



Women Entrepreneurs Finance Initiative (We-Fi)

**FUNDING REQUEST DOCUMENT
ON A PROPOSED FINANCING
IN THE AMOUNT OF US\$ 34.4 MILLION
TO THE**

ASIAN DEVELOPMENT BANK (ADB)

FOR

**“WOMEN ACCELERATING VIBRANT ENTERPRISES IN SOUTHEAST ASIA AND THE PACIFIC (WAVES)
PROGRAM”**

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DATA SHEET

EXECUTIVE SUMMARY

Title: Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES)

Regional: Indonesia, the Pacific and Viet Nam.

Requested amount: US\$ 34.4 million

Time Period: 2019–2024

Program objectives: The Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES) program is inspired by the overwhelming majority of women’s businesses who remain trapped in the “missing middle”, struggling to access finance, in the global region with the largest small and medium enterprise (SME) financing gap. WSMEs in the region are doubly disadvantaged due to the absence of specialized programs responding to their needs and the gender-specific market constraints: they remain invisible and overlooked despite their high potential as economic actors. In response, WAVES will build up capacity across the entrepreneurship eco-system in Indonesia, the Pacific and Viet Nam with the objective to foster long-term behavior change among key stakeholders in the private and public sectors, and to strengthen WSME’s capacity and skills to run successful businesses.

Key components: The WAVES Program is built on three components, adapted to each national/regional context. Component 1 focuses on **Access to Finance** through innovative and ambitious financial approaches including performance-based lending (Indonesia, Viet Nam) and the first gender bond in Southeast Asia and the Pacific, to be issued in Fiji. Integrated targets for on lending to WSMEs, include additional targets for those from underdeveloped regions, ethnic minorities, youth, and rural areas. This will be accompanied by comprehensive capacity development of financial institution partners (FIP) including support to develop gender-responsive products and services tailored for the WSME market. Component 2 addresses the **Enabling Environment**, which will work with national partners including government agencies, civil society organizations, and women’s business associations to develop stronger WSME-focused policies, regulations and action plans. In Indonesia, this will include (inter alia) the first nation-wide WSME survey; across the Pacific, this will generate new knowledge into social norm constraints (e.g. gender-based violence) as well as infrastructural constraints (IT) to women’s entrepreneurship; and in Viet Nam, WAVES will support the implementation of the gender provisions in the 2017 SME Law. Component 3 will focus on the **Capacity development of WSMEs**, through financial literacy and business acceleration programs, mentorship and networking opportunities, as well as supporting WSMEs in the technology industry through a tailored ‘bootcamp’, angel investor opportunities, and national exposure.

Beneficiaries: The WAVES Program will target 16,775 growth-oriented women’s businesses to enable them to become thriving SMEs. It is expected that by 2024, **10,450 WSMEs will receive access to finance**, 6,325 will benefit from specialized training programs (financial literacy training, business acceleration programs, bootcamps). Activities will target particularly disadvantaged groups of women (from ethnic minorities, rural/underdeveloped areas, youth) in recognition of the intersecting discrimination they face.

Expected Results: By 2024, the WAVES Program will have a) strengthened institutional capacity and interest of financial institution partners to actively develop WSME-tailored products, services, and approaches; b) position WSMEs firmly on the policy agendas of governments, and ensured WSMEs’ voices are included in decision-making processes; and c) built up WSME’s capacity and confidence to run successful businesses, and to increase their contributions to building inclusive and dynamic economies.

I. BASIC INFORMATION

- i. Program Name: Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific” (WAVES)
- ii. Implementing Partner (IP) Name and Contact Person: Asian Development Bank (ADB), Keiko Nowacka (knowacka@adb.org)
- iii. Type of Program: ✓ Both Public and Private Sectors
 ✓ Multi-country
- iv. Geographic Focus¹: Indonesia, the Pacific, Viet Nam
- v. Implementation Period Start Date: 2019 End Date: 2024
- vi. Total We-Fi Financing Amount Requested (in thousands US\$): 34,410

Countries	Year 0 (2019)	Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)	Total
Indonesia	825	3,857	2,137	2,290	1,874	1,802	12,785
The Pacific (IBRD)	-	4,209	275	170	-	-	4,654
The Pacific (IDA Blend/FCS)	-	393	385	306	110	202	1,396
Viet Nam	275	1,821	3,152	4,446	5,569	312	15,575
Total requested from We-Fi for program	1,100	10,279	5,949	7,213	7,554	2,315	34,410

95.94% of We-Fi financing is expected to be allocated to eligible middle-income (IBRD) countries; and 4.06% of will be allocated to IDA Blend countries, all of which will go towards Fragile or conflict-affected countries/territories.

¹ Please provide as much information as possible on the specific countries being considered under this proposal. It is understood that these countries may not be set in stone and will depend on pipeline development if/when funding grant is awarded, but a list of possible countries would be helpful.

PROGRAM/PROJECT FINANCING DATA

Total Cost of Program US\$ 456.6 million of which, Total Financing Requested from We-Fi is US\$ 34.4 million

Breakdown of Total Cost of Program (in thousands USDUS\$):

Financing Sources	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)	Year 6 (2024)	TOTAL
We-Fi	1,100	10,279	5,949	7,213	7,554	2,315	34,410
IP's Contribution ²	-	127,160	48,493	48,493	48,493	15,160	287,800
Other Public Sector	-	-	-	-	-	-	-
Private sector financing ³	161	45,959	75,898	827	5,806	5,800	134,450
TOTAL	1,261	183,398	130,341	56,533	61,853	23,275	456,660

97.5% of the program is expected to be allocated to eligible middle-income (IBRD) countries; 2.5% of will be allocated to IDA Blend countries, all of which will go towards Fragile or conflict-affected countries/territories.

