

Women Entrepreneurs Finance Initiative (We-Fi)

Governing Committee Meeting

Bali, Indonesia, October 14-16, 2018

MEETING SUMMARY

November 15, 2018

The We-Fi Governing Committee (GC) met in Bali, Indonesia from October 14-16, 2018. The meeting brought together some 50 representatives from the 14 We-Fi contributor governments, Implementing Partners (IPs), and Observers from UN Women, W20, Vital Voices, and the One Campaign. The meeting was chaired by Geoffrey Okamoto, Acting Assistant Secretary for International Finance and Development, United States Department of the Treasury, and facilitated by the We-Fi Secretariat, led by Priya Basu, Head of Secretariat. The Agenda and full list of Participants are attached.

The meeting kicked off with a dinner on October 14th. Guest speakers included Susi Pudjiastuti, Minister of Marine Affairs & Fisheries, Indonesia (and We-Fi Leadership Champion), Elizabeth Vazquez, CEO and co-founder, WEConnect International, and Cindy Mulyasasmita, CEO of Dresscodes.com, an SME start-up in Jakarta.

At the Opening Session on October 15th, the Chair noted his appreciation for the work that had gone into ensuring the rapid and significant progress made by We-Fi in its first year, since its formal establishment in October 2017. The Chair provided an overview of the Agenda and the goals for the meeting, and in the absence of any comments or objections from GC members, the Agenda was adopted.

Germany informed the GC that their contribution agreement of EUR 50 million had been signed on October 14, 2018 at a signing ceremony between World Bank Chief Executive Officer Kristalina Georgieva and Parliamentary State Secretary in the German Federal Ministry for Economic Cooperation and Development, Norbert Barthle.

The key topics discussed, decisions taken, and agreements reached at the meeting, are summarized below.

1. Update from the Trustee on the Financial Status of We-Fi

The Trustee presented an update on the financial status of the We-Fi Trust Fund. It was noted that valued at September 30, 2018 exchange rates, signed contributions totaled USD 354.6 million, including the contribution signed by Germany. In terms of cash held by the fund, it was reported that USD 131.8 million was held as of September 30, 2018, including funds reserved for transfer based on previous GC decisions. From the inception of the We-Fi Trust Fund to September 30, 2018, USD 185 million had been received from donor contributions and USD 55.2 million transferred out for projects, fees, and the administrative budget of the We-Fi Secretariat and Trustee. In terms of unrestricted cash available to support future GC decisions, USD 61.3 million

was available for allocation, as of September 30, 2018. Based on signed contribution agreements as of Oct 14, 2018, USD eq. 137.8 million was expected to be available for allocation by the GC under the Second Call for Proposals, as of March 31, 2019. A further USD eq. 93.1 million was expected to become available for allocation by the GC by June 30, 2022, excluding potential reflows.

2. Update from Secretariat

In its update to the GC, the Secretariat noted the key milestones achieved over the past year. Highlights included the following: In less than six months after We-Fi's establishment, the first round of funding amounting to USD120 million had been allocated (in April 2018), expected to mobilize additional resources of USD1.6 billion, and the second Call prepared; preparation of several policy, procedural and framework documents; a significant body of communications and advocacy work, including engagement of the 17 Leadership Champions; and a new We-Fi website.

The Secretariat highlighted the priorities for the coming months: announcement and implementation of the second Call for Proposals, with funding allocations expected to be made in April 2019; implementation of the Risk Management Framework, including development of the necessary software for the risk register and dashboard; preparation and publication of the We-Fi Annual Report at the end of this calendar year; facilitation of information sharing/knowledge exchange across IPs; continued enhancements to the We-Fi website; and continued strategic communications and advocacy work.

Some GC members inquired about fund raising/replenishment plans and opportunities for diversifying the pool of contributors. It was agreed that options in this regard would be explored following the allocation of the second Call.

3. Implementation Progress and Plans under the first round of We-Fi Funding

The IPs that received financing under the first round presented updates, noting that projects were beginning to roll out.

