



**Women Entrepreneurs Finance Initiative (We-Fi):
RISK MANAGEMENT FRAMEWORK**

Adopted by the Governing Committee on October 16, 2018

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1. Introduction

- i. The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among 14 governments, eight multilateral development banks (MDBs), and other public and private sector partners, hosted by the World Bank Group.
- ii. The objective of We-Fi is to address financial and non-financial constraints faced by women-owned/led small and medium enterprises (SMEs) in We-Fi eligible countries.¹ We-Fi aims to achieve this by mobilizing more than one billion United States dollars (USD 1 billion) in commercial and International Finance Institutions (IFI) finance for entities that provide women entrepreneurs with access to debt, equity, venture capital, insurance products, capacity building, networks and mentors, and opportunities to link with domestic and global markets; and for governments to improve the business environment for women-owned/led SMEs.
- iii. We-Fi is established as a Financial Intermediary Fund (FIF) at the World Bank. We-Fi finances projects, programs, and activities that are aligned with its objectives and principles, as laid out in its Governance Framework and Operations Manual. The governing and administrative bodies of the We-Fi are its GC (GC) the Secretariat and the Trustee. Implementing Partners (IPs) support the implementation of projects, programs and activities under We-Fi. Together, these are referred to in this document as We-Fi’s key “partners.”
- iv. We-Fi’s GC, which comprises representatives from the 14 founding contributor countries as decision-making members, is We-Fi’s supreme governing body. The GC also includes non-decision-making members, as Observers. The GC is supported by a Secretariat, which sits within the World Bank. The Trustee, responsible for managing donor funds, also sits within the Bank. Both the Secretariat and the Trustee carry out their roles and responsibilities in accordance with World Bank policies and procedures. Project implementation is led by eight IPs; they include: the African Development Bank, Asian Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, IDB Invest, Islamic Development Bank, International Finance Corporation, and the World Bank.²

2. Purpose of the Framework

- i. The purpose of this Framework is to support We-Fi’s GC in making risk-informed decisions on funding projects and provide the basis for monitoring to evaluate the risk profile of We-Fi on an ongoing basis. The framework provides a shared understanding of, and promotes a consistent approach to, risk management within We-Fi in line with We-Fi’s constitutive documents.
- ii. Risk is defined as any threat to the achievement of We-Fi’s objectives. These objectives have significant direct impact on the program’s risk exposure. Demonstrating innovative project designs that mobilize additional financing for women entrepreneurs and reaching women entrepreneurs in high risk environments will require operating with some risk, but risks need to be recognized and reduced or mitigated to an acceptable level.

¹ Please refer to the We-Fi Operations Manual for the definition of We-Fi Eligible Countries: <https://we-fi.org/wp-content/uploads/2018/05/We-Fi-Operations-Manual-Updated-May-9-2018.pdf>

² Please refer to We-Fi’s Governance Framework for We-Fi’s governance and organizational structure: <https://we-fi.org/wp-content/uploads/2018/05/We-Fi-Governance-Framework-Updated-May-9-2018.pdf>

iii. **Table 1** presents the scope of this Risk Management Framework.

Table 1. Scope of We-Fi’s Risk Management Framework³

| Level 1 Risks | Definition | Level 2 Risks |
|--------------------------|--|--|
| Strategic | Risks created by lack of clarity of roles among the We-Fi partners, or weak internal policies, processes, and systems underpinning the work of the GC. | <ul style="list-style-type: none"> • Governance and Management |
| Project/Portfolio | Risks related to the implementation of We-Fi programs/projects. ⁴ | <ul style="list-style-type: none"> • Program/Project Design and Implementation Arrangements • Political, Social, and Governance • Fiduciary (FM-Financial Management, Procurement, Disbursement, Fraud and Corruption) • Environment and Social Safeguards/Standards |
| Financial | Financial risks associated with the administration and management of the We-FIF and its resources until they are transferred to IPs or returned to Contributors. | <ul style="list-style-type: none"> • Contributor Non-Payment • Basis of Commitment • Market and Interest Rate • Foreign Exchange (FX) |

³ Please refer to the Risk Taxonomy (Annex 1) for detailed description of the risks.

