an inclusive legal, regulatory and policy framework (WB); building the capacity of WSMEs (WB); grow the pipeline of high growth WSMEs (IFC). Through this pillar the WBG will support around 10 public sector institutions and over a dozen funds and accelerators, directly reaching over 3,700 WSMEs.
- 2. Expanding Financial Services** – investing in financial institutions, fintechs, and high growth WSMEs (IFC); increase the capacity of clients to reach more women (IFC); strengthen financial infrastructure (WB); develop new products for WSMEs (IFC&WB). Through this pillar the WBG will support around 85 financial service providers and increase access to finance for over 35,500 WSMEs. We-Fi will also achieve its highest leverage thorough the activities implemented in this pillar
- 3. Improving Market Access** – investments to increase value chain finance and create linkages between corporates with WSMEs (IFC); sector capacity building (WB); business support to equip firms to enter new markets (WB&IFC); gender-lens advisory to corporates (IFC), foster government procurement for WSMEs (WB). Through this pillar the WBG will increase access to markets via value chain linkages for over 4,300 WSMEs.

The activities in each country may span several pillars, and will be shaped by the local context and existing partners. WBG will also aim to undertake in their focus markets: research, WSME ecosystem mapping, advocacy and policy dialogue, data collection and evaluations, as well as peer learning activities to inform the implementation of We-Fi activities and disseminate knowledge to other markets and stakeholders. Below is a detailed description of the activities the WBG will implement under each pillar, and examples of how these activities will take shape in key focus locations. The subsequent section illustrates in more detail the integrated WB-IFC programmatic approach in **Bangladesh, Pakistan and Tanzania**.



## **PILLAR 1: STRENGTHENING ENTREPRENEURIAL ECOSYSTEMS**

Activities in this pillar are foundational in nature, and are intended to establish the requisite legal, regulatory and business development frameworks, as well as provide complementary skills, tools and support networks to foster women's entrepreneurship. The WBG's goal is to have a strong demonstration effect across the entire ecosystem to expand the number of women considering and pursuing entrepreneurship careers.

- **WB** provides direct support to entrepreneurs, strengthens local women support networks through a wide range of stakeholders, and plays a critical role in building more inclusive business and regulatory environments for WSMEs. Its programs build on the WB's strong empirical and policy research focus, along with its deep on-the-ground experience and innovation acumen.
- **IFC** uses a multiprong approach to grow the pipeline of potential high-growth WSMEs by developing supporting networks of accelerators, incubators and angel investors focused on investing in and mentoring early stage WSMEs. It also focuses on increasing financial and technical support for high-growth early stage enterprises, promoting women in private equity and expanding investor appetite for women entrepreneurs

**FIRM COMPETITIVENESS.** Fundamental to the success of any business is that entrepreneurs possess the managerial, technical and financial skills required to support the needs of a growing enterprise. The WBG, through local partnerships, will implement flexible and high-quality training to upgrade WMSEs' skills and strengthen their productivity and competitiveness, based on evidence of what works from the Gender Innovation Lab. Equally important, the WBG will establish mentoring and networking programs to provide women entrepreneurs the opportunities to create relationships with peers and business leaders who can understand, advise, and support them. This pillar will be closely integrated with the implementation of the access to finance and access to markets activities, as WBG research and experience indicates that complementary programs to link entrepreneurs to finance and markets are also needed to implement successful programs. For example, crossing into new industries or moving into higher value-added segments in the same sector—whether in agriculture, tourism, or small-scale industry—requires entrepreneurs to acquire new skills, build new business relationships, and operate effectively in a more complex regulatory environment. The WBG will develop practical and sustainable capacity building approaches for WSMEs focusing on: strengthening incubators and accelerators, providing business-to-business mentoring, corporate governance, independence training, and information services provided by FIs or corporate partners. Additionally, supporting accelerator programs to launch women-focused programs will enable more female-led companies to participate and access equity finance.

**REFORMING SME POLICIES.** A key dimension of building a supportive ecosystem for WSMEs is effective policy design and governance. This includes helping governments review their overarching SME support strategies, design and implementation of targeted programs to engage and grow women-owned and led businesses, and establishing an effective institutional framework for WSME inclusion. The WBG will support government reforms to level the business environment for women and encourage active dialogue between the public and private sectors, in countries such as Bangladesh, and pilot innovative tools such as applying psychometrics and behavioral science to credit assessment practices. Likewise, in MENA, the WBG program will identify and address the main regulatory constraints to e-commerce with a focus on those impacting WSMEs. The WB and IFC will work with their partners to ensure long-lasting impact from its interventions. Policy changes will be implemented with a view to long term sustainability, and IFC investments will crowd in the private sector response to improvements in the enabling environment,



including opportunities for investments in funds and accelerators so that these institutions can expand their efforts with WSMEs.

### **WBG We-Fi: Increasing the competitiveness and productivity of WSMEs**

*In Cote d'Ivoire, the WBG will develop targeted training to build WSMEs' capacity in preparing and maintaining financial statements, building soft skills and strategic planning, contract negotiation, conflict resolutions and developing peer-to-peer networks to share business experiences and ideas as well as promote consumer protection campaigns for women. These efforts will draw upon the sectoral knowledge of the IFC and the broader competitiveness programs of the WB. WSMEs participating in these programs will be better positioned to access financing from financial institutions, specifically from the banks benefiting from IFC risk sharing facilities designed to increase banks' focus on the SME sector.*

*In Nigeria, the WBG will work with accelerators to develop a tailor-made program for high-potential women entrepreneurs. The accelerators will provide seed finance, training and investor networks for high potential early-stage SMEs to advance their ideas and products and develop a proof of concept. This component will support existing accelerator programs to develop a pilot accelerator program tailored for women.*

## **PILLAR 2: EXPANDING FINANCIAL SERVICES**

This pillar will include working with a range of financial institutions to develop products and services targeted to support increased access to finance for WSMEs. The component will also focus on strengthening the financial infrastructure, and investing directly or through partner funds into high-growth WSMEs.

**WSME TARGETED PRODUCTS AND SERVICES:** This component focuses on seeding and scaling new approaches more ambitiously across key markets. Such innovation tends to have several phases, starting with market research and testing, then moving into pilot stage activities with pioneering clients, and ultimately resulting in developing clear product offerings and replicating activities across markets crowding in other market actors. Research and feedback loops to ensure constant improvement and a better understanding of impacts is essential throughout. Key areas of activities under this We-Fi component include scaling women-focused investment and advisory services to financial institutions, as well as piloting innovations related to developing digital financial services, providing local currency funding, expanding insurance products tailored to women's needs, and leveraging capital markets to mobilize private capital for increased lending to WSMEs.

**Investment and Advisory Services to Financial institutions.** A core element of the WBG We-Fi proposal is providing investment and advisory services for financial institutions to better serve their women customer segments. This pillar will directly reach the largest number of SMEs given the potential for scale among FIs, and the ability to mobilize additional funding from private and bilateral donor sources. Investment and advisory services are tailored based on the needs of each country and partner institution and include: (1) blended finance mechanisms designed to increase FIs' lending to WSME segments, (2) mobilization of private sector investment to crowd additional private capital into the women's finance space, and (3) capacity building programs for FIs to design and roll out a women's business proposition, including developing women-centric products and services and leveraging technology to provide better services to WSMEs.

An overview of the IFC instruments is presented below, and more details can be found in Annex 1.

### WBG We-Fi: Making use of IFC Instruments

**IFC Investment with Blended Finance.** Clients under We-Fi may receive any of IFC's investment instruments, including debt, equity, guarantees, etc. Where needed, We-Fi funding would be used to de-risk those investments or provide incentives for the clients to reach their women entrepreneur focused stretch targets. Blended finance can be used within the parameters of the newly adopted blended finance principles.

**Mobilization of private sector investment.** In addition to IFC and We-Fi funding, projects will aim to crowd additional private sector investment into the women's finance space. We-Fi funding could be used to de-risk and crowd-in other investors alongside IFC.

**Advisory services.** We-Fi will support advisory activities related to market development and capacity building to help financial institutions develop and sustainably implement women-focused programs that include tailored financial and non-financial products and services for women.