Asian Development Bank (ADB)

- The ADB, which received USD12.6 million for a project in **Sri Lanka**, co-financed with a line of credit to selected commercial banks, reported that the project was progressing well. The team noted that We-Fi grant resources were being used not only to provide women-owned/led SMEs (WSMEs) with access to credit on more affordable terms but also, to help build capacity within the banks to support WSMEs, undertake gender gap assessments of banks' current approaches and products for WSMEs, support chambers of commerce, and provide mentoring/training for WSMEs. To date, 130 WSMEs had received support.
- In response to questions from the GC, the ADB clarified that they would track and report data on jobs generated through the project, and that their project had a strong focus on reforming the regulatory environment. On partnerships, ADB assured the GC that appropriate partnerships on the ground were being forged, including with IFC. ADB noted that the bulk of the WSMEs covered so far under their project were concentrated in the horticulture sector but that efforts would be made to diversify sectoral coverage with a view to including sectors with

a higher growth potential. In response to a question on whether ADB or the project's executing agencies bear the risk of foreign exchange fluctuations, ADB noted that they would need to revert to the GC. (This was clarified subsequently, on a bilateral basis; the answer is that the borrowing country bears risks of foreign exchange fluctuations since ADB's disbursements to Sri Lanka are in USD).

Islamic Development Bank (IsDB)

- The IsDB provided a progress report for the USD32.2 million received from We-Fi for the “**BRAVE Women**” project in Mali, Nigeria and Yemen. The IsDB offered a recap of the program objectives and highlighted the business resilience focus of the program in developing business advisory services to support WSMEs in developing viable business continuity plans that would allow them to access the Business Recovery Support grant matching scheme of the program and in developing the capacity of lead firms, women business associations/cooperatives to protect and further develop vital value chains. The IsDB stated that the Yemen project was progressing well. They reported that legal and contractual arrangements had been initiated with the Government and the local execution agency, three financial institutions had been engaged, and business advisors had been identified. The IsDB mentioned that a due diligence mission to Nigeria would be undertaken in the next quarter to initiate the program and work in Mali would commence at the end of the next FY.
- The GC noted appreciation for IsDB's efforts to work toward We-Fi objectives in difficult environments. Responding to questions around how project-related risks were being assessed and managed, the IsDB team noted that participation in We-Fi had focused attention on these matters, and that appropriate measures to address risks and ensure safeguards were being discussed and integrated into project agreements/contracts with the concerned governments, banks, and business advisors involved in the three projects. In response to questions around how lessons from existing projects were being incorporated into the design and implementation of We-Fi funded projects, the IsDB shared some information on how lessons from its work in Yemen, including an IT platform, were facilitating knowledge sharing. On a question around third-party monitoring arrangements for We-Fi funded operations, IsDB noted that it would revert separately to the GC.

World Bank Group (WBG)

- The joint **WBG We-Fi project “Creating Markets for All”** received USD75 million, split between IFC (USD49 million) and WB (USD26 million) to implement public and private sector activities along three pillars: 1) strengthening the entrepreneurial ecosystem; 2) access to finance; and 3) access to markets. More than 50% of the budget will be spent in IDA/FCV. We-Fi is recognized as a signature program that will support commitments to gender and advance innovative approaches to scaling women-led small and medium sized businesses across WBG.
- **IFC** noted that implementation of the USD49 million program financed by We-Fi was being coordinated across three departments. Investment and advisory projects would be identified on a rolling basis. To date, a package of four insurance-related advisory projects had been approved with a total financing cost of USD 1million, of which, We-Fi would cover USD360k. Partnerships had also been forged with two business accelerators, Village Capital and Flat 6 Labs; Global Banking Alliance for Women, to help build out their network; and WEConnect, to expand supplier diversity in procurement contracts. It was noted that the current pipeline

included several other advisory engagements as well as investment operations. The latter included loans to banks in Vietnam and India and a We-Fi performance rebate to incentivize banks to expand loans to WSMEs; a risk sharing facility to a bank in Kosovo for a significant increase in lending to WSMEs, blended finance to a global fund focused on WSMEs, a project involving an interest rate rebate or pre-harvest financing for a global food corporate to support women-led suppliers, etc.