⁴ We-Fi operations are defined at three levels: project, program, and portfolio. A ‘project’ refers to a specific project or activity, and a ‘program’ refers to a program of multiple projects or activities. “Portfolio” refers to the collective set of We-Fi programs and projects undertaken by IPs.

3. Components of the Framework

The Framework is comprised of three sections;

1. “Roles and Responsibilities for Risk Management” describes the roles of key We-Fi partners with regards to risk management;
2. “Risk Appetite” describes the level of risk GC is willing to takes; and,
3. “Risk Management Process” describes the framework for the management of We-Fi risks. Framework

3.1 Roles and Responsibilities for Risk Management

- i. The roles and responsibilities of key We-Fi partners are documented in the We-Fi Governance Framework and in the We-Fi Operations Manual.⁵ The roles and responsibilities discussed in this document pertain solely to risk management.
 1. **Governing Committee.** The GC has oversight of the risk management approach and risk appetite at the facility level, which refers to the overall We-Fi partnership. The GC may utilize risk information included in proposal requests and annual reporting in its decisions around the allocation of funding and monitoring performance to ensure We-Fi delivers its strategic goals.
 2. **Secretariat.** The Secretariat supports the GC in its oversight role, reviewing and compiling information provided by the IPs and Trustee to provide an overview of project/portfolio and financial risks. The Secretariat is also responsible for reporting on strategic risks as identified by stakeholders in the partnership.
 3. **Trustee.** The Trustee provides information to help the GC manage financial risks associated with administration of the We-Fi FIF and its resources until they are transferred to IPs or returned to Contributors, through Trustee financial reporting.
 4. **Implementing Partners.** The IPs are responsible for managing risks associated with the respective We-Fi funded programs/projects they are implementing, in line with their own policies and procedures. They report on such risks and mitigation measures as part of their annual implementation progress/results reporting. Annex 2, the IP Risk Reporting Template, will be incorporated into annual implementation progress/results reporting template and the call for proposals template. The IPs assess, monitor and mitigate risks on an ongoing basis and it is recommended that they inform the Secretariat, as appropriate, in cases of major shifts in the risk profile of a project. This would include shifts in project ratings from low/medium to high/substantial.

⁵ Please refer to the We-Fi Governance Framework, including paragraphs 13, 19, 21 and 25 thereof, and the We-Fi Operations Manual, including paragraphs 18, 19, 20 and 21 thereof.

3.2 Risk Appetite

Background

- i. We-Fi's risk appetite statement is an articulation of the types and levels of risk that the GC is willing to take. Its purpose is to provide a reference point against which the GC oversees the portfolio and makes decisions around funding allocations. We-Fi applies a single aggregate risk appetite statement for each category reflecting the level of risk it is willing to take at the facility level, with the understanding that it will translate into lower levels of the facility in line with the roles and responsibilities of each party.⁶
- ii. The GC focuses on risks which could affect We-Fi's strategy and ability to meet its objectives, as well as risks which could damage We-Fi's reputation.

Risk Appetite Scale

- i. The risk appetite scale defines the relative amounts of risk the GC is willing to assume in the pursuit of its strategic objectives. This scale is designed to guide decision-making trade-offs in the face of alternatives.
- ii. We-Fi will use a five-point scale for risk appetite⁷:

High: permissive of aggressive risk-taking, very willing to accept risk to achieve objectives.

Medium-High: will take greater than normal risk to enhance the ability to achieve objectives.

Medium: accepts a balanced approach to risk-taking in pursuit of objectives if it can be tightly monitored and allows for quick reaction and correction when risks begin to manifest.

Low-Medium: low acceptance of uncertainty, conservative approach to risk-taking.

Low: averse to risk, avoid risk at almost any cost, mitigate risk over other options.

Risk Appetite Statements for the Focal Risk Areas

- i. The risks to which We-Fi is exposed are classified into three focal areas:
 1. **Strategic Risk:** Risks that are created by lack of clarity of roles or weak internal policies, processes, and systems underpinning the GC's work.