**Insurance.** We-Fi will provide the opportunity to WBG to scale its' work on increasing women's access to insurance services and test a variety of approaches across different markets. Currently, WSMEs' risk profile and mitigation methods are not well understood, and approaches to addressing risk better are underdeveloped. WBG will focus on countries where the insurance industry is sufficiently established to offer products and services to WSMEs, and where we have identified suitable partners to work with for maximum impact. IFC plans to provide investments and/or advisory services to at least five insurance companies to develop specific strategies and products for WSMEs. These projects will include developing technology-enabled customer value propositions for WSMEs with business management and financial education components. The World Bank will work with regulators to further increase their understanding of women's insurance needs and challenges, and gather sex-disaggregated data to inform policy development.

We expect that with this approach, products and services can be developed and tested in one market and then adapted for other countries in which the regional or multinational insurer operates, hence multiplying return on investment and achieving scale. In Zambia, WBG will conduct a market assessment to identify demand for digital savings and insurance products, and will develop a technical assistance program for FI and WSMEs on developing and utilizing digital savings or insurance products. The program will focus on linking insurers to alternative distribution partners (e.g., commercial banks, telecommunication companies, online brokers, and retailers) and women business groups to increase access to insurance for women and provide information on its importance to improving their business. WBG will also provide training to insurers to enable their sales force to be sensitive to the specific needs of women. The WB and IFC will conduct further research into the effectiveness of different approaches and the impact of improved access to insurance for WSMEs. We will work on risk profile research, market sizing, case studies, and other publications.

**Digital financial services.** Digitization of traditional financial products and services has the potential to transform access to finance for women entrepreneurs by expanding channels and products available to them, and by reducing the cost and risk associated with lending to women through improved data and risk analytics on women borrowers. The WB will work on mapping key stakeholders, strengthening the regulatory environment to facilitate such services, and designing innovative models. IFC will advise banks

on the introduction of new digital financial services and analytics for WSME customers. In addition, the WBG will work with digital value chain and marketplace platforms to increase WSMEs' access to trade and markets. The WB will advise on policy reforms to facilitate e-commerce and the business environment, and together with IFC will provide technical assistance to WSMEs and financial institutions leveraging digital platforms to facilitate market access, reduce WSME barriers to financing, selling more goods and services, and accessing business support services. IFC will also aim to support technology platforms through equity investments and loans for financing SMEs on the platform, and by linking the platforms to IFC corporate clients with large numbers of women suppliers and distributors to increase their reach to WSMEs.

**Access to Capital Markets for WSME Finance.** To continue to invest at scale in the WSME segment, IFC is looking to attract capital markets funding to the WSME space. Investments through capital markets can mobilize, redirect, and unlock private resources and convert billions to trillions of commercial capital for WSME development needs. One innovation currently in design is to support FI clients to issue social bonds, in which the proceeds from the bond issuance would be used by the FI to finance the growth of its WSME lending portfolio. IFC is exploring the feasibility of creating a social bond. Aside from providing additional funding to WSMEs, the gender bond issued by a renowned FI can have a strong signaling effect of the importance of the women's segment in local and regional markets. Another capital markets innovation will be to securitize WSME receivables, whereby an FI can allocate the proceeds for financing of WSMEs. In both cases, IFC could act as an anchor investor with blended finance potentially provided as an incentive or for a mezzanine tranche.

**FINANCIAL INFRASTRUCTURE:** The WB works with governments to create an enabling environment to crowd-in private sector investment, create capital markets, and accelerate equitable growth. Through We-Fi, the WB will work with the public sector on secured transaction and collateral registry projects to overcome immovable collateral constraints faced by WSMEs. The WB will also pilot fintech collateral alternatives and roll-out digital solutions for savings and insurance products.

The limited access to finance for WSMEs is in large part due to the lack of adequate collateral. To address this challenge, the WB and IFC will work together to develop an appropriate institutional framework for movable assets based lending, and build the capacity of key stakeholders, including financial institutions, to utilize the secured transaction collateral registries and launch new products for SMEs. Asset Based Lending (ABL) and the ability to use alternative collateral is expected to especially benefit SMEs owned by women, who generally have less access to land and property, currently the preferred collateral for most financial institutions. As part of We-Fi, the WB and IFC will work to introduce ABL products in several markets in Africa.

**EXPANDING WSME ACCESS TO GROWTH CAPITAL:** We-Fi funding will also enable IFC to increase its investments in WSMEs, either directly on its own balance sheet or indirectly through fund investees. If suitable investee companies are identified, IFC will utilize blended finance to make direct investments in early stage firms and high-growth women-led companies that may be smaller or riskier than IFC would normally consider, or support funds to invest in such firms. IFC is considering investments in early stage firms and high-growth women-led companies. IFC will develop case studies on these investments to showcase strong women leaders and use them to inspire more women to become entrepreneurs and grow their businesses. IFC would also use We-Fi funding to expand investor appetite for women entrepreneurs by (i) building case studies and disseminating the business case for equity investment in WSMEs; (ii) promoting women in private equity through training and networking; and (iii) supporting networks of angel investors focused on investing in and mentoring early stage WSMEs. An annual Women in Private Equity and Venture Capital event would be organized to bring together successful women investors, showcase success stories in gender-lens investing, and promote women role models to increase the sustainability of these initiatives.

The Complementary WB and IFC approach in this area will promote solutions that are sustainable, can expand over time even once We-Fi funding is no longer available, and generate long-term private sector commitment into this space. By testing new models, and putting the relevant financial infrastructure in place, the WBG We-Fi program aims to build a business case that can demonstrate that targeting WSMEs with finance and insurance products or services is a profitable and sustainable business. The WBG proposal aims to build a strong, commercial business case for insurance, capital markets and growth (equity) financing, as well as scale our work with financial institutions. This is done through an iterative process where clients test, demonstrate success and learn from one another. Blended Finance investments provide incentives to organizations agreeing to test out these new models, and leverage is achieved when they successfully parlay these pilots into a long term, sustainable business.

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#### **WBG We-Fi: Leveraging digital technologies**

*In Egypt, Jordan, Lebanon, Morocco, and Tunisia, WBG focus on expanding WSME participation in e-commerce platforms building on the MENA Virtual Marketplace (VMP) for the Development of Export SMEs and its corporate partnerships. The project aims to nurture pools of export champions in each country, while improving business environment and export ecosystems to facilitate new entry of WSMEs to the export sector. The WB and IFC will advise on how best to onboard and train more women entrepreneurs to successfully participate in the platform, expand access to working capital and trade finance for the WSMEs targeted through the e-commerce platform, and will implement policy reforms to facilitate e-commerce and the business environment.*

*In Zambia, the WBG plans to identify opportunities to pilot new fintech products by working with financial technology firms. In parallel, the team will map potential regulatory barriers to fintech adoption, and provide capacity building to relevant regulatory agencies to facilitate their use. Given the importance of training WSMEs participating in e-commerce platforms, IFC could partner with a B2B platform to train women entrepreneurs on how to access and sell their products and services on e-commerce platforms.*

*IFC will also explore investing in third-party supplier finance technology that can connect WSMEs as suppliers and distributors to critical working capital.*

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### **WBG We-Fi: Improving financial infrastructure and financial products based on alternative collateral**

*In Cote d'Ivoire, the WBG will develop an appropriate institutional framework for movable assets based lending, and promote new financial products based on non-conventional collateral.*

*In Nigeria and Zambia, WBG will explore developing and piloting novel financial products to support WSMEs, such as introducing fintech alternatives to collateral and movable asset-based lending products.*

*In Mozambique, the WBG will pilot an innovative mechanism aiming to expand collateral registries. The project will raise targeted awareness and capacity building for both financial institutions and women entrepreneurs, and then work with a financial institution on developing a tailored asset-based lending product to serve the emerging women-owned SMEs in Mozambique. This project will also identify discriminatory practices affecting women's access to finance and provide targeted awareness raising and capacity building for both financial institutions and WSMEs.*

### **PILLAR 3: IMPROVING MARKET ACCESS**

The access to markets pillar includes two components aimed at promoting WSME growth and productivity by linking women entrepreneurs to global, regional, and domestic markets.