² Amount of Implementing Partner (IP) contribution or amount of guarantee provided by IP. If We-Fi funds are to be used by the IP to prepare a lending/investment activity that is subsequently financed by an IP's own resources, then the latter amount may be included in the leverage measure provided there is reasonable expectation that such contributions will be approved by the IP's Board.

³ This includes any commercial financing mobilized (from the sponsors/client banks, other investors, or financiers in the project) to support the same program/project (or components thereof) targeted at women-owned or led SMEs. Note that if an IP's financing to a sponsor/client bank includes an incentive or subsidy element provided by the We-Fi contribution that can be linked to the sponsor/client bank using or contributing its own resources to the We-Fi program/project, then the sponsor/client bank resources may be included here.

Resource Mobilization/Leverage Table⁴:

	We-Fi financing requested (A)	IP Contribution (B)	Other public-sector contributions (C)	Private sector financing (D)	Additional leverage achieved⁵(F)	Total leverage (B+C+D+F) = (G)
Amount (in '000 US\$)	34,410	287,800	-	134,450	-	422,089
Ratio		(B)/(A)	(C)/(A)	(D)/(A)	(F)/(A)	(G)/(A)
		8x	0x	4x	0x	12.27x

97.6% of the leveraged resources expected to be allocated to eligible middle-income (IBRD) countries and 2.4% will be allocated to IDA Blend countries; all of which will go towards Fragile or conflict-affected countries/territories.

TEAM COMPOSITION

IP Staff:

Munish Mohit Aggarwal, Young Professional, Private Sector Operations Department (PSOD)
Ann Mushayt Alemania, Associate Operations Analyst, Sustainable Development and Climate Change Department (SDCC)
Asif Cheema, Principal Investment Specialist, PSOD
Jacobo de Leon Dovale, Senior Investment Specialist, PSOD
Poornima Gayangani Wasana Jayawardana, Financial Sector Specialist, Southeast Asia Department (SERD)
Donald Lambert, Principal Private Sector Development Specialist, Viet Nam Resident Mission (VRM)
Mairi Macrae, Social Development Specialist (Gender and Development), Pacific Department
Chu Hong Minh, Senior Financial Sector Officer, VRM
Duong T. Nguyen, Financial Sector Economist, Southeast Asia Department (SERD)
Giang Nguyen, Senior Social Development Specialist (Gender and Development), VRM
Keiko Nowacka, Social Development Specialist (Gender and Development), SDCC
Gema Perez, Investment Specialist, PSOD
Riana Puspasari, Gender Specialist (Consultant), SERD

⁴ For advisory/technical assistance activities, the amount of own account financing from the IP that is mobilized for the activity as well as any contributions from the client, including in-kind contributions, may be counted here.

⁵ This includes any additional financing catalyzed—above and beyond the program/project cost—for women-owned/led SMEs, provided by commercial financial institutions benefiting from the program/project.

Non-IP Staff:

Owais Parray, Chief Technical Adviser, Promoting Micro and Small Enterprises through Improved Entrepreneurs' Access to Financial Services (PROMISE IMPACTS), International Labor Organization (ILO) Indonesia
Virginia Tan, CEO, She Loves Tech
Tu Thu Hien, Founder and CEO, Women's Initiative for Women's Startups and Entrepreneurship (WISE), Viet Nam
Ngo Hong Diep, Managing Director, WISE

II. STRATEGIC CONTEXT AND RATIONALE

A. Regional Context

In the only global region with a shrinking female labor force, entrepreneurship is seen as an empowerment solution for women in Southeast Asia and the Pacific. Across the region, approximately 60% of micro, small and medium-sized enterprises (MSME) are owned/led by women.⁶ Yet, while the numbers appear high, the overwhelming majority are microenterprises, with low rates of female ownership of small and medium enterprises (SME). Gender-specific constraints, exacerbated by intersecting discriminations, contribute to the gender-specific “missing middle” phenomenon, with growth-oriented women owned/led businesses struggling to scale up.⁸

Despite their middle-income status, the SME sector remains relatively underdeveloped in the countries selected for the ADB WAVES program: Indonesia, the Pacific and Viet Nam. Recent government focus on the SME sector reflects the recognition of its unmet potential; however, little action has been taken to reduce the gender gaps. In Indonesia, 92% of women’s businesses are microenterprises; only 1.15% of all businesses are SMEs.⁶ In one of the Pacific’s largest economies, Fiji has 12% of all formal enterprises led by a woman.⁷ In Viet Nam, only one in four SMEs is led by a woman.⁸ The WAVES program will address the following constraints holding back the potential of WSMEs:

Gender financing gap: The region has the **largest global SME financing gap**: 59% of the gap is attributed to credit constraints faced by WSMEs.⁹ In Indonesia, the gender financing gap is estimated to be US\$ 6 billion, and in Viet Nam it is estimated to be at US\$ 1.19 billion;¹⁰ there is no available data for the Pacific. Financial institutions perpetuate the gap through a combination of discriminatory norms (e.g. misperceptions/ bias of loan officers against female borrowers) and practices (e.g. traditional collateral requirements of land and assets, which most women do not own; no tailored financial products).