We-Fi requires prudent management and clarity of roles among partners, We-Fi's appetite for this risk is **Low**.

2. **Project/Portfolio Risk:** Risks that programs/projects financed by We-Fi will not achieve their stated objectives.

We-Fi beneficiaries include those in the poorest and fragile environments, including conflict-afflicted areas, which heightens the level of risk associated with We-Fi projects. We-Fi recognizes that taking risks can bring opportunities and that greater

⁶ "facility" refers to the overall We-Fi partnership.

⁷ Risk appetite is focused on the level of risk the Governing Committee is willing to accept. This document does not cover risk tolerances and limits which are associated with the risk appetites.

impact maybe achieved with greater risk taking. We-Fi’s appetite for this risk is therefore **Medium**.

3. **Financial Risk:** Financial risks associated with the administration and management of resources in the We-Fi FIF.

In order to maintain good stewardship of donor funds, We-Fi’s appetite for this risk is **Low**.

3.3 Risk Management Process

- i. We-Fi follows a risk management process consisting of risk identification, risk assessment, risk response, risk monitoring, and risk reporting, as shown in Figure 1.
- ii. The roles of each partner reporting and managing risks are summarized in Table 2. The **Party Responsible for Managing** is the entity which takes prime responsibility for monitoring and implementing risk mitigation measures. The **Lead Input Provider** is the entity who takes prime responsibility for reporting key risks. All reports are provided to the Secretariat for consolidation and sharing with the GC.

Figure 1. Risk Management Process



Table 2. Roles of key We-Fi Partners in the Risk Management Process

| Level 1 Risk | Level 2 Risk | Lead Input Provider | Party Responsible for Managing |
|--------------------------|--|---------------------|--------------------------------|
| Strategic | Governance and Management Risk | Secretariat | GC |
| Project/Portfolio | Program/Project Design and Implementation Arrangements | IP | IPs |
| | Political, Social and Governance | IP | IPs |
| | Fiduciary (FM-Financial Management, Procurement, Disbursement, Fraud and Corruption) | IP | IPs |
| | Environment and Social Safeguards/Standards | IP | IPs |
| Financial | Contributor Non-Payment | Trustee | GC |
| | Basis of Commitment | Trustee | GC and Trustee |
| | Market and Interest Rate | Trustee | GC and Trustee |
| | Foreign Exchange | Trustee | GC and Trustee |

Risk Identification

- i. Risk identification provides the basis for documenting risks associated with the We-Fi, the projects managed by IPs and the resources managed by the Trustee.

- ii. We-Fi utilizes a risk taxonomy, referenced in Annex 1 of this document. The structure of the taxonomy is as follows:
 - 1. Level 1 categories are the broad focal areas of risk and are defined in Section 3.2.c and in Annex 1.
 - 2. Level 2 categories which are sub-categories within each broad focal area and are defined in Annex 1.
- iii. As referenced in the taxonomy in Annex 1, We-Fi will use three focal areas (strategic, project/portfolio, and financial) to facilitate risk identification.
- iv. For the purposes of risk identification, the roles for each partner are provided in Table 3.

Table 3. Risk Identification

| Partners | Roles and Responsibilities for Risk Identification |
|----------------|---|
| GC | <ul style="list-style-type: none"> • Identify strategic risks to the We-Fi objectives. |
| Trustee | <ul style="list-style-type: none"> • Identify financial risks related to the funds held in trust and provide relevant information for these risks |
| IP | <ul style="list-style-type: none"> • Identify project/portfolio risks and document the relevant information for these risks in the IP Risk Reporting Template (Annex 2). |

Risk Assessment

- i. Risk assessment is a dynamic process to prioritize and rank risks based on impact and probability.