**WOMEN IN VALUE CHAINS.** The WBG will address the needs of WSMEs that are suppliers or distributors in larger value chains through a variety of innovative financing approaches and direct support to WSMEs. Using We-Fi funds, the WBG will establish value chain finance solutions for SMEs in partnership with local banks. IFC's supplier finance program will aim to address the working capital constraints of WSMEs that are direct and sub-suppliers to corporations. In parallel, IFC's bank-financing approach will seek to reach the WSMEs serving as sub-suppliers, as well as distributors and retailers of IFC corporate clients. The WBG will help professionalize producer organizations ranging from small informal producer groups of low-income women to large, registered farmer cooperatives, and advising such institutions on how to develop a gender-lens approach to their operations. Activities will include conducting mapping and diagnostics to identify the distinct roles that men and women play as suppliers in key value chains, building buy-in from local cooperatives to engage more or differently with women, and designing solutions to the unique barriers WSMEs face in ramping up their economic contribution. The WBG will collect and analyze value chain data, implement targeted capacity building to WSMEs in specific sectors, and develop stronger linkages between stakeholders in target value chains.

**INCREASING WOMEN'S ACCESS TO CORPORATE AND PUBLIC PROCUREMENT.** WSME participation in corporate supply chains and distribution networks is extremely low. Large corporations spend less than 2.2% of their procurement budget on women-owned businesses.<sup>8</sup> The numbers are even lower in the public sector, where an estimated 1% of procurement goes to women-owned businesses (ITC, 2015). Through this component, the WBG aims to ramp up its work with corporate clients and public agencies to create more inclusive value chains, while improving the capabilities of WSMEs to enter and thrive in new markets as suppliers, distributors, and producers. Under We-Fi, IFC will further develop the business case for corporations to include more WSMEs in their supply chains, and working directly with corporations to pilot innovative approaches to increase WSME market participation and financing. It will map corporate supplier/distributor bases to identify gaps and opportunities for WSMEs, and will develop tailored sourcing strategies for WSMEs based on local ecosystem and legal restrictions. In tandem, WB will work on facilitating partnerships, providing training services to register, certify, and build the management and

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<sup>8</sup> Ramaswami and Mackiewicz, 2009

production capacity for WSMEs, and providing services to facilitate introductions and matches between women SMEs to lead firms. The WB will target public procurement and in addition to working with the private sector, will undertake efforts to strengthen government officials' capacity to more effectively implement inclusive public procurement.

The Market Access work will test novel approaches to increasing female access to markets that in the long run is expected to become sustainable without subsidies. However, because this work is in the early stages, we expect the We-Fi funding to enable the testing and early development of business case materials and gathering of data to demonstrate the commercial business case for greater incorporation of WSMEs into national and global value chains.

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### **WBG We-Fi: Supporting women in value chains**

*In Cote d'Ivoire, the WB will conduct an analysis of supply-side data on provisions of finance for women in selected agriculture value-chains. In concert, IFC is exploring supporting women in the cashew and cocoa value chains to improve productivity of crops produced and enhance women's participation in cooperatives to help them access to new markets. IFC would also conduct a value chain mapping and training of women as suppliers and distributors in manufacturing and fashion retail sectors, building on the WB's analytic work in creative industries in the region.*

*In Nigeria, the WB will work to increase market access for women SMEs through linkage programs and cluster development. By facilitating market linkages and technology transfer, and inducing network and joint actions among entrepreneurs, the project will help boost the collective power and improved business capacity of female entrepreneurs. The project will work with business development service providers to identify the gaps in women-owned firms that impede their integration into the supply/value chains of foreign and domestic firms. These activities will be aligned with IFC work to support women in the rice sector, including enhancing women's participation in cooperatives.*

*In Mozambique, IFC will support women in the agribusiness sector through mapping, enhancing women's participation in cooperatives, and community stakeholder engagement. In tandem the WB will work with WMSEs in Mozambique to improve trade policy reforms and border-level infrastructure, as well as reducing non-tariff barriers for WSMEs in agribusiness, and in the extractives sector. The project includes capacity building and developing peer-to-peer support models for WSMEs to improve their business skills and confidence to cross-over and compete in male-dominated markets.*

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## WBG We-Fi: Strengthening public procurement

*In Senegal, the WB will review the government's Gender-Responsive Public Procurement Policies. Enacted in 2018, Senegal's SME development law earmarked 15 percent of public procurement to WSMEs. However, the law has not yet been implemented effectively, and there is little evidence about what works in expanding market access to WSMEs through public procurement. The WB will design a set of capacity building and ecosystem development activities targeting public employees - to improve their implementation capacity of the current law, and women entrepreneurs - to ensure they can benefit from procurement market opportunities.*

*In support of integrating WSMEs into corporate value chains for this bid opportunities, IFC will undertake company and market diagnostics to understand challenges from the corporate and WSME perspectives. The program will also explore how enforcement of the procurement legislation impacts financial intermediaries' willingness to expand its products for WSMEs. To be credible bidders in public tenders, WSMEs must be able to demonstrate their financial means to deliver as promised, and often need access to credit lines from financial institutions.*

## EXAMPLES OF WBG COUNTRY-LEVEL INTEGRATION

At the country level, the WB and IFC will closely coordinate to ensure the We-Fi activities are implemented in an integrated way. Our teams will develop joint research and projects when relevant, jointly define and sequence activities to maximize the impact of the program, as well as provide constant feedback loops to ensure public policy is informed by market experience. Below we describe how the WB and IFC will implement a range of cohesive activities as part of our integrated approach to deliver on the objectives of We-Fi. For this purpose, **Bangladesh, Pakistan and Tanzania** have been highlighted.

### BANGLADESH

Women entrepreneurs in Bangladesh struggle with an unfavorable business environment, social biases and negative perceptions related to women's ability to contribute to economic activity. Women also have lower business and financial literacy and limited access to knowledge and networks. WSMEs struggle with accessing funding to start and grow their businesses, and in many cases the inadequate financing to women is rooted in their lack of formal credit histories and ability to provide collateral. WSMEs also operate in silos, without the knowledge or ability to create viable linkages with other firms or corporates in domestic and international value chains. These challenges are confirmed by the low level of female entrepreneurship in Bangladesh, where less than 10% of the 7.8 million SMEs are women-owned, and most of these businesses are limited in scale and capacity<sup>9</sup>.

The WBG will commence its activities with a comprehensive effort to map and collect data on women business owners, identify the main stakeholders, assess the capacity needs of the women business owners, identify national supply chains and clusters with large concentrations of WSMEs, and map the national and multinational companies that present high potential to explore opportunities for linking WSMEs into their supply chains. WBG will work closely with other donors and agencies with track record in the WSME space.

<sup>9</sup> Report on Economic Census 2013, Bangladesh Bureau of Statistics.

## **STRENGTHENING ENTREPRENEURIAL ECOSYSTEMS**

**Strengthening the Enabling Environment for WSMEs:** The WB will support reforms to improve the business environment for women entrepreneurs. The WB will review BB's existing SME policy, and will recommend reforms to incentivize financial institutions to expand their portfolio of WSME clients, and to support an incubation facility for women. Since lack of formal credit histories is a major impediment to WSMEs obtaining financing in Bangladesh, the WB will also focus on developing solutions to enable lending based on alternative data. The WB will recommend regulatory actions and infrastructure required to nurture an ecosystem of digital data driven lenders and fintechs. The WB policy work is expected to facilitate dialogue to address gender gaps in the policies related to business processes, and ultimately it would lead to the issuance of a revised SME policy by the Central Bank. This fundamental work will also encourage financial innovation and crowd in investments in the WSME sector.

**Building WSMEs Capacity:** WBG will also prioritize building the capacity of WSMEs so that women can take full advantage of the expected improvements in the business environment, and enable them to effectively engage with financial institutions, investors and corporates. The WB will develop a comprehensive capacity building program, which will include financial management, accessing markets, business management, mentoring, leadership development, technical knowhow and negotiation required for supply chain linkages. The training will be delivered through brick and mortar workshops, and will be complemented by training materials available over multiple digital channels. The digital interfaces will also connect WSMEs to experts who would answer queries in real time and provide them with access to relevant resources. The WBG is also considering a program where WBG staff would serve as mentors to women entrepreneurs. These activities are expected to foster the development of the next cohort of women business leaders and encourage more women to pursue high-growth business ideas.

## **EXPANDING FINANCIAL SERVICES**

**Develop Tailored Products and Services for WSMEs:** The training and mentoring programs implemented by WBG will enhance the pipeline of WSMEs that can access credit or equity growth capital. Since WSMEs are still perceived as riskier firms by financial institutions, the WBG will develop a credit guarantee scheme (CGS). The CGS will facilitate lending to "collateral constrained WSMEs" by de-risking lending for financial institutions. In parallel, IFC is exploring providing funding directly to Bangladeshi financial institutions through dedicated credit lines for reaching WSMEs, and/or performance incentives to motivate banks to set and meet ambitious WSME lending targets. IFC could also provide advisory services to FIs to help them design and implement women-centric products and services.