Lack of WSME policy focus: To date SME policies have largely overlooked the specific interventions required to support WSMEs. There are few mechanisms for women’s businesses to graduate and grow, with most public financial support and policies reserved to microenterprises: female “growth-oriented” enterprises require different strategies and investments than “necessity” enterprises. Lack of sex-disaggregated data and gender-blind policy provisions perpetuate the status quo.

Lower business capacity of WSMEs: WSMEs display lower levels of financial and digital literacy and enjoy limited opportunities for networking, mentorship and training, due to prevailing gender inequalities, such as their unpaid care responsibilities, sexual harassment/gender-based violence, and discrimination against female participation.¹¹ Women entrepreneurs are 7% less likely to access a business network than their male counterparts.¹² The gender digital divide adds an additional barrier, restricting WSMEs’ access to markets through the use of new technologies and e-commerce options.

There is a growing number of initiatives to support women’s businesses in the region. Multilateral and bilateral activities include a new initiative led by UNESCAP,⁹ programs supported by the Department of

⁶ Organisation for Economic Co-operation and Development and Economic Research Institute for ASEAN and East Asia. 2018. *SME Policy Index: Asean 2018: Boosting Competitiveness and Inclusive Growth*. Paris and Jakarta. p. 117. https://read.oecd-ilibrary.org/development/sme-policy-index-asean-2018_9789264305328-en#page117.

⁷ Fiji Bureau of Statistics. 2011 Labor Survey. <https://www.statsfiji.gov.fj/>.

⁸ Mekong Business Initiative. 2016. *Women-owned small and medium-sized enterprises in Viet Nam: Situation analysis and policy recommendations*. Ha Noi. http://www.mekongbiz.org/wp-content/uploads/2017/07/WOB-Position-Paper_English-1.pdf.

⁹ UNESCAP. 2018. New initiative to advance women’s entrepreneurship in Asia-Pacific launched at UN General Assembly. *UNESCAP News*. 29 September. <https://www.unescap.org/news/new-initiative-advance-women-s-entrepreneurship-asia-pacific-launched-un-general-assembly>.

Foreign Affairs and Trade (DFAT) in Southeast Asia (Investing in Women) and the Pacific (Pacific Women),¹⁰ and the Pacific Islands Private Sector Organization (PIPSO) runs the Pacific Women in Business online portal.¹¹ IFC's Banking on Women initiative. Women's economic empowerment is one of the core areas of ADB's Private Sector Development Initiative (PSDI), supported by Australia and New Zealand.¹² Private sector activities includes training and capacity development support (e.g. Goldman Sachs, "10 000 Women") and gender lens impact investing (e.g. IIX). ADB is also pursuing a partnership with JP Morgan on the future of women's entrepreneurship in Southeast Asia.

B. Sectoral and Institutional Context

Strengthening SME competitiveness is a critical policy objective for Southeast Asia and the Pacific: the sector is estimated to hire 62% of the national labor forces and contribute 40% to national GDPs.¹³ However, several indicators mirror the vulnerability of the sector and the need for stronger and coordinated actions from the public and private sectors: only 18.7% of total bank lending went to SMEs, and conducting business remains challenging. According to the World Bank's *Doing Business 2019*, Viet Nam is ranked 69th, Indonesia is ranked 73rd, Fiji is ranked 101st, and Papua New Guinea (PNG) is ranked 108th.¹⁴ Many of these countries ranked especially low in access to credit indicators. These factors help explain the overall low survival rate of SMEs in the region.

For WSMEs, the challenges of doing business are exacerbated by gender inequalities. As described in Section II.A, there is limited public and private sector recognition that WSMEs are a specific segment of the market who require distinct policies and strategies and, as a result, little support for growth-oriented businesses to graduate from microenterprises to SMEs. New entry points in WAVES selected countries provide critical opportunities to challenge the unequal status quo confronting WSMEs.

Indonesia: In line with the National Mid-Term Development Plan (RPJMN) 2015-2019, the Indonesian Government aims to achieve 75% financial inclusion by 2019 under the National Strategy for Financial Inclusion (SNKI). MSMEs are a key focus of SNKI given their significant importance in the Indonesian economy towards achieving the Sustainable Development Goals (SDG). However, there is currently no SME strategy, and policy coordination has tended to be weak with 27 government ministries and agencies mandated to oversee MSMEs.¹⁵ To date, most public programs have concentrated on microenterprises, with few programs addressing needs of growth-oriented businesses. For example, microenterprises receive almost double the volume of loans provided through the *Kredit Ushaya Rakyat* (KUR, or People's Business Credit). For the period 2020–2024, women's businesses as well as the collection of sex-disaggregated data on SMEs are listed as priority action areas by the government.¹⁶

¹⁰ ADB and The Asia Foundation. 2018. *Emerging Lessons on Women's Entrepreneurship in Asia and the Pacific: Case studies from the Asian Development Bank and The Asia Foundation*. Manila. <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf>.

¹¹ Pacific Islands Private Sector Organization. Pacific Women in Business. Network Directory. <http://pacificwomeninbusiness.com.au/directory/pacific-islands-private-sector-organisation-pipso/>

¹² ADB/AusAid/New Zealand Aid Program. Pacific Private Sector Development Initiative. <http://www.adbpsdi.org/p/what-is-psdi.html>

¹³ ADB. 2015. *Asia Small and Medium-sized Enterprise (SME) Finance Monitor 2014*. Manila. <https://www.adb.org/publications/asia-sme-finance-monitor-2014>.