Methodology

- 1. We-Fi risks are assessed using Probability and Impact dimensions. The criteria for Probability and Impact can be found in Table 4 and Table 5.
- 2. If a particular risk has both a financial and non-financial impact, the overall impact rating will be the higher of the two. Financial impact refers to the significance of potential risks to We-Fi commitments to programs/projects undertaken by IPs or funds within the FIF which have not yet been transferred to IPs.
- 3. After probability and impact ratings are determined, those ratings should be translated to one overall rating using the following four-point scale, which is also found in Table 6:
 - a. High
 - b. Substantial
 - c. Medium
 - d. Low

For the purposes of risk assessment, the roles for each partner are provided in Table 7.

Table 4. Probability Rating Definitions

| Probability | Description |
|--------------------|--|
| Very Likely | The risk is seen as very likely to occur within the timeframe of assessment. |
| Likely | The risk is seen as likely to occur within the timeframe of assessment. |
| Possible | The risk is seen as possibly occurring within the timeframe of assessment. |
| Unlikely | The risk is seen as unlikely to occur within the timeframe of assessment. |

Table 5. Impact Rating Definitions

| Impact | Description of financial impact | Description of non-financial impact |
|--------------------|---|---|
| High | >50% of commitment or fund ⁸ | <ul style="list-style-type: none"> • Wide-ranging and intrusive media scrutiny leading to worldwide reputational damage • All stakeholders/beneficiary groups lose significant trust • Prolonged GC engagement • Aftermath greater than 3 years |
| Substantial | 26-50% of commitment or fund | <ul style="list-style-type: none"> • Media scrutiny leading to reputation damage • Multiple stakeholders/beneficiary groups lose trust • Intervention at GC level • Aftermath 1-3 years |
| Medium | 10-25% of commitment or fund | <ul style="list-style-type: none"> • Limited media coverage leading to reputation impact at a country level • Trust impacted for 1-2 key stakeholders/beneficiary groups • Involvement at the Secretariat level • Aftermath 1-12 months |
| Low | <10% of commitment or fund | <ul style="list-style-type: none"> • Little media traction leading to minimal or no reputation impact at a local level • Stakeholders/beneficiary groups are aware, but trust is not yet impacted • At most, IP involvement • Aftermath below 1 month |

Table 6. Four Point Risk Assessment Scale

| Probability | Impact | | | |
|--------------------|--------|-------------|-------------|-------------|
| | Low | Medium | Substantial | High |
| Very Likely | Medium | Substantial | High | High |
| Likely | Medium | Substantial | Substantial | High |
| Possible | Low | Medium | Substantial | Substantial |
| Unlikely | Low | Low | Medium | Medium |

Table 7. Risk Assessment

| Partners | Roles and Responsibilities for Risk Assessment |
|----------------|---|
| GC | <ul style="list-style-type: none"> • Assess strategic risks to the We-Fi objectives. |
| Trustee | <ul style="list-style-type: none"> • Provide information on the financial risks to the funds held in trust to the GC. |
| IPs | <ul style="list-style-type: none"> • Assess project/portfolio risks and document the assessment including probability, impact and overall risk, in the IP Risk Reporting Template (Annex 2). This should also include any risk indicators that can be used to monitor the response to the risk. These indicators should be documented in the Measures/Metrics section of the IP Risk Reporting Template (Annex 2). |

Risk Response

- i. Risk Response is a systematic approach for managing the extent of exposure to a risk and/or the likelihood of its occurrence. Risk response will manage the risk but rarely eliminate it completely.
- ii. Risk response involves identifying and selecting responses which fall within the following categories:
 1. **Avoid:** Eliminating or exiting the activities giving rise to risk;

⁸ We-Fi commitments refers to programs/projects undertaken by IPs; fund refers to We-Fi funds managed by the Trustee which have not yet been transferred to IPs.

2. **Mitigate:** Action is taken to reduce risk likelihood or impact, or both (e.g., through instituting controls);
3. **Transfer/Share:** Reducing risk likelihood or impact, or both by transferring or otherwise sharing a portion of the risk; and
4. **Accept:** No action is taken to affect risk likelihood or impact (e.g., monitor the risk).

For the purposes of risk response, the roles for each partner are provided in Table 8.