Furthermore, IFC will work to provide access to growth capital to high-growth Bangladeshi WSMEs, with a focus on the fintech, e-commerce, e-logistics, insurance, healthcare, education, and agriculture sectors. We-Fi funding would be used to structure innovative investment mechanisms best suited to the needs of early stage companies, including convertible grants, first-loss cover, subordinated equity, grants with warrants, etc. IFC will also develop case studies on these investments to feature successful women entrepreneurs to inspire and motivate women to pursue their entrepreneurial dreams.

## **IMPROVING MARKET ACCESS**

To facilitate integrating women in value chains, the WB and IFC will implement activities with corporate clients that create more inclusive supply chains, including building the business case and developing recommendations for FIs on digitizing supply chain cash transactions, which are expected to lower SME transaction costs, and provide greater transaction security and transparency. IFC will engage partner



banks and leading supply-chain firms to explore investment and/or targeted advisory services to help them design digital finance solutions that can reach WSMEs more effectively, such as supply chain payments digitization and credit scoring. The WBG capacity building program for WSMEs will also focus on improving WSME capabilities to enter and thrive in new markets as suppliers, distributors, and producers, and strengthen their negotiation skills with potential buyers and investors.

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## **PAKISTAN**

**Pakistan has the lowest rate of women’s entrepreneurship in the world:** About 100 million adults in Pakistan lack access to formal financial services. This number accounts for about 5% of the world’s unbanked population, which stands at 2 billion. Furthermore, less than 5% of Pakistani women are included in the formal financial sector. Only 1% of women in Pakistan are entrepreneurs, compared to 21% of men<sup>10</sup> There are 3.2 million SMEs in Pakistan, but less than 12% of firms have female participation in ownership, compared to more than 18 percent in South Asia and 34 percent globally.<sup>11</sup> Women are almost three times less likely to know an entrepreneur compared to men,<sup>12</sup> pointing to a glaring disparity in women’s networks and, consequently, their ability to gain access to information and business networks – considered crucial for business success. Little equity funding exists for WSMEs.

At the start of the program, the WBG will map the WSME ecosystem in Pakistan, outlining the drivers of and constraints to female entrepreneurship across key segments (urban, rural, age groups) and sectors (agriculture, manufacturing, high-value services, e-commerce, IT). The data collection will be the first such dedicated effort in Pakistan, and is expected to help the government, private sector and international development partners to design and implement more evidence-based policies and programs in the country.

### **STRENGTHENING ENTREPRENEURIAL ECOSYSTEMS**

**Building WSME Capacity:** To support women in pursuing high-growth business ventures, the WBG will build networks among women entrepreneurs and create linkages between key stakeholders like chambers of commerce and trade associations to support women to enter and succeed in male-dominated sectors. This activity will leverage existing platforms already supported by the WB, to build a physical and virtual support mechanism for existing women entrepreneurs, and encourage entry of new entrepreneurs in emerging growth sectors. These platforms are expected to facilitate B2B linkages between domestic and international businesses across sectors, and between businesses and public authorities. The programs in this component will play a key role in the WBG’s efforts to develop partnerships and create targeted market entry points with domestic and international corporates. Women participating in these programs will have enhanced knowledge about the different stakeholders in their value chain, will develop stronger business networks with other male and female entrepreneurs, and overall become more confident in seeing and negotiating with the corporates interested in buying from WSMEs.

In parallel, IFC will work on enabling existing accelerators in Pakistan to become more women-centric, identifying strong partners to launch women-focused programs so more female-led companies will participate in accelerator programs and be able to access seed funding. We-Fi funds will be used to provide financing and advice to help these accelerators adjust their models to attract, retain, and graduate more women entrepreneurs. This could be done by increasing the proportion of women in accelerator cohorts

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<sup>10</sup> Global Entrepreneurship Monitor 2012 Women’s Report (Pakistan was not included in the 2014 Women’s Report).

<sup>11</sup> Enterprise Surveys, World Bank, 2013.

<sup>12</sup> GEM 2012.

and business plan competitions, the creation of women-only accelerator cohorts, or by investing in women-focused accelerators. The WBG will work with WSMEs participating in the accelerator program to link them to potential investors, introduce them to relevant banking products provided by partner financial institutions and will link them to relevant corporate in WSMEs' value chains.

### **EXPANDING FINANCIAL SERVICES**

**Access to Growth Capital:** The accelerator programs and business plan competitions developed by WBG will enable IFC to identify promising early stage women-owned firms that are in need for equity growth capital to take their business to the next level. The WBG will develop an equity/debt fund or an equity funding window from an existing fund, which will deploy early-stage capital and provide consultancy to high potential businesses.

**Develop Tailored Products and Services for WSMEs:** Additionally, by closely engaging with WSMEs through the capacity building programs, the WBG will gain deep insights into the specific challenges women face in different sectors, their needs for financial products and services, as well as their experience engaging with financial institutions in Pakistan. This direct feedback from the WSMEs will help the WBG and financial institutions develop their strategies for reaching WSMEs. We-Fi funds would be used to help banks design and roll out their women's business proposition. This can include conducting market research and engaging with WSMEs, providing training to clients, establishing baselines, designing financial and non-financial product and service solutions, designing new customer value propositions, implementing sex-disaggregated data analysis, rolling out new holistic women-focused initiatives, and tracking results. IFC typically requires matching funds from clients for this work to ensure alignment and sustainable commitment. IFC is also considering making targeted blended finance investments with embedded performance incentives to motivate local banks to scale up their lending to WSME borrowers in Pakistan.

### **IMPROVING MARKET ACCESS**

#### **Value Chain Solutions for Women Entrepreneurs:**

Under this component, We-Fi funding will help IFC create stronger linkages between Pakistani WSMEs and larger corporates, using IFC's Global Trade Supplier Finance Program. IFC is currently exploring a partnership with a global corporation to implement a **WSME-focused pilot**. IFC is also considering an advisory program to support women rice suppliers, and advise banks and corporations on working together to provide working capital to WSMEs in the corporations' value chains.

Given the challenges faced by women in accessing traditional collateral-based loans in Pakistan, the WBG will pilot a suite of digital financial services such as digital credit appraisal processes, and digital payments (e.g., e-commerce along supply chains) with a focus on the business cycle of WSMEs in selected sectors. The WB and IFC will develop a business case to provide these services through innovative channels and partnerships, such as a bank partnering with fintechs and big purchaser down the value chain. The team will also explore leveraging technology-based platforms and linking WSMEs to foreign direct investment (FDI) opportunities.

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#### ***Global Trade Supplier Finance Program (GTSF)***

*GTSF is a short-term financing platform that provides post shipment finance to emerging market suppliers of major, global corporations.*

***Using We-Fi funds, IFC would develop and apply a gender-lens approach to this product offering.***

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## TANZANIA

In rural Tanzania, agriculture and tourism are the main economic drivers. There are more than 15 million smallholder farmers in Tanzania, over half of which are women.<sup>13</sup> The share of the adult population working in agriculture is higher than regional averages, especially for women: 71% of the female population works in agriculture in Tanzania<sup>14</sup>, compared to an average 55% in the rest of sub-Saharan Africa. Key barriers limiting women's potential to participate in the supply and value chains of these sectors include access to skills, markets and finance. While Tanzania has made good progress on financial inclusion, particularly in access to microfinance, women are still underrepresented in the financial services industry, including banking, insurance and pension funds. It is estimated that only 13.8% of women have accounts at formal financial institutions, compared to 20.8% of men<sup>15</sup>.

To build the **business case for inclusive value chains**, WBG will conduct research to develop company case studies that explore the business benefits, best practices, and lessons learned from including women. Each participating firm will commit to further advancing WSME access to markets with a measurable goal, such as increasing the number of WSME suppliers, increasing the amount of procurement spend, training women SMEs on selling specific products/services in distribution networks, providing business management skills building services, and more. This research component is multi-country to maximize cross-learning, and will be implemented in **Bangladesh, Cote d'Ivoire, Mozambique, Pakistan, and Tanzania**.