¹⁴ World Bank. 2018. *Doing Business 2019: Training for Reform*. Washington. <http://www.doingbusiness.org/en/reports/global-reports/doing-business-2019>.

¹⁵ Organisation for Economic Co-operation and Development. 2018. *SME and Entrepreneurship Policy in Indonesia 2018: OECD Studies on SMEs and Entrepreneurship*. Paris. p. 19. https://read.oecd-ilibrary.org/employment/sme-and-entrepreneurship-policy-in-indonesia-2018_9789264306264-en#page19.

¹⁶ ADB. 2019. Meetings with Ministry of Cooperatives and SMEs. Jakarta, January 2019.

Viet Nam: WSMEs' specific needs have fallen under the radar, with little awareness that they are a distinct category with different challenges than male counterparts. Financial institutions do not systematically collect sex-disaggregated data on their SME clients, perpetuating the 'invisibility' of their issues, and until recently, there was no regulation on the definition of women-owned/led businesses. In 2018, the Law on Support for Small- and Medium-Sized Enterprises (SME Law) came into force. This law formalizes a definition of and prioritizes assistance and private lending to WSMEs, both of which were recommendations from an ADB-supported report in 2016.¹⁷ To date, little follow-up action has taken place. However, government agencies have recognized the need to implement the SME Law and have requested support from ADB through WAVES. Other public interest in supporting an enabling environment includes the central bank, the State Bank of Viet Nam (SBV), who has expressed strong interest in strengthening financial inclusion for women: WAVES has drawn on SBV's invitation to undertake a gender gap assessment in order to strengthen its own systems and procedures. Financial technology (Fintech) has also been strongly promoted by SBV in part because of its potential to reach women who may have been otherwise disadvantaged or unable to access traditional financial services due to financial literacy, geography, and risks over mobility.

In the **Pacific**, governments have enacted series of policy and regulatory reforms to support business development, which have also had positive spillovers for women through reducing time spent on business administration or reduced requirements for collateral. Through ADB's Private Sector Development Initiative (PSDI), governments across the region have introduced secured transactions laws (Fiji, PNG, Vanuatu, Tonga, Solomon Islands), online business registries (Samoa, Solomon Islands, Tonga, Vanuatu), and developed policies on public-private partnerships (PNG, Fiji, Tonga). Programs targeting women's businesses have tended to focus on microenterprise support.¹⁸ For example, the Fiji Ministry of Women, Children and Poverty Alleviation offers grants of up to F\$ 5,000 to individuals or groups of women working collectively to start up small informal businesses. There are new initiatives to support women's employment within the private sector: the IFC launched an initiative in 2018 to support childcare options through private companies to reduce women's time poverty and enhance access to decent work.

C. Rationale for Use of We-Fi Financing and Alignment with Funding Principles

For ADB, **We-Fi is a unique opportunity to accelerate progress on gender equality and challenge the entrenched status quo** that prevents WSMEs from flourishing. ADB has been investing in women's entrepreneurship in the Asia-Pacific region, as part of its commitment to advancing women's economic empowerment, which is one of the operational priorities of its newly adopted Strategy 2030. Mainstreaming ambitious gender targets is a hallmark of ADB's operations: by 2030, it is expected that 75% of all ADB projects will promote gender equality. Although ADB has a strong track record on SME development, including WSMEs through both sovereign and non-sovereign lending and technical assistance (see Annex 1), its standard approach to setting gender targets in favor of WSMEs is facing increased resistance from private and public sector partners, in particular in middle-income economies, where access to alternative funding sources not tied to gender targets is easier. As grant financing, We-Fi acts as a strategic lever to open new avenues of engagement and dialogue with public and private sector partners, and provide incentives for behavior change, which would not be feasible through conventional products.

The WAVES Program has selected Indonesia, the Pacific, and Viet Nam based on the following criteria. First, ADB's ability to **leverage** its One ADB sovereign and non-sovereign operations in these countries. Through ADB's leverage, the WAVES program expects to mobilize 12.2x for every We-Fi dollar, including

¹⁷ Footnote 8.

¹⁸ Footnote 13. p.14.

ADB resources, private sector mobilization and other donor funding. In Viet Nam, the We-Fi grant will mobilize an estimated US\$ 175 million, achieving 11x leverage. In Indonesia, the We-Fi grant will mobilize an estimated US\$ 230 million, achieving 18x leverage and in the Pacific the We-Fi grant will mobilize an estimated US\$ 17 million, achieving 3x leverage.

Second, the WAVES Program will complement and enhance existing ADB sovereign and non-sovereign operations in these countries, and be aligned with national priorities. ADB's ongoing projects and SME pipeline in these countries will ensure efficient and timely implementation and coordination of all activities, including robust monitoring and evaluation, and safeguards policies following ADB procedures. The WAVES Program has been structured to address the multi-dimensional constraints to WSME's access to finance, and each country component will provide capacity support and incentives for change to government counterparts, private sector clients as well as civil society organizations and WSMEs. In Indonesia, ADB is supporting the government's financial inclusion priorities, including to youth and women; in the Pacific, ADB has been supporting strengthened business environment, including women's businesses, and public sector management, and in Viet Nam, ADB has been supporting SBV's emphasis on fintech to promote financial inclusion, and has been invited to support the implementation on WSMEs of the SME Law of 2017. Moreover, **partnerships** at the national level have been sought to create further synergies: these include with the International Labor Organization (ILO) in Indonesia, with the Women's Initiative for Startups and Entrepreneurship (WISE), a nonprofit social enterprise corporation in Viet Nam, which has been running business accelerator programs for women; with She Loves Tech, the world's largest women in technology competition. Consultations have also taken place with the ASEAN Women's Entrepreneurship Network (AWEN), and the Women in Business Fiji association. Knowledge-sharing on WSME policy and data will also be undertaken with other organizations, such as UNESCAP and the OECD.