Table 8. Risk Response

| Partners | Roles and Responsibilities for Risk Response |
|----------------|---|
| GC | <ul style="list-style-type: none"> • Determine the appropriate response for strategic risks to the We-Fi objectives. |
| Trustee | <ul style="list-style-type: none"> • Provide information on the financial risks to the funds held in trust and mitigation measures |
| IPs | <ul style="list-style-type: none"> • Determine the appropriate response for project/portfolio risks using IP policies and procedures. • For risks that are deemed high or substantial, appropriate risk response actions will be documented in the corresponding template (Annex 2) |

Risk Monitoring

- i. Risk monitoring consists of maintaining ongoing awareness of We-Fi’s risk profile, risk management program, and associated activities to support risk decisions. IPs monitor compliance with the risk mitigation measures put in place. The Trustee and Secretariat monitor financial and strategic risks working closely with the GC.
- ii. For the purpose of risk monitoring the roles for each partner are provided in Table 9.

Table 9. Risk Monitoring

| Partners | Roles and Responsibilities for Risk Monitoring |
|----------------|---|
| GC | <ul style="list-style-type: none"> • Monitor the strategic risks related to governance and management of the facility. |
| Trustee | <ul style="list-style-type: none"> • Monitor the financial risks associated with the funds held in trust. |
| IPs | <ul style="list-style-type: none"> • Monitor the program/project risks identified in the IP Risk Reporting Template in line with internal policies and procedures. |

Risk Reporting

- i. Risk reporting refers to the reporting of risk information by IPs on projects financed by We-Fi, by the Trustee on financial resources being managed and by the Secretariat on strategic risks. All risk information will be aggregated by the Secretariat for reporting to the We-Fi GC.
- ii. For the purpose of risk reporting the roles for each partner are provided in Table 10.

Table 10. Risk Reporting

| Partners | Roles and Responsibilities for Risk Reporting |
|--------------------|---|
| Secretariat | <ul style="list-style-type: none"> • Aggregate information provided by the IPs during the annual reporting process and summarize any changes in the risk profile, identified risks and/or changes in the risk management processes of the projects using the Risk Register Template in Annex 4. • Update the Risk Register Template (Annex 4) with information provided by the Trustee for the financial risks associated with the funds in Trust (Annex 3). • The Secretariat will utilize the information included in the Risk Register to complete the Risk Dashboard included in Annex 5. This dashboard includes the overall risk rating for each of the level 2 subcategories (defined in the risk taxonomy, Annex 1). The Secretariat will also utilize |

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| | |
|----------------|--|
| | <p>the risk ratings provided by the IPs and input from the Trustee on financial risks to complete a heat map (Annex 5). Any qualitative information such as project level changes in risk profile, new mitigations, changes in the business context, or suggested actions will be included in the key messages and key actions sections of the dashboard. The dashboard will be provided to the GC for use in decision-making.</p> |
| Trustee | <ul style="list-style-type: none"> • Provide information on the financial risks to the funds held in trust to the GC in the We-Fi Financial Reports, prepared by the Trustee at least annually. • If there are significant risk events or changes in the risk profile to financial risks that have a substantial or high impact these risks should be communicated to the GC as soon as possible. |
| IPs | <ul style="list-style-type: none"> • Report on project/portfolio risks by using the IP Risk Reporting Template (Annex 2) at least annually through the annual financial and implementation progress/results reporting process. • Annex 2, the IP Risk Reporting Template, will be incorporated into annual implementation progress/results reporting. • If there are significant risk events or changes in the risk profile to projects/portfolio risks that have a substantial or high impact, it is recommended that these risks be communicated to the Secretariat as soon as possible. This could be done in any convenient way i.e. by e-mail, giving a description of the risk assessment and the mitigation measures that are being taken by the IP. |