### STRENGTHENING ENTREPRENEURIAL ECOSYSTEMS AND IMPROVING MARKET ACCESS

The WB will implement a program that links women farmers to the tourism value chain to increase their access to trade and markets. This initiative will serve as a "proof of concept" pilot that can be replicated elsewhere in Tanzania. The region initially targeted by this project is Tanzania's most visited tourism region and includes national parks with over 500,000 tourists visiting in 2015. The pilot will work with a group of 60 women farmers who have formed a cooperative enterprise and will link their agricultural produce to buyers in 30+ hotels in the Moshi/Kilimanjaro area.

Project activities will ensure supply chain management (from farm to table), quality control and branding. Based on the lessons learned from the pilot, the WB will replicate the pilot by identifying qualified WSME enterprises and entrepreneurs to supply the hotels and lodges in three other areas of Tanzania (Iringa, which is the focus of a \$150mn WB-funded project in Southern Tanzania; Zanzibar, which is the host to a related WBG pipeline operation; and, Arusha, the region at the center of the \$6.7 million WB business environment advisory program that features a gender component). The We-Fi project will provide seed funding for stakeholder consultations and sector analysis, while connecting to the existing WBG programs to finance the roll out of viable supply chains.

### EXPANDING FINANCIAL SERVICES

**Digital Finance and Marketplace Platforms:** Timely payment to suppliers is a critical bottleneck for WSMEs in Tanzania, including for the WSMEs in the tourism value chains. For example, hotels typically pay for goods and services received up to three months after receipt, creating serious cash flow issues for small entrepreneurs and farmers. With support from We-Fi, the project will utilize a recently developed

<sup>13</sup> Nyomora, Kanyeka, and Nduguru, 2012

<sup>14</sup> International Labour Organization, ILOSTAT database. Data retrieved in March 2017.

<sup>15</sup> "Gender Equality in Tanzania," Social Institutions and Gender Index (SIGI), accessed March 6, 2017, <http://www.genderindex.org/country/tanzania>.

trading platform app to facilitate efficient supply chain management and payment transfers. This approach will facilitate a direct relationship between the hotel sector (sourcing produce) and the WSMEs (supplying produce), and will seek to design a model that is scalable and replicable.

IFC will also aim to support relevant technology platforms to engage with financial institutions, including banks, pension funds, insurance companies and Fintech companies in a partnership aimed at closing gender gaps.

**Develop Tailored Products and Services for WSMEs:** Scaling the market linkages piloted by the WBG in Tanzania requires engaging financial institutions through their extensive branch networks. To do so, IFC is exploring investment and advisory engagements banks in Tanzania focused on targeting WSMEs and/or developing value chain finance mechanisms for SMEs. Where needed, We-Fi funding would be used to de-risk IFC investments or provide incentives for the clients to reach their WSME stretch targets. Additionally, WBG will conduct tailored market research to better understand the supply and demand for financial and non-financial services to WSMEs in Tanzania. This market assessment is expected to generate important market sizing information that enables FIs to target and develop appropriate solutions for the WSME segment.

## **DATA COLLECTION, RESEARCH AND ADVOCACY**

Several global knowledge activities are proposed to support and garner data from projects: data collection and research, policy dialogue, impact evaluation, and advocacy/outreach. These activities are outlined below, including their links to the regional and country-level engagements discussed above.

### **DATA COLLECTION AND RESEARCH**

Measuring women's entrepreneurial activity is critically important for a better understanding of gaps between female and male entrepreneurs. However, very few datasets contain information on female entrepreneurship that can be compared across countries and over time. To address this challenge, the WB will introduce **WeData**, that will collect sex-disaggregated data on the number of female and male owners of newly registered limited liability companies and sole proprietorships at the global level, as well as data on the number of female and male directors of new limited liability companies. It will also conduct preliminary research into the dynamics of female entrepreneurship at the country level and within regional and global contexts. Implemented by the WB's *Doing Business* team, two rounds of data will be collected in all regions and income groups in more than 140 economies.

**WeTour** is an innovative approach to improving the competitiveness of women-owned SMEs in the tourism sector, using big data and disruptive technology platforms to improve market linkages, financial access, and human capacity. Tourism is one of the world's largest employers of women (60 to 70% of tourism and hospitality employment) and is dominated by SMEs (80% according to ILO, 2010). The WBG will work with the UN World Tourism Organization (UNWTO), UN Women and other partners to develop baseline tourism-sector data at the global level and in target locations, including revenue trends over time and user-generated content around consumer satisfaction. Big data generated by digital platforms will offer new and better techniques to collect baseline information on WSMEs and can provide new ways to improve market linkages, financial access, competitiveness and productivity. Beyond new data collection, the project will work through a new partnership with Airbnb to build a big data and digital platform that includes a pilot targeted to WSMEs in Tanzania.

**CATALYZING LINKAGES BETWEEN WSMEs AND FOREIGN DIRECT INVESTMENT.** This project aims to spur key global investors to champion the increased participation of WSMEs in the supply chains of their local operations. The WB team will approach this on three separate fronts: First, launch of a global campaign that promotes women entrepreneurship in supply chains of multinational companies and large domestic firms. This global advocacy effort will be undertaken in partnership with leading agencies in this area (such as UN Women, WeConnect, Aid for Trade, and BSR), and will build on the Women's Empowerment Principles<sup>16</sup> campaign. Second, the project will fill the evidence gap on what works in using FDI to stimulate women's entrepreneurship through case studies and analysis, working in collaboration with IFC in key sectors such as agribusiness, where IFC has taken the lead in facilitating women's participation. The research will identify the most effective government policy tools, corporate actions, and direct firm-level support. Finally, We-Fi project teams in Bangladesh and Pakistan will put into practice the research learnings to design and deploy interventions that link WSMEs to foreign-invested companies in their domestic economies, and capitalize on the global outreach campaign in their efforts to support inclusive supply chains. In addition, the WBG will create case studies of institutions in a diverse set of countries to showcase to potential clients and partners how they can begin to effectively target WSMEs.

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<sup>16</sup> The Women's Empowerment Principles are a set of Principles for business offering guidance on how to empower women in the workplace, marketplace and community. They are the result of a collaboration between the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact and are adapted from the Calvert Women's Principles®.

**POLICY DIALOGUE.** Building on existing comprehensive data collection efforts (such as *Women, Business and the Law* and the *Findex Survey*), the WBG will identify specific legal and regulatory constraints to women's engagement and performance in business in critical areas, such as business formation, and access to finance, technology and innovation to devise plans for legislative redress. These global initiatives will be complemented and supported by the extensive firm-specific information that IFC has gleaned through its investment and advisory activities. The WBG will incorporate research findings and lessons learned from We-Fi into the knowledge management sections of the WBG Global Practices, IFC departments, World Bank policy dialogues with governments and businesses around the world; as well policy reports, and academic papers. By linking global data more systematically to regional and country engagements, the WBG is well-positioned to inform the projects described here with cutting-edge information and experiences and contribute to improvements in the private sector enabling environment and ultimately its performance.

**IMPACT EVALUATION.** Traditional tracking of outcomes through project monitoring mechanisms does not allow project teams to attribute impact to interventions. Data collected through beneficiary tracking mechanisms, even when positive, cannot specifically attribute results to interventions because of a variety of extraneous factors which may have contributed to outcomes. Rigorous impact evaluations can provide an estimate of effect by establishing a valid counterfactual that explains what would have happened in the absence of the intervention. This is typically accomplished by using experimental and quasi-experimental empirical methods of causal enquiry attuned to project context, ethical limitations, and implementation feasibility. When well-constructed, an empirical evaluation approach uses comparison group data to provide a clear picture of the effects of interventions on the treatment group by differentiating project impact from other factors in the environment. Using casual estimation techniques, evaluations can provide (a) an objective basis for assessing the effectiveness of interventions (b) accountability in the achievement of project goals related to WSME impacts; and (c) policy evidence guideposts that can inform better design future interventions.

The WBG will carry out four rigorous impact evaluations, across Sub-Saharan Africa, South Asia and MENA that would help further build the existing body of evidence that points to what works and what does not work to promote female entrepreneurs from a public and private sector perspective. Overviews of this past work can be found in the 2012 World Development Report; the 2013 Growth and Economic Opportunities for Women Literature Review (IDRC 2013); the Roadmap for Women's Economic Empowerment (UN Foundation-Center for Global Development 2016); and GIL's 2017 Gender and Enterprise Development in Sub-Saharan Africa: A review of constraints and effective interventions (Campos and Gassier, 2017).