- The **World Bank** reported that a set of country, regional and global activities for We-Fi had been approved. The team informed the GC that the institutional set up for implementing the program had been finalized and an initial USD1.68 million had been disbursed to the implementing teams following an “onboarding workshop” in July 2018. During the period from October to December 2018, all projects would undergo a technical peer review process to finetune implementation and partnership plans, including a coordination plan with IFC. The team provided examples of three projects and how they sought to leverage partnerships and achieve coordination between the Bank and IFC. It was noted that overall, the Bank’s We-Fi funded program aimed to develop policy frameworks to support governments or public-sector players to help open markets to WSMEs.
- The GC asked questions around how We-Fi funding was being used to add value, how lessons learned were being incorporated into design, how linkages across pillars identified in the WBG proposal were being addressed, what types of challenges were being faced in design and implementation, details on partnerships, links with IDA projects, the quality of jobs created through the program, geographical diversity, and how the Bank and IFC were planning to leverage off each other in countries (like Vietnam) where there was a planned IFC project under We-Fi but no Bank activity planned.
 - On added-value and how lessons learned were being incorporated into We-Fi operations, the WBG team noted that all We-Fi operations were being built on existing operations, drawing on lessons learned, and with a view to utilizing We-Fi funding to achieve scale and impact. It was also noted that We-Fi funding had made performance-based rebates possible in IFC projects.
 - On challenges, WBG highlighted data challenges in setting baselines and the need to use blended finance carefully to create the necessary incentives and ensure sustainability.
 - Responding to questions around partnerships, the WBG team provided some examples of the types of partnerships that were being developed under the program.
 - On the question of the quality of jobs created through We-Fi funded operations for WSMEs in the supply chain, the WBG acknowledged that this was an important issue and noted that We-Fi funded projects in Bangladesh and Pakistan, for example, would require attention to raising awareness around job quality.
 - On geographical diversity, and specifically in response to a question around whether Central Asia was being covered by the program, IFC mentioned that currently, the pipeline did not include any projects in Central Asia but clarified that the pipeline was under development.

Progress Report Template

A template for IPs to report annually on implementation progress on their We-Fi operations was presented by the Secretariat for the GC’s endorsement, covering the following key areas: mobilization/leverage targets, a narrative on progress against relevant We-Fi objectives, updates

on results indicators, program/project risks, and qualitative information. Based on comments provided at the meeting, the template was reformatted to better align objectives with indicators, and include sections on lessons learned, both from successes and failures, and on IPs' efforts to coordinate with other actors on the ground.

Decision: The GC endorsed the revised template.

4. Second Call for Proposals

The Secretariat presented for the GC's endorsement the full set of documents for the second Call. These included the cover note, template for the submission of funding proposals by IPs, scoring criteria, a Process note, and the terms of reference (ToRs) for the technical expert panel (TEP). The GC noted its appreciation for the Secretariat's work in incorporating into these documents the lessons learned from the first round and provided a few further comments and observations on the documents presented.

Cover note, template, scoring criteria and process note:

Balance between We-Fi's overall goals: On We-Fi's two overall goals, the GC agreed that while these goals had to be met over the lifetime of the facility, funding provided under the second Call should also strive to support a balanced set of proposals to help achieve both goals.

The GC agreed to maintain the definition of fragile and conflict affected countries/territories that has been agreed in We-Fi's governing documents.

Types of activities to be supported by the second Call: The GC agreed that, in addition to the guidance provided in the documentation, the Call would specify that special consideration would be given to proposals that focused on women entrepreneurs operating in rural settings.

Funding principles: It was clarified that proposals targeting middle-income countries should focus on underserved women entrepreneurs. Further, it was clarified that the principle relating to the "effective use of grant financing or blended finance" was distinct from the principle related to "the mobilization/leverage of significant additional funding from other sources", with the former principle related to the use of funds (see below).

Scoring criteria and weights: In response to a question raised on whether mobilization/leverage was being counted twice, first as a separate criterion, and then again under "effective use of grant financing/blended finance", there was agreement that the latter criterion related not to mobilization but rather, to the use of financing. Further, the GC agreed that the 10 points attached to "Partnerships" adequately reflected the importance attached to that criterion.

Results framework section of the template for proposal submission: A reference to "intermediate indicators" was removed and replaced with "custom indicators".