Annex 1. Risk Taxonomy



| Level 1 Risk | Description | Level 2 Risk | Description | Lead Input Provider | Party Responsible for Managing |
|-------------------------------|---|---|---|---------------------|--------------------------------|
| Strategic | Risks that are created by lack of clarity of roles among the We-Fi partners, or weak internal policies, processes, and systems underpinning the work of the GC. | Governance and Management Risk | Risks include, for example: lack of clarity among various parties on roles and responsibilities; poor coordination between GC and Secretariat; failed internal processes, people and systems. Also includes the risk that the Secretariat receives incomplete or late information from IPs, jeopardizing its ability to provide timely and accurate reporting to the GC. | Secretariat | All parties |
| Project/ Portfolio | Risks that programs/projects financed by We-Fi will not achieve their stated objectives. | Program/Project Design and Implementation Arrangements | Related to the design and implementation of Programs/Projects financed by We-Fi, for example: <ul style="list-style-type: none"> • Is program/project design informed by lessons of previous programs/projects in this sector/country? • Is the choice of the executing agency appropriate? Does the design of the project take into account the risks of the operating context and propose appropriate mitigation measures? • Will the program/project require major procurement not common for this sector/country (countries)? Will the program/project require transfer of funds between multiple government levels? • The risk that the program/project is supply rather than demand driven. Has the program/project been discussed with potential counterparts? • The risk that program/project outputs and outcomes are not communicated specifically and precisely, so that concerned partners do not get what they need, when and how they need it. | IP | IP |
| | | Political Social and Governance | Includes risks relating to the political and social environment where the programs/projects will be implemented. This may include political developments that could impact the project including structural and legal barriers to female entrepreneurship. The assessment of governance risks should take into account vested interest and the extent to which the three key principles of good governance (principles of Transparency, Accountability and Participation) have been adopted and implemented in the context of the project or operational engagement. | IP | IP |
| | | Fiduciary (FM- Financial Management, Procurement, Disbursement, Fraud and Corruption) | The risk that project/program funds will not be used to achieve value for money with integrity in delivering project’s intended outcomes; funds are not used for their intended purposes/do not reach intended beneficiaries. Includes the risk that due policies and processes are not followed in procurement of goods and services; employees/ contractors or program participants intentionally commit acts for unlawful gain; embezzlement, time and attendance fraud, procurement fraud, blackmail, bribery, money laundering and other willful acts committed to circumvent the law. | IP | IP |

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| Level 1 Risk | Description | Level 2 Risk | Description | Lead Input Provider | Party Responsible for Managing |
|------------------|--|---|--|---------------------|--------------------------------|
| | | | The assessment should take into account the implementation capacity of executing agencies to manage budgeting, procurement, accounting, funds flow, existence and robustness of oversight arrangements; the level of transparency in disclosing procurement/contract, financial reporting and audit related information. In addition, the assessment should also look at the degree to which procurement and contract administration arrangements and practices provide reasonable assurance that the project will achieve intended results. | | |
| | | Environment and Social Safeguards/Standards | Risk that the IPs’ safeguards/standards are not properly applied in project design, and that their implementation may not achieve their objectives with respect to possible adverse impacts on people, especially women, and on the environment. The assessment should take into account whether the program/project and its executing agencies have the mechanisms and capacity in place for considering and addressing program/project impacts on people, especially women, and on the environment; continuous consultations with beneficiaries and providing project-based grievance reporting and redress mechanisms; promoting non-discrimination toward project-affected individuals and communities; promoting labor standards and acceptable working conditions; and promoting sustainable management of natural and living resources; in each case, in line with the safeguards/standards of IPs. | IP | IP |
| | | Other Risks | Other risks associated with the program/project as identified by the IP. | IP | IP |
| Financial | Financial risks associated with the administration of the We-Fi Financial Intermediary Fund (FIF) and its resources until they are transferred to IPs or returned to Contributors. | Contributor Non-Payment | Represents the risk that contributors do not meet their installment payment schedules as set out in their Contribution Agreements. | Trustee | GC |
| | | Basis of Commitment | Represents the risk that the program will be unable to meet the commitments (transfer funds to MDBs) as they are needed per the FPAs and Commitment Letters from Trustee to IPs, adversely affecting the program’s financial position and reputation. | Trustee | GC and Trustee |
| | | Market and Interest Rate | Represents the risk of loss to We-Fi FIF balances arising from investment management activities on balances held in the FIF. | Trustee | GC and Trustee |
| | | Foreign Exchange | Represents the risk that fluctuations in currency exchange rates will reduce the USD equivalent value of unpaid installments in foreign currency in which a Contribution Agreement is denominated. | Trustee | GC and Trustee |