Third, country assessments highlight the **gender disparities in access to finance** and need for innovative interventions. The significant gender SME financing gap demonstrates that despite middle-income status, WSMEs remain severely underserved and overlooked as economic actors. In Southeast Asia and the Pacific, overwhelming numbers of women-owned/led businesses remain trapped at the lower end of the market: the bigger the size of the firm, the less likely it is led/owned by a woman. Running a successful business is a particularly uphill challenge for women from rural areas or ethnic minorities, due to higher levels of poverty and less opportunities for training as well as finance. WAVES will be targeting its activities to poor and rural regions of these countries, including provinces recently affected by natural disasters in recognition of these additional challenges (see III.B). Systemic inequalities in the market and in society underpin the gender financing gap. These entrenched inequalities suggest that a business-as-usual approach risks perpetuating or exacerbating the gender gaps in entrepreneurship: out-of-the-box solutions such as We-Fi are required to instigate change. Given ADB's entry points to push for progress among private and public sector actors in these countries, the WAVES program would be a timely response to stimulate change in perceptions and behavior across the entrepreneurship eco-system.

The WAVES Program will pursue **innovative forms of blended finance** to maximize We-Fi impact in these countries. In Indonesia and Viet Nam, ADB will be using performance-based lending in its loans to FIPs. These act as significant incentives for banks to increase their outreach to women in order to take advantage of the lower rebates once they reach agreed targets for onlending to WSMEs. The design would include specific on-lending targets to reach the most underserved: targets include WSMEs operating in rural areas (where poverty rates are significantly higher), youth/ borrowing for the first time from the formal sector, and/or ethnic minorities. Institutional targets around data disaggregation, women-targeted products, and portfolio growth of lending to women-owned/led SMEs will also be likely. Blended finance would thus be a means of incentivizing behavior change of private sector partners. In the Pacific, the use of We-Fi resources as blended finance in the form of first loss credit enhancement for the gender bond in Fiji will improve the mobilization and leverage of additional funding from institutional investors. We-Fi's first loss cushion will improve the credit worthiness of a new long-term financial instrument making its risk/return

profile more attractive for institutional investors who could not otherwise buy higher risk bonds, and also reducing the funding costs for the bond issuer providing incentives to lend to WSMEs who would not have otherwise received funding due to the perceived higher risk. The blending of We-Fi resources with ADB resources and commercial investors' resources meets three purposes: i) resources optimization by incentivizing commercial investors to explore a new type of asset; ii) impact acceleration by allowing the FIP attract greater amounts of capital towards WSMEs than they could by utilizing their own funds alone; and iii) further lending to WSMEs by providing incentives to the FIP in the form of a lower cost of capital.

III. PROGRAM DESCRIPTION

A. Program Objectives:

The WAVES Program is an ambitious program that will unlock the growth potential of WSMEs, overcoming gender-specific constraints (See Part I), in Indonesia, the Pacific and Viet Nam. The WAVES program aims to build capacity across the entrepreneurial eco-system, in partnership with governments, the private sector and women's businesses, to open new doors and create an empowering environment for WSMEs to grow and scale up.

The WAVES program will leverage the 'One ADB' approach to SME financing and development, bringing together both sovereign and non-sovereign activities to maximize sustainability and achieve We-Fi's development objectives. Each program component is designed to be mutually reinforcing (*see theory of change*), adapted to national contexts and implemented with local partners. The WAVES program will build on ADB's ongoing investments to ensure timely results and draw on ADB's in-country networks. Moreover, the program will also draw on lessons learned from the ongoing We-Fi project in Sri Lanka.

B. Program Components, Budget and Workplan

INDONESIA: US\$ 12.7 million (We-Fi), US\$ 135.8 million (ADB), US\$ 94.3 million (Partners)¹⁹

Component 1: Improved access to finance (Total US\$ 162.4 million; US\$ 7.3 million from We-Fi)

In Indonesia, ADB will leverage its private sector programs and pipeline (foreseen for late 2019) with FIPs to provide a range of gender-responsive financial services and products, including access to credit, to WSMEs. These activities will be supported by a capacity development program carried out in partnership with ILO's "Promoting Micro and Small Enterprises through Entrepreneurs Access to Financial Services (PROMISE IMPACT) program. This component will last from 2019–2024.

Performance-based lending will be incorporated into ADB loans to local financial institutions in Indonesia. ADB will structure special pricing mechanisms that respond to the growth and performance of the WSME client portfolio. These act as incentives for the FIPs to construct and expand their portfolios of WSMEs which have been identified as high-potential clients with accelerated growth prospects. Targets of at least 30% of onlending would be set to reach particularly underserved WSMEs, notably women in rural areas (i.e. outside Jabodetabek) and youth. In Indonesia, the average age of a female entrepreneur is over 40, in a country where half the population is under the age of 30 suggesting lack of opportunities for young entrepreneurs.²⁰ In addition, growth-oriented small enterprises, who have demonstrated a successful track-record under already existing public entrepreneurship programs (e.g. KUR), but which are primed for

¹⁹ Please see Annex 2 for full program budget, including monitoring and evaluation activities not reflected here.