These IEs will be designed around We-Fi funded interventions. The decisions on which questions to focus will be strategic, based on where the best opportunities arise to fill evidence gaps, but will also consider feasibility considerations.

Possible learning questions and impact evaluation topics have been identified in consultation with stakeholders, sectoral experts, academics, and female entrepreneurs and include:

- What are the factors specific to WSMEs that facilitate opportunities or barriers faced, regarding e-commerce adoption?
- What are the post-adoption benefits of e-commerce including potentially anonymity of the platform for access to finance or markets (e.g. comparative advantage or nondiscrimination based on knowledge of who the owner of the SME is)?

- How do large firms select with whom to do business and whether they are prone to behavioral biases (based on gender) during selection, and mechanisms needed to experiment with a new female business partner.
- What are the best mechanisms to identify and promote high-growth women entrepreneurs?
- How to best support WSME cross-over into high-profitability economic activities, e.g., what is the relative impact and cost-effectiveness of information vs mentoring vs more intensive acceleration programs?
- How to best promote access to markets to expand the growth of women led firms?
- Are new business models and delivery channels, including the many variants of digital finance, more effective in facilitating WSME access to finance?
- How to facilitate access to finance minimizing the use of public guarantees?

Each evaluation will involve the collection of original survey data on women entrepreneurs and their firms. All survey data will be published and made freely available to the public on the World Bank's microdata site. All impact evaluations will use a comparison group that is designed to look as similar to the beneficiaries as possible in observable and unobservable dimensions. Where possible, this control group will be created through randomization control trials. The research and evaluations conducted under We-Fi will enable learning about the business/investment impact of focusing on WSMEs for program intermediaries, including private sector clients, as well as about the development impact for end beneficiaries.

The lessons from the evaluations will be shared broadly with key audiences, including between countries and regions through south-south exchange. In addition to the dedicated We-Fi forums previously mentioned, dissemination channels will include the knowledge management sections of WBG Global Practices, World Bank policy dialogues with governments around the world; and conferences, presentations, policy reports, and academic papers.

**GLOBAL OUTREACH AND ADVOCACY.** The lessons from the WBG We-Fi program will be of interest to several key stakeholders, including private sector firms, government policymakers, other MDBs/IFIs and ecosystem players, and We-Fi donors. The World Bank and the IFC will prioritize sharing evidence and lessons learned with partners and stakeholders. On behalf of all the MDBs, the WBG proposes annual peer-to-peer learning days in which selected projects funded through the We-Fi and executed by the MDBs can come together and share experiences and lessons learned. The learning week would also involve clients, female beneficiaries, executing agencies, and other relevant stakeholders. Beyond this joint learning event, the WBG will take advantage of several other existing platforms for global outreach, including through the CEO-chaired Advisory Council on Gender and Development, which has Ministerial and CEO representation from countries around the world.

IFC will organize targeted peer-to-peer-learning events to encourage private sector clients to share their experience and lessons learned in implementing programs focused on reaching WSMEs. An example of such peer-to-peer-learning events are the Banking on Women CEO Roundtables, organized by IFC, and the GBA All-Stars Academies. IFC will also leverage the SME Finance Forum and W-20 platforms for disseminating the lessons learned from the We-Fi programs. These events bring together high-level representatives of local banks, representatives from the central banks, as well as foreign banks experienced in implementing initiatives focused on the women's markets. The goal of such events is to raise awareness about the untapped opportunities within the women's customer segments, discuss challenges in implementing women-focused initiatives, and share success stories and lessons of experience from banks in different regions.



The WBG will share We-Fi related impact stories with a focus on beneficiary impact and market opportunities through the media, including blogs, media partnerships, and dissemination of groundbreaking reports through traditional and social media. The media strategy will be closely aligned with the We-Fi Secretariat to ensure consistent messaging.

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## **RESULTS FRAMEWORK**

The World Bank and IFC M&E teams will use the Results Framework presented in Annex 2 to monitor and assess the development impact of each engagement. The framework is aligned with and flows from our theory of change, described above. The Program will seek to measure and/or estimate change in the key outcome indicators under each of the program pillars: (1) Strengthening Entrepreneurial Ecosystems, (2) Expanding Access to Financial Services; 3) Improving Markets Access. Projects under the program must demonstrate specific outcome targets and are expected to report on outcome and output indicators per WB and IFC project governance standards.

Results will be monitored and reported at two levels: (a) at the individual project level; and (b) the overall program level. Teams will use standard indicators in the individual projects as well as custom indicators where prudent. All project-level indicators will be clearly defined and will be mapped to program outcomes presented in the We-Fi results framework. The WB and IFC will aggregate the results from the projects implemented by each institution.

### **Monitoring and Evaluation Plan**

The WBG monitoring and evaluation framework will include (1) ongoing monitoring and data collection, (2) project level data collection, and (3) impact evaluations as described above. Each project will have an M&E plan and all activities will include systematic monitoring in line with the indicators in the results framework.

At the project level, targets will be set and baselines will be established/confirmed. Planning and coordinating data collection from multiple clients with different business models presents complex challenges, including timelines for data collection, lack of sex-disaggregated data, lack of baseline data, and poor data recording practices at client level. Establishing baselines can be particularly challenging when there are gaps in available sex-disaggregated data. In those cases, the teams will document the data gap and conduct a baseline analysis for evaluation of project results. Once the baseline analysis is completed, the teams will work closely with relevant stakeholders and/or counterparts to map out and recommend steps to improve ongoing data reporting. For financial institutions clients, IFC faces specific challenges in data collection, including needing extended timeframes to collect audited portfolio data from its clients, and defining consistent indicators across FIs defining SMEs and WSMEs in different ways. More details on IFC's data collection approach were presented in the IFC original proposal.

In addition to the rigorous evaluations discussed above, the WBG M&E and project teams will engage from the program onset to design rapid assessments and ongoing studies that provide feedback on projects' ability to achieve outcomes and overall impact. These studies will be conducted on a sample of projects and will be integrated in the project design.

All the data compiled by the WBG, as well as its methodologies and findings, will be shared with the consultants conducting the mid-term review and the final evaluation commissioned by the We-Fi Secretariat. By providing the final evaluators with a comprehensive set of data on WSMEs, value chains, FIs, technology companies, etc., the final evaluation can focus less on data collection and instead emphasize testing the hypotheses in the theory of change, and assessing We-Fi overall impact.



The following outlines the elements of reporting and associated timeline:

Annual reporting on results framework indicators	October (based on audited data as of end of December of the previous year)
Baseline assessments, impact studies and evaluations	Ongoing
Annual operational reporting	October

## **PARTNERSHIPS**

The WBG proposed projects will work closely with global and local partners in each market to ensure maximum scale and depth of results. Such partnerships will range from public entities, financial institutions, accelerators, cooperatives, local NGOs and women associations as relevant to the scope of each project. Beyond the project-level partnerships, the WBG will expand several strategic partnerships in implementing We-Fi activities to leverage the networks and the experience of organizations that focus on supporting women and women-owned enterprises. Collaboration with others can be grouped into the following activities: research, peer-learning platforms, co-investments, measuring impact and direct client advice.

## PART IV: IMPLEMENTATION ARRANGEMENTS

### COORDINATION ACROSS WB/IFC AND ACROSS COUNTRIES

Operational collaboration across the WBG's We-Fi engagements will be facilitated at both managerial and operational levels. On the WB side, the staff managing the WB We-Fi activities is part of the Equitable Growth, Finance and Institutions (EFI) Vice Presidency; they span two joint WB-IFC Global Practices (see below), and as such, have a secondary reporting line to the IFC Economics & Private Sector Development Vice Presidency. Their strategic objectives and work program development are already fully coordinated and subject to oversight by both the WB and IFC. EFI will establish a dedicated We-Fi Program Management team to guide the implementation of the program, including a Program Manager and operational/M&E staff with experience in women's entrepreneurship. IFC will set up a dedicated program team in the Blended Finance Unit with M&E expertise and both finance and advisory background. These two program management units will convene frequently, both in regularly scheduled meetings of the Program Managers, and ad hoc team meetings. They will work closely together, coordinating with the WB and IFC regional teams at the project level and will be responsible for all monitoring program implementation. Technical guidance, quality control and support across the entirety of the WBG We-Fi work program will be provided by the World Bank Gender Group and IFC Gender Secretariat.