Annex 2. IP Risk Reporting Template

The template below is part of the We-Fi annual results report template that each IP will use to report on their We-Fi-funded activities. IPs with multiple We-Fi projects may provide risk ratings at an aggregate level for each of the sub-categories under Project/Portfolio risks, provided that a more detailed explanation of the driving factors is shared. For example, projects that have high or substantial risks would be highlighted, including a description of the assessment and the mitigation measures that are in place.

Annex 2 Implementing Partner Risk Reporting Template

| Level 1 Risk Description | Level 2 Risk Description | Risk Description | Rating | | | Justification | Response | Measure/Metric | |
|------------------------------------|---|--|--------|--|--|---------------|----------|----------------|--|
| Project/Portfolio Risk | Program/Project Design and Implementation Arrangements | Related to the design and implementation of Program/Project financed by We-Fi, for example: <ul style="list-style-type: none"> • Is program/project design informed by lessons of previous program/projects in the sector/country? • Is the choice of the executing agency appropriate? Does the design of the project take into account the risk of the operating context and propose appropriate mitigation measures? • Do the program/project team members have the right "skill mix" to administer, implement, or supervise the project? • Will the program/project require major procurement not common for this sector/country (country)? Will the program/project require transfer of funds between multiple government levels? • The risk that the program/project is supply rather than demand driven, that the program/project does disconnect with potential counterparts? • The risk that program/project outputs and outcomes are not communicated specifically and proactively, so that concerned stakeholders do not get what they need, when and how they need it. | | | | | | | |
| | Political, Social and Governance | Includes risks relating to the political and social environment where the program/project(s) will be implemented. This may include political developments that could impact the project including structural and legal barriers to female entrepreneurship. The assessment of governance risks should take into account vested interest and the extent to which the three key principles of good governance ("3A's" principles of Transparency, Accountability and Participation) have been adopted and implemented in the context of the project or operational engagement. | | | | | | | |
| | Fiduciary (FM-Financial Management, Procurement, Disbursement, Fraud and Corruption) | The risk that project/program funds will not be used to achieve value for money with integrity in delivering project's intended outcomes; funds are not used for their intended purposes and not reach intended beneficiaries. Includes the risk that due policies and processes are not followed in procurement of goods and services; employees' contractors or program participants intentionally commit acts for substantial gain, self-interest, time and attendance fraud, procurement fraud, kickback, bribery, money laundering and other willful acts committed to circumvent the law. The assessment should take into account the implementation capacity to manage budgeting, procurement, accounting, funds flow, existence and robustness of oversight arrangements, the level of transparency in disclosing procurement/contract, financial reporting and audit related information. In addition, the assessment should also look at the degree to which procurement and contract administration arrangements and practices provide reasonable assurance that the project will achieve intended results. | | | | | | | |
| | Environment and Social Safeguards | Risk that safeguards are not properly applied in the project design, and their implementation may not achieve their objectives with due regard to possible impacts on people (including with a gender lens) and the environment. | | | | | | | |
| | Other Risks | Any other risks in operational environment, e.g. breakdown in information, cyber-security, physical security, business continuity, supervision, and the execution of legal, fiduciary and other responsibilities. | | | | | | | |
| Overall Project Risk Rating | | Enter the average risk rating for the entire portfolio in the rating column for this row. The score should be calculated based on the average probability and average impact of all risks. | | | | | | | |

 Annex 2. IP Risk Reporting Template.xl

Annex 3. Financial Risk Reporting Template

Instructions for the use of the template are included in the embedded excel template.