²⁰ Based on the legal definition, currently 50% of the population in Indonesia is comprised of youth (under the age of 30).

‘graduating’ up and are looking for expansion capital or to leverage fresh or increased capitalization from investors. FIPs would benefit through a reduction in credit financing in the latter years of the loan as reward for exceeding agreed to development performance benchmarks with WSME clients.

Facilitating Indonesian WSMEs access to global markets through partnerships with local banks in ADB’s Trade Finance Program (TFP) and Supply Chain Finance Program (SCFP). With an increasing number of bank partners joining ADB’s programs in Indonesia, the various benefits brought on by these very programs: credit limit expansion, capital relief, and increased profitability, can be passed on and benefit WSME clients to these banks. ADB will work with existing and newly participating banks in the TFP and SCFP to engage growth-oriented WSMEs with prospects to expand internationally or support it in the capital investment that will permit the WSMEs to participate more meaningfully as a supplier in an ecosystem to larger corporate clients.

ADB will develop risk-sharing products to address the lack of appropriate collateral, which is a significant obstacle to financial inclusion for SMEs, and in particular WSMEs. ADB will work with FIPs in designing funded products to provide the needed capital to complement collateral requirements for eligible WSMEs. This would be structured as a revolving facility, permitting multiple uses of assigned funds to benefit a large number of WSMEs.

Capacity development of financial institutions to deliver gender-responsive financial products and services, in partnership with the ILO. Through PROMISE IMPACT program in Indonesia, ILO has been able to test innovative models to help financial institutions to provide value-added services to their clients with tools also developed for the WSME segment. ADB and ILO will partner to scale up the existing training program to reach new bank partners in underdeveloped provinces of Indonesia: Sula Tenggara Barat (NTB), Nusa Tenggara Timur (NTT), Central Sulawesi. NTB and Central Sulawesi have been struck by recent earthquakes, and have high poverty rates: these activities would thus aim to support local women’s businesses’ recovery and build resilience. ILO will carry out gender assessment of at least 12 financial institutions; training and technical assistance to managers of financial institutions; specialized training for loan officers which can help them to look for new market segments (WSMEs) and provide business counselling to WSMEs. Interested banks will also be supported to undertake pilots to test new products, including better data collection practices of their existing WSME portfolio (2020–2024).

Component 2: Enhanced enabling policy and regulatory environment (Total US\$ 51.7 million; US\$ 1.7 million from We-Fi)

ADB has been supporting the Government of Indonesia on responsible financial inclusion through enhanced access to finance through innovative approaches, financial literacy and financial consumer protection, with a strong focus on women, through the Financial Market Development and Inclusion Program (FMDIP) (US\$ 1.3 billion over 6 years). For the period 2020–2024, ADB will mobilize two future sovereign loans (US\$ 400 million each) and a technical assistance program (US\$ 0.8 million), integrating a WSME focus across key policy activities:

WSMEs demand-side national survey: ADB will support the Government to collect the requisite data on constraints on women MSMEs through a comprehensive national survey. The proposed survey aims to identify financial behavior, financial literacy levels, business goals, and incentives for WSMEs to become formalized. The survey will further identify the constraints for WSMEs from different dimensions such as household, socio-cultural, economic, and regulatory focusing on different age groups. The survey will collect this data based on the priority sectors identified such as agriculture, manufacturing and retail covering all provinces in Indonesia. Considering the significant number of women-owned micro enterprises in Indonesia, the survey will specifically look at constraints for women to graduate from micro to small, and from small to medium enterprises to capitalize their huge potential for sustainable economic development in Indonesia (2020–2021).

WMSMEs supply-side survey: Complementary to the demand-side survey, ADB will also support the government to conduct a supply side survey of financial institutions supporting WMSMEs (2020–2021).

Gender gap assessment of WMSMEs finance policies: ADB will support a gender gap assessment of MSMEs finance policies across the Ministry of Finance, Indonesian Financial Services Authority (OJK), and Bank Indonesia (BI) in improving access to finance for women entrepreneurs (2020).

National strategy for WMSMEs: In line with the SNKI, ADB will support a National Strategy for WMSMEs based on the findings from the demand side survey, supply side survey, and the gender gap assessment of WMSMEs finance policies with specific focus on supporting women to graduate from micro to small, and from small to medium enterprises (2022).

Working group on women financial inclusion and MSMEs under National Council for Financial Inclusion (DNKI): ADB is supporting the Youth Financial Inclusion Working Group (YFIWG) under the National Council for Financial Inclusion (DNKI) to coordinate youth financial inclusion initiatives. ADB will support the establishment of a similar working group for women financial inclusion and MSMEs under the DNKI in collaboration with relevant government agencies, the ILO, private sector, academia and also ASEAN Women’s Entrepreneurship Network (AWEN) to coordinate and support the related activities and the development and implementation of National Strategy for WMSMEs (2020–2024).

Development of policies to support women-owned fintech SMEs: ADB is currently supporting the OJK’s Fintech Roadmap and Regulatory Sandbox for Fintech companies. According to OJK, women represent only 10% of professionals at the ‘C’ level (CEO, CMO, CFO, and COO) in Fintech companies. ADB will support development of policies which support women-owned Fintech SMEs which could also support development of gender sensitive Digital Financial Services (DFS) for WMSMEs towards increased financial inclusion (2020–2024).