Timeline: In response to a request from the IPs that additional time be allocated for the preparation of proposals under the second Call, the GC agreed that two additional weeks would be provided for this purpose. The closing date for the second Call was revised accordingly to February 4, 2019. Further, and noting the merits of adhering to the originally targeted date for the approval of the second round of funding, it was agreed that the time originally provided for the GC to seek further

clarifications from the technical expert panel and/or IPs would be shortened by two weeks so that the funding approval decision could still be taken by mid-April 2019.

Several members noted the absence of the African Development Bank (AfDB) as an IP under the first round and expressed an interest in the AfDB's participation in the second round. The Trustee confirmed that as one of the MDBs accredited as an IP by the We-Fi GC, the AfDB was eligible to submit a proposal, further noting that the Financial Procedures Agreement (FPA) between the Trustee and AfDB was in the final stages of being executed. (The FPA has subsequently been executed so all formalities have now been completed).

Press release: The GC agreed that, since the audience for the second Call was limited to the eight IPs, no press release would be issued to announce the Call and that it was sufficient to post the Call on the We-Fi website.

Technical Review under the second Call for Proposals:

The Secretariat provided an overview of the ToRs and selection process for the TEP. The GC suggested more specific language to describe the objectives and tasks of the TEP and their required qualifications. It was also agreed that the Secretariat would recommend the TEP Chair to the GC for endorsement.

Further, it was agreed that the Secretariat would solicit from the GC additional suggestions on experts, prepare a shortlist of 10 experts based on the qualifications laid out in the ToRs and send it up to the GC for approval, and then select five members from that list, based on availability and interest. The Panel would need to be in place by end-November to allow sufficient time for members to become familiar with We-Fi and its priorities, and with the details of the second Call. The Secretariat would arrange orientation meetings with the members prior to the deadline for the submission of proposals.

Decision: The Secretariat incorporated the above considerations and revisions into the documentation for the second Call for Proposals. The GC endorsed the cover note, the proposal template, scoring criteria, Process note and ToRs for the TEP. It was decided that the second Call for Proposals would be launched on October 17, 2018 and that it would close on February 4, 2019. (The second call for proposals was subsequently posted on We-Fi's website on October 17, 2018).

5. We-Fi Risk Management

The World Bank's Chief Risk Office presented the We-Fi Risk Management Framework. It was emphasized that the framework was intended to supplement the existing risk management frameworks of IPs by creating a common framework for IPs to present risk assessments in their proposals for We-Fi funding and provide risk reporting to the GC, and that it was not meant to impose new standards on IPs. Further, it was noted that the Framework was based on extensive consultation with the GC, IPs, the trustee, and the secretariats of other Financial Intermediary Funds. It was clarified that the framework would apply to all operations, including those approved under the first round of financing. The GC discussed the extent to which the Risk Management Framework could address standards in relation to the current safeguards policies of the IPs. There was a recognition that the framework would rely on the existing policies and procedures of IPs.

The GC suggested specific revisions to the annex on “risk taxonomy”, which were incorporated by the Secretariat into the revised draft. In particular, the section on environmental and social safeguards/standards in the taxonomy was revised to clarify that this related to the risk that if the safeguards/standards of IPs were not properly applied in project design, their implementation may not achieve their objectives, and with the view to mitigating possible adverse impacts on people, especially women, and on the environment. It was agreed that the technical review assessment should take into account whether the program/project and its executing agencies had 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 currently approved IPs. It was understood that if in the future additional IPs were accredited, including in connection with a Private Sector Facility, there would be a need to revisit the risk management framework.

The resource implications for the Secretariat of implementing this framework were noted.

Decision: The GC endorsed the revised Risk Management Framework.

6. Discussion on We-Fi Private Sector Facility

A Note prepared by the Secretariat at the request of the GC to examine possible options on how to crowdsource innovative, scalable solutions from the private sector, served as the basis for this discussion on a potential Private Sector Facility (PSF). More direct involvement with the private sector was welcomed by some GC members and considered a matter of high priority. It was noted that stepping up engagement with the private sector was critical for achieving the Sustainable Development Goals and “moving from billions to trillions”, and fully in line with the Addis Ababa Agenda for Action agreed at the Third International Conference on Financing for Development.