Annex 3 Financial Risk Reporting Template

| Level 1 Risk Description | Level 2 Risk Description | Risk Description | Rating | | | Justification | Response | Measures/Metrics |
|--------------------------|--------------------------|---|-------------|--------|---------|---------------|----------|------------------|
| | | | Probability | Impact | Overall | | | |
| Financial Risks | Contributor non-payment | Represents the risk that contributors do not meet their installment payment schedules as set out in their Contribution Agreements. | | | | | | |
| | Basis of commitment | Represents the risk that the program will be unable to meet the commitments (transfer funds to MDBs) as they are needed per the FPAs and Commitment Letters from Trustee to IPs, adversely affecting the program's financial position and reputation. | | | | | | |
| | Market and interest rate | Represents the risk of loss to We-Fi FIF balances arising from investment management activities on balances held in the FIF. | | | | | | |
| | Foreign exchange | Represents the risk that fluctuations in currency exchange rates will reduce the USD equivalent value of unpaid installments in foreign currency in which a Contribution Agreement is denominated. | | | | | | |



Annex 3. Financial Risk Reporting Template

Annex 4. Risk Register/Profile

Instructions for the use of the template are included in the embedded excel template.



Annex 4 We-Fi Risk Register

| | Level 1 Risk | Strategic | Financial | | | | Project/Portfolio | | | | Aggregate Project Risk |
|-----------------------------|--|-----------|--------------------------------|-------------------------|---------------------|--------------------------|-------------------|---|----------------------------------|--|------------------------|
| | Level 2 Risk | | Governance and Management Risk | Contributor Non-Payment | Basis of Commitment | Market and Interest Rate | Foreign Exchange | Program/ Project Design and Implementation Arrangements | Political, Social and Governance | Fiduciary (FM-Financial Management, Procurement, Disbursement, Fraud and Corruption) | |
| Implementing Partner | We-Fi Funded Program/Project(s) | | | | | | | | | | |
| N/A | We-Fi Enterprise (Strategic and Financial Risk) | | | | | | | | | | |
| IDB | BRAVE Women | | | | | | | | | | |
| ADB | Enabling an empowering business environment for women entrepreneurs in Sri Lanka | | | | | | | | | | |
| WB | Creating Finance and Markets for All | | | | | | | | | | |
| | Project 4 | | | | | | | | | | |
| | Project 5 | | | | | | | | | | |
| | Project 6 | | | | | | | | | | |
| | Average Probability Rating of All Projects | | | | | | | | | | |
| | Average Impact Rating of All Projects | | | | | | | | | | |



Annex 4. Risk Register.xlsx

Annex 5. Risk Dashboard

We-Fi Facility Risk Dashboard

FOR ILLUSTRATIVE PURPOSES

| FY 20XX QY Risk Profile | | | FYXX We-Fi Risk Assessment | | | | |
|-------------------------|--|-----------------------|----------------------------|----------|-------------|-------------|------|
| Level 1 Risk Categories | We-Fi Level 2 Risk Categories | Aggregate Risk Rating | Probability | Heat Map | | | |
| Strategic | Governance and Management Risk | High | High | Low | Medium | Substantial | High |
| Project/ Portfolio | Program/Project Design and Implementation Arrangements | Substantial | Substantial | Low | Medium | Substantial | High |
| | Political, Social and Governance | High | High | Low | Medium | Substantial | High |
| | Fiduciary (FM-Financial Management, Procurement, Disbursement, Fraud and Corruption) | Low | Low | Medium | Substantial | High | High |
| | Environment and Social Safeguards | Medium | Medium | Low | Medium | Substantial | High |
| Financial | Contributor Non-Payment | Low | Low | Low | Medium | Substantial | High |
| | Basis of Commitment | Low | Low | Low | Medium | Substantial | High |
| | Market and Interest Rate | Low | Low | Low | Medium | Substantial | High |
| | Foreign Exchange | Low | Low | Low | Medium | Substantial | High |
| | | | Impact | | | | |
| | | | | Low | Medium | Substantial | High |
| | | | Key Messages | | | | |
| | | | | | | | |
| | | | Key Actions | | | | |
| | | | | | | | |



Annex 5 Risk Dashboard.pptx