Component 3: Capacity development of WSMEs (Total US\$ 27.2 million; US\$ 2.2 million from We-Fi)

Financial literacy content and programming: ADB has been supporting OJK Financial Literacy and Education Department on “Y-Bank”, an initiative supporting financial literacy and career development for Indonesian youth in the financial services sector, along with more than 20 domestic and multinational financial service providers. ADB, in conjunction with financial services providers will support creating and conducting specific WSME financial literacy content and programming, which will be offered to 200 WSMEs per year across the country (with targets set for less developed provinces) to equip them with the necessary skills as a precursor to access to capital (2020–2024).

Business acceleration program: A parallel financial literacy and business acceleration program will be developed with government to assist 200 women-owned businesses per year with high growth potential to enable them to scale (2020–2024).

Digital platform for WMSMEs: ADB will support development of a digital platform for WMSMEs. The platform will support knowledge dissemination, data collection, and coordination of WMSMEs initiatives and the proposed national strategy. ADB has been supporting OJK in developing financial literacy e-modules and this platform will provide access to learning modules for WMSMEs (2020–2024).

Financial inclusion and WMSMEs Ambassadors: ADB engaged over 100 trained Youth Financial Inclusion Ambassadors (YFIA) for the recent youth survey. In order to build young women’s voice and agency at the community level, YFIAs and Y-Bank participants, who are 67% female, will be further trained to act as WMSMEs Ambassadors, providing vital information on available resources to communities across the country. An estimated 1, 000 WSMEs per year will be reached (2020–2024).

Promoting WSMEs in the technology sector: The WAVES program will partner with She Loves Tech in Indonesia, to open new opportunities for local WSMEs in the technology sector to gain access to vital networks, training and capital. 50 WSMEs per year will receive specialized business skills training, access to investors and mentors, and a bootcamp, as well as supported to take part in the She Loves Tech national competition for best technology product with positive impact for women. Activities include monthly networking events with investors, mentorship opportunities, and opportunity to pitch their ideas in front of investors at the national competition (2020–2023).

THE PACIFIC: US\$ 6 million (We-Fi), US\$ 2 million (ADB), US\$ 15 million (Partners)

Component 1: Access to finance (US\$ 21.5 million, of which US\$ 4.5 million from We-Fi)

In the Pacific, ADB will focus on increasing women’s access to finance in the two largest economies of the region, Fiji and Papua New Guinea.

First gender bond in Fiji and South East Asia-Pacific issued in the local capital market (US\$ 10.5 million, of which US\$ 3.5 million from We-Fi). A gender bond is a bond issued following the Social Bonds Principles (SBP)(Voluntary Process Guidelines for Issuing Social Bonds) by the International Capital Market Association (ICMA)²¹ and whose specific use of proceeds will be to finance a portfolio of WSMEs. Fiji is a well-suited country to pilot the gender bond for several reasons: i) Fiji houses one of the only two stock exchanges in the Pacific, the South Pacific Stock Exchange (SPSE), and ii) the Fijian Government has already issued a green bond in the international capital markets, funded partly by Fijian institutional investors, so there is already awareness among the local investment community about the importance of thematic financial instruments. ADB will use We-Fi funds to provide a first loss tranche and credit enhance the locally issued gender bond to improve the issuance’s credit rating thereby increasing its attractiveness to local investors. ADB and the FIP will work with local rating agencies to determine the optimal percentage of credit enhancement needed to increase the rating of the bond, while making the economics work. We-Fi funds will be used to support the development of the gender bond prospectus, registration in the SPSE, credit rating of the bond, social audit, roadshow, and marketing materials.

Strengthen capacity of the partner financial institution (US\$ 0.5 million, of which US\$ 0.5 million from We-Fi). This subcomponent will strengthen the FIP’s ability to serve WSMEs and to develop the specific skillset and processes necessary to comply with the SBP. Specifically, this entails:

- Principle #1 – Use of proceeds: the FIP will receive support to build grounding internal capacity to originate and serve WSME loans, such as for example, conducting a baseline gender gap analysis, preparing a gender action plan, and supporting its implementation. The action plan is expected to emphasize strengthened data collection, improved business development services, and greater outreach via financial technologies. Building the pipeline of WSMEs to be financed by the FIP ahead of the gender bond issuance will be crucial. For this, ADB and the FIP will partner with the Fiji Women in Business Association, as well as other business coalitions;
- Principle #2 – Process for project evaluation and selection: definition and communication to investors of the gender bond social objectives, project selection process, and project eligibility criteria;
- Principle #3 – Management of proceeds: definition of the processes that will allow tracking the proceeds in a formal internal process linked to the issuer’s lending and investment operations for lending to WSMEs; and

²¹ International Capital Market Association. Social Bond Principles. <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>.

- Principle #4 – Reporting: development of an annual report including a list of the projects to which the gender bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.

This subcomponent will not only mobilize and channel funds to WSMEs, but also, raise awareness among mainstream institutional investors about the importance of increasing access to finance for WSMEs in a rigorous and measurable manner. It will also be linked to the training activities to WSME clients provided by the FIP (Component 3).

In Papua New Guinea (PNG), ADB will support the development of **gender-responsive digital finance solutions** in partnership with a local financial institution (US\$ 5.5 million, of which US\$ 0.5 million from *We-Fi*). Lack of infrastructure to connect the main trade urban centers with the highlands, makes digital finance a relevant solution to increase access to finance for WSMEs in a country like PNG. This component will build on ADB's experience of supporting the Bank of PNG in the creation of a national digital ID and the partnership that ADB has established with a local FIP to support its digitalization process. The *We-Fi* funds will be used to implement some of the digital finance solutions that have already been identified with an emphasis on the needs of WSMEs. In the next five years, the FIP is expected to disburse at least US\$ 5 million of its own resources to WSMEs through new digital finance channels.