Some members asked for a clearer articulation of the objectives of the proposal and a more detailed analysis of the needs, keeping in mind that such a Facility would be justified only if it were to fulfill needs that could not be met through We-Fi’s existing business model or other existing mechanisms. Furthermore, issues and concerns related to accountability, legal challenges, and costs were raised. One GC member noted that their contribution to We-Fi had been agreed on the basis of We-Fi allocations being made solely to MDBs, as IPs, and noted that contributor participation in any potential PSF should be on a voluntary basis. It was also pointed out that the proposed timeline needed to be adjusted to ensure a sufficiently robust deliberative process.

Overall, the GC agreed that if a PSF were to be established, it must capture, *inter alia*, the following key parameters: a clear value addition to We-Fi’s existing business model; support initiatives that demonstrate innovation, leverage, an ability to create markets, and bring sustainable solutions, at scale; a strong focus on outcomes/measurable results; and efficiency and cost effectiveness. It was noted that depending on its structure, the potential proposal may need to undergo a thorough World Bank review and Board approval, if it entails significant changes to the structure of the We-Fi FIF, and it may need to be informed by the Bank’s work on FIF Reform.

As a next step, the Chair asked the Secretariat to convene a Working Group comprising interested GC members, along with the Trustee and We-Fi's legal counsel, to further examine the case for a potential new PSF and work out the details, as required. This would include an analysis of whether there was a need and if so, defining the gap to be addressed by the PSF. If a gap were indeed identified, the Working Group would need to define the detailed parameters and operating and administrative arrangements of such a potential facility, as well as an analysis of estimated costs, and issues around risk management and oversight, for the GC's consideration. GC members were asked to send in nominations to the Chair and/or Secretariat by the end of the week. (Nominations have subsequently been received from 10 contributing members).

7. Communications and Advocacy

The Secretariat updated the GC on the extensive communications, advocacy and outreach work undertaken over the past year, including four major advocacy events (Annual Meetings 2017, Spring Meetings 2018, World Government Summit Dubai, and on the margins of UNGA 2018) as well as engagement with 17 We-Fi Leadership Champions who had been confirmed.

In responding to a question on the advocacy priorities for the Leadership Champions, the Secretariat clarified that the Champions had been provided with a menu of options and that tailored engagements plans were being prepared by the Secretariat in consultation with each Champion. Further, it was clarified that, at present, the Secretariat's budget did not include any allocation expenses related to the Champions.

The Secretariat noted, and the GC agreed that, given capacity issues, it was important to be strategic and selective in pursuing communications and advocacy initiatives. The Secretariat agreed to prepare a strategic communications and advocacy plan for discussion at the next GC meeting in April 2019. It was also agreed that the Secretariat would share with the GC a set of key messages on We-Fi that GC members could use, as appropriate.

On upcoming events, it was noted that a high-level regional summit (mainly for advocacy) in West Africa was being planned, with a view to engaging government and private sector leaders from the region. The summit would be organized by the Secretariat in partnership with concerned MDBs. It was also noted that a possible joint We-Fi – Business Women Leaders Task Force (BWLTF) event was being explored on the margins of the G20 Leaders' Summit in Buenos Aires (the BWLTF's original suggestion of a We-Fi prize will not be pursued).

On other engagement opportunities, UN Women mentioned that the CSW week in NYC could provide a good opportunity for We-Fi to co-host and event with UN Women. The ADB noted that its annual meetings in Fiji would provide an opportunity to showcase We-Fi.

8. Strategic Context and Directions

This discussion was led by We-Fi Observers. Against a backdrop of a growing number of players in the women's entrepreneurship space, it was suggested that the We-Fi platform could be leveraged to both lead the field through own efforts, while also, to facilitate strategic coordination among relevant players by convening consultations to identify gaps, foster data and information sharing, enhanced transparency, and a common set of metrics to measure results. As a next step,

the Observers offered to elaborate on these ideas in a paper, to be prepared in coordination with the Secretariat, for discussion at the next GC meeting in April 2019.

9. AoB

The Secretariat noted that a GC Chair needed to be appointed for the coming 12 months. GC members nominated the U.S. to serve for a second year, until October 2019. Noting that We-Fi remains a high priority item for the Administration, the U.S. agreed to continue to serve as We-Fi Chair for a second year.