Clients will benefit from the complementary perspective provided across the WBG by IFC and the two joint GPs responsible for We-Fi implementation. Within EFI, the Finance, Competitiveness and Innovation Global Practice (FCI), and the Macroeconomics, Trade and Investment Global Practice (MTI) will manage the WB country-level and regional activities. Alongside the joint GPs, IFC advisory and investment staff bring hands-on knowledge of local businesses, regional markets, and international sector trends. Most commonly located in shared country offices, there is thus an ongoing flow of information among staff working directly with both the public and private sectors.

### WORLD BANK PROJECT IMPLEMENTATION

**The WB implementation of the We-Fi initiative will be the responsibility of several departments:** The EFI We-Fi program management unit will guide overall implementation of the program, and co-lead with the Gender Group the outreach, advocacy and policy work. EFI practice management units will lead implementation of country level and global projects, and WB's Trust Fund Unit will handle the financial flows and financial reporting.

**We-Fi program management unit.** The We-Fi unit will oversee the use of project implementation funds, including: (i) coordination across the various country and global teams, (ii) collaboration with the Gender Innovation Labs on the joint learning agenda, (iii) oversight of M&E work to ensure high quality and consistent data gathering, (iv) liaison with the implementing teams to deliver reports and other communications, and (v) coordination with IFC.

**Gender Group.** Global programmatic activities such as outreach, advocacy and policy work will be implemented through Regional VPUs, relevant EFI teams, and central units such as External and Corporate Relations, as determined by EFI and Gender Group management. The Gender Innovation Lab will be responsible for leading the impact evaluations, working with relevant EFI colleagues, and the EFI VPU and WB Development Economics Unit (DEC) will lead parts of the global data collection activities.

**Practice Management Units.** Staff in these units will be responsible for all operational dimensions including: (i) design, implementation and supervision of the technical assistance projects, (ii) country-level research and partnerships, including with IFC; and, (iii) providing data and information on the work within each component to the Program Manager. Dedicated EFI global gender experts and regional focal points

will provide technical inputs and support to project implementation. Program implementation will follow existing procedures and procurement protocols established by the WBG. Individual WB teams will be led by Trust-Fund Certified Task Team Leaders (TTLs) who will be responsible for reporting on activities and recommending clearance of outputs and related payments to the relevant Practice Managers who will authorize payments. Some WBG teams may also contract with non-profit organizations/civil society organizations for the implementation of some aspects of the We-Fi programmed activities. The WBG teams will assess, in accordance with its normal operational framework, the institutional capacity of any executing entities prior to entering into any agreements related to We-Fi deliverables. To the extent possible, procurement decisions will also reflect an emphasis on working with women run / women-led organizations in the non-profit sector.

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## **IFC PROJECT IMPLEMENTATION**

**Because IFC works through the private sector, all projects require, first, the identification of suitable partners who can deliver results sought under We-Fi,** and second, comprehensive due diligence to ensure they can execute and meet IFC's social, environmental, and integrity standards. Therefore, specific client-facing investment and advisory projects will be considered on a rolling basis as the choice of appropriate partners and sponsors has been finalized. IFC will follow its standard investment and advisory processes to approve these projects. In the case of blended finance, all projects will also be approved by the Blended Finance Committee (BFC), which is responsible for ensuring donor funds used alongside IFC's investments are being prudently used based on IFC's blended finance principles.

**Implementation of the We-Fi initiative will be the responsibility of several departments in IFC:** IFC's regional and teams, with support from global departments, will lead business development, market development activities and partnerships with the WB country teams and the implementation of the investment and advisory work. In addition to regional teams, the four departments accountable for delivering on the We-Fi objectives are the Financial Institutions Group (FIG); the Technology, Media, Telecommunications, Venture Capital, and Funds Department (CTT); the Manufacturing, Agribusiness and Services Department (MAS), and the Cross Cutting Advisory Department (CAS). Gender Teams will provide input and technical advice to all teams, as well as quality control and implementation support.

**Blended Finance Department.** The Blended Finance Department will provide compliance, oversight and governance over the use of We-Fi funds. It will manage the We-Fi Trust Fund allocations and ensure funding is channeled to the highest priority activities in line with We-Fi criteria. It will have a small team dedicated to (i) coordinating across the various implementing departments; (ii) approving the use of We-Fi funding on specific investment projects through the BFC and supervision of those funds; (iii) coordinating approvals for We-Fi funding of advisory projects based on IFC's standard advisory processes; (iv) oversight of M&E work to ensure high-quality and consistent data gathering is taking place; and (v) working with the implementing teams to deliver reports and other communications to the We-Fi Secretariat and other stakeholders.

**IFC Gender Secretariat.** The Gender Secretariat will provide thought leadership and technical expertise across the three pillars; implement parts of the insurance and market access program, participate in project design work with the other departments to catalyze research and knowledge management; liaise closely with the WB Secretariat; and convene and communicate activities related to IFC's We-Fi program.

**Trust fund management.** IFC's Trust Fund Unit will manage the flow of funds and financial reporting for the We-Fi funding. There will be two We-Fi trust funds, one for blended finance and the other for advisory services, monitoring, evaluation, and research. These trust funds will be governed by IFC's standard operating procedures relating to trust funds.

## APPLICATION OF WE-FI PRINCIPLES

The WBG's proposal is aligned with We-Fi Principles:

**Additionality.** This initiative will focus on introducing innovative approaches to women's economic empowerment, or replicating existing approaches into new markets. Areas such as insurance, capital markets, digital platforms, accelerators, and value chain linkages all have great potential for expanding opportunities for women, but existing programs are not focused on them. We-Fi will help the WBG build on nascent programs where initial research may have been done, which will provide a strong foundation for innovation and scaling up. The initiative will also enable the WBG to deepen the evidence base and generate insights into what works in a way that will support the entire industry. Further, the WBG proposal includes a strong M&E component and scope for impact evaluations to push the knowledge frontier on what public actions are likely to be the most impactful (and in what sequence and combination) to increase WSME access to finance.

**Minimizing concessionality and market distortions.** IFC's own blended finance principles and governance structure strongly focus on ensuring concessionality is used carefully and in a non-distortionary way. IFC's BFC reviews every project to ensure it meets the criteria. As a pioneer in the articulation of these principles, IFC has led the working group to establish the enhanced blended finance principles, which have been agreed by the IFI Working Group.

**Mobilization.** One of this proposal's strengths is that it will significantly leverage We-Fi funding, with significant funding from IFC and the WB, participating governments, as well as other investors through its many mobilization platforms. The WBG estimates that the \$75 million in We-Fi funding will help mobilize nearly \$1.5 billion in additional funding for women's activities. This includes \$870 million in new lending for women-owned enterprises and an additional \$167 million in public sector and bilateral donor funding, providing unique opportunities for innovation and scaling up new approaches to WSME finance.

**Financial sustainability.** IFC invests in private sector partners, so their long-term financial and operational success is critical to our business model. As such, IFC is strongly motivated to carefully select clients and ensure that collaboration will result in a new business line that can help them grow, diversify, and be financially sustainable. Blended finance instruments are designed to avoid creating permanent dependency on long-term support and prevent rent-seeking behavior among private beneficiaries. Each project must prove that the concessional funding received is time-bound and that it will be phased out over time. There is also the expectation that future investments in similar projects in each sector will gradually require less concessionality and eventually no support from concessional finance.

For its part, the WB programs are linked to existing and new potential WB lending operations in target countries. These linkages will go beyond the scope and duration of the We-Fi direct assistance and contribute to broader adoption and ownership of We-Fi interventions. Likewise, from a policy perspective, reforms instituted through We-Fi will contribute to strengthening the permanent financial infrastructure of the country partners.

**Risk management:** The WBG has a well-developed and tested approach to incorporating risk management into its projects and advisory services, including attention to vulnerable populations and the environment. Projects under We-Fi will carefully follow these institutional guidelines. Further, IFC has strong environmental and social performance standards that are applied to all investments to ensure projects are socially and environmentally sound. All eight performance standards contain language mitigating risks for men and women

**BUDGET**

<b>Program Components</b>	<b>IFC</b>	<b>World Bank</b>	<b>Total</b>
Projects/Programs	\$45,900,000	\$24,200,000	\$70,100,000
Program management	\$3,500,000	\$1,500,000	\$5,000,000
<b>Total</b>	<b>\$49,400,000</b>	<b>\$25,700,000</b>	<b>\$75,100,000</b>

## ANNEX 1: IFC INSTRUMENTS

Below is a summary of the breadth of instruments that IFC can utilize in tailoring its implementation approach for each country and client. These are existing financial instruments, although they may not have all been deployed in gender initiatives in the past.

### IFC Investment with Blended Finance.

Clients under We-Fi may receive any of IFC's investment instruments, including debt, equity, and guarantees, and capital markets investments such as bonds. Where needed, We-Fi funding would be used to de-risk those investments or provide incentives for the clients to reach their women entrepreneur focused stretch targets. Blended finance can be used in the following ways, always within the parameters of the newly adopted [blended finance principles](#)<sup>17</sup>.

- **Performance incentives.** The incentives provide clients with a financial incentive to reach stretch targets, helping them offset up front investments in rolling out the business proposition for women. A typical application would be an ex post performance rebate. The cost of a performance rebate would have the net effect of a price reduction for the client, and would be covered by We-Fi funding when a client reaches pre-agreed stretch targets, e.g., on the number or volume of investments in women-led firms.
- **First loss.** First loss enables clients and IFC to do projects that cannot be done within their existing risk/reward frameworks. Typically, IFC would share risk or provide a partial guarantee to a client to facilitate the growth of its women's loan portfolio, with the first loss on the guarantee covered by We-Fi. For equity, this would enable IFC to participate in riskier investment that IFC might now pursue on its own balance sheet.
- **Local currency risk.** IFC provides local currency funding for clients and WSMEs that cannot prudently take currency risk. This instrument addresses constraints in markets where local currency funding is needed for women but cannot be sourced price effectively by IFC or the client. We-Fi funding would cover swap counterparty risk or reduce swap costs in inefficient currency markets.
- **Different terms.** In the case of nonstandard transactions, We-Fi would provide flexible solutions to improve the risk/return calculus for clients and investors. We-Fi funds can be subordinated, have longer tenors, lower or delayed payments, or other structures that enable projects to happen. We-Fi funds can also enable women-led companies to access financing earlier in their lifecycle where more women entrepreneurs exist.

**Mobilization of private sector investment.** In addition to IFC and We-Fi funding, projects will aim to crowd additional private sector investment into the women's finance space. We-Fi funding could be used to de-risk and crowd-in other investors alongside IFC. The main instruments for doing this include:

- **Client contributions.** Clients often commit to expanding lending to women beyond the funding that IFC is providing. For example, most stretch targets exceed the amount of funding IFC is providing.
- **Syndications.** IFC has an active syndications/co-lending platform that brings in other commercial lenders and international financial institutions (IFIs) to participate alongside IFC on larger transactions.

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<sup>17</sup> Blended Finance Principles Summary report, October 2017.

- **IFC's Managed Co-Lending Portfolio Program.** MCPP allows institutional investors to participate in IFC's loan portfolio. Investors provide capital through MCPP on a portfolio basis, which is then deployed by IFC alongside IFC's own investments, which could include certain loans under We-Fi.
- **IFC's Asset Management Company.** AMC manages the Women Entrepreneurs Debt Fund, a structured investment vehicle that aims to establish the women's market as a commercially viable and attractive asset class for the institutional investor market. The fund participates in qualifying senior loans from IFC's BOW loans and WEOF portfolio.

#### **Advisory services.**

We-Fi will support advisory activities related to market development and client capacity building that advance the We-Fi objectives:

- **Client capacity building.** We-Fi funds would be used to help clients design and roll out their women's business proposition. This can include conducting market research and engaging with WSMEs, providing gender intelligence training to clients, establishing baselines, designing financial and non-financial product and service solutions, designing customer value propositions, implementing sex-disaggregated data analysis, rolling out new holistic women-focused initiatives, and tracking results. IFC typically requires matching funds from clients for this work to ensure alignment and sustainable commitment.
- **Market development.** We-Fi funds would also be used for upstream market work to develop the relevant business cases for investing in women, put in place the appropriate enabling environment, and generate interest from private sector actors to undertake new initiatives. This work would include research, policy reform, events, advocacy, and awareness raising among public and private sector actors and other stakeholders.
- **Peer learning.** Working with partners to convene and share information across like-minded private sector institutions, as with GBA and other appropriate industry bodies.

## ANNEX 2: WBG RESULTS FRAMEWORK

WBG RESULTS FRAMEWORK					
Objectives	Outcomes	Outputs	Facility Results Indicators	Description	WBG Target
Address financial constraints faced by women-owned/led small and medium enterprises	Improved Access to Finance	Mobilization of at least \$800 million from commercial institutions and IFIs	<b>Indicator 1:</b> Amount of non-We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries.	Amount (US\$) of non-We-Fi financing committed by We-Fi supported institutions for activities for women owned/led SMEs. A We-Fi supported institution is defined as any institution receiving financial support or executing a program or activity on behalf of the Implementing Partner.	465M
			<b>Indicator 2:</b> Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries.	The amount (US\$) committed to women-owned/led SMEs participants by We-Fi served institutions.	870M
		Strengthened capacity of the financial sector to serve women	<b>Indicator 3:</b> Number of financial service providers that have updated or implemented a) new screening procedures or b) financial products and services for women-owned/led SMEs, disaggregated by IDA/FCS countries.	The number of financial services providers that, as a result of We-Fi financing, have improved their ability to support women-owned/led SMEs.	85
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-financial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	<b>Indicator 6:</b> Number of public sector institutions supported by We-Fi that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS.	Number of public sector institutions supported by We-Fi that have put in place a system for capturing and reporting data on women-owned/led SMEs	10
			<b>Indicator 7:</b> Number of rigorous impact evaluations commissioned by We-Fi supported institutions.	The number of rigorous impact evaluations of We-Fi supported interventions commissioned by IP's (or their executing agencies) to learn about what works and improve activities for women-owned/led SMEs. A rigorous impact evaluation is defined by the evaluation design (quasi-experimental and experimental) which can be used to attribute change at any program or project outcome level.	4
	Improved Enabling Environment	Reduced gender biases in laws and policies	<b>Indicator 9:</b> Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS	The number of reforms undertaken by the public sector to support the creation and growth of women-owned/led SMEs. IPs to specify type of reform.	5
Increase in number and capacity of women-owned/led SMEs to access markets and financial services	More female owned/led SMEs	Increase in number of female owned/led SMEs in entrepreneurship support programs supported by the We-Fi	<b>Indicator 10:</b> Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries.	The number of women-owned/led small and medium SMEs in entrepreneurship support programs in We-Fi served institutions.	3,700
	Improvements in firm performance	Women-owned firms show increased sales and profits	<b>Indicator 11:</b> Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi served institutions that report increased sales or profits, disaggregated by IDA/FCS.	Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi served institutions that report increased sales or profits.	1,600
	Improved Access to Finance	Women-owned firms with improved access to financial services	<b>WBG Custom Indicator 1:</b> Number of loans, equity investments and insurance policies provided to women-owned SMEs by financial intermediaries.	The number of women-owned/led SMEs benefitting from linkages with other firms and improved access to national, regional or global markets.	40,000
			<b>WBG Custom Indicator 2:</b> Number of women owned/led SMEs with access to digital financial services.	The number of women owned/led SMEs accessing digital platforms for banking, payment and other financial services.	4,450
		Increased Access to markets	<b>WBG Custom Indicator 3:</b> Number of women-owned/led SMEs with improved access to markets via linkages with other firms.	The number of women-owned/led SMEs benefitting from linkages with other firms and improved access to national, regional or global markets.	4,300
		WSMEs benefiting from the We-Fi program	<b>WBG Custom Indicator 4:</b> Total number of women-owned SMEs benefiting from financial and non-financial services provided by We-Fi.	Total number of WSMEs that benefit from the financial and non-financial services provided by WBG with support from We-Fi. This indicator aggregates the targets listed in the standard We-Fi indicators, and are not additional targets.	43,000
	SME contribution to economic growth	Jobs created by female-owned/led SMEs	<b>Indicator 12:</b> Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs created by WSMEs as a result of accessing financing from financial institutions. Results will be estimated based on IFC jobs extrapolation model.	55,000