Component 2: Reduced non-financial barriers/ enabling environment (US\$ 0.5 million, of which US\$ 0.5 million from We-Fi)

ADB will build on its track record on supporting public sector management and private sector development to foster enabling policy environments for WSMEs across the Pacific.

Building new knowledge pipelines on business opportunities for WSMEs: will leverage investments in e-governance and ICT to explore the opportunities and barriers to WSMEs in e-commerce as a means to expanding their access to markets, particularly domestic and growing tourism markets.²² Analysis will focus on how women can better leverage digital technologies for their businesses, including a gender-gap assessment of the policy and regulatory environment (SMEs, e-commerce and tourism) across a small range of countries. ADB's PSDI initiative has worked with ministries of commerce to develop online business registries: in countries without sex-disaggregated data, ADB will work with national partners to collect and analyze data on women's businesses.

Deep dive into systemic barriers to women's economic empowerment: ADB will carry out analysis on two key issues confronting women entrepreneurs. Topics include: supporting women's microenterprises to "graduate" to small and medium-size businesses and become formalized; and examining **linkages between women's economic empowerment and gender-based violence (GBV)**. Previous research in the Pacific has highlighted the prevalence of GBV and the link between women's leadership, women's economic empowerment, and gender-based violence.²³ This is an opportunity to better understand GBV as a key barrier for women's participation and leadership in SMEs; to look at the wider benefits of women's leadership and economic empowerment through WSMEs; and to consider the benefits of e-commerce and digital finance in addressing some of the challenges WSMEs face relating to GBV.

²² ADB has invested in high speed connections in FSM, RMI, Palau, Vanuatu, PNG, Tonga, Samoa and Fiji and submarine cables are planned in the Cook Islands and the Solomon Islands.

²³ Eves, Richard and Crawford, Joanne. 2014. Do No Harm: The relationship between VAW and Women's Economic Empowerment in the Pacific. *In Brief*. No. 2014/3. Australian National University. Canberra. <https://pacificwomen.org/research/do-no-harm-the-relationship-between-vaw-and-womens-economic-empowerment-in-the-pacific/>.

Regional WSME workshop: ADB will convene a regional workshop with a range of stakeholders including Government representatives, development partners, WSMEs, private sector and non-government organizations. As well as sharing findings from the analysis and showcasing innovation and good practice, the workshop will develop commitments and action plans, recognizing the roles that different stakeholders can play in supporting women SMEs and e-commerce. Action plans will be used to inform project concepts which will be considered for future ADB financing.

Component 3: Capacity development of WSMEs (US\$ 0.25 million, of which US\$ 0.25 million from We-Fi)

WSME clients of the FIPs in Fiji and PNG will receive tailored training and ongoing support to help them grow their businesses. ADB's experience in other countries shows that complementing WSME loans with non-financial products such as training, mentoring, or networking opportunities, is essential to increase the viability of WSMEs and their capacity to service their debt. ADB will work with the FIPs and local partners, such as Women in Business Fiji and the Business Coalition of Women in PNG, as well as training institutes to develop a curriculum that could eventually be rolled out to other FIPs in the region.

VIET NAM: US\$ 15.5 million (We-Fi), US\$ 150 million (ADB), US\$ 25.1 million (Partners)

Component 1: Improved access to finance (US\$ 186.3 million, US\$ 11.2 million from We-Fi)

Performance-based lending: ADB will use performance-based lending in combination with capacity development technical assistance and ADB lending products to improve Vietnamese WSMEs' access to finance. This approach builds on ADB's experience in the Vietnamese financial sector. ADB, for example, signed a \$200 million loan in December 2018 to the Joint Stock Commercial Bank for Investment and Development of Vietnam for SME lending. Additionally, ADB has taken a lead in Vietnamese fintech, including co-sponsoring the Fintech Challenge Vietnam and the Fintech Vietnam Forum with the Australian government in 2018. Performance-based pricing is a promising tool for incentivizing Vietnamese market participants, which tend to be exceptionally price sensitive, to undertake the upfront costs associated with mobilizing finance to underserved populations. ADB is targeting two projects: a US\$ 50 million non-sovereign loan signed in 2020 with the targets to be attempted over 3 years and a US\$ 100 million sovereign loan signed in 2021 with the challenge targets to be attempted.^{24[00]}

Capacity development support for local financial institution partners to strengthen their business development services for women. In Viet Nam, few financial institutions offer products designed for women, collect sex-disaggregated data, or train their staff on the needs of WSMEs.²⁵ The capacity development will begin with a gender gap analysis of participating banks followed by an action plan to be approved by the financial institutions' boards, and finally technical support for their implementation. These action plans are expected to address reform of bank policies, proposals for leveraging digital technologies to facilitate sex-disaggregated data collection and provide gender-responsive development services (including fintech), and greater outreach tools to their female clients. ADB will leverage two other technical assistance projects with Vietnamese FIPs focusing on digital finance for women. To ensure that the Vietnamese financial sector benefits more broadly from this capacity development, ADB would (i) extend it to the State Bank of Viet Nam and one other financial institution that is not participating in the performance-based pricing but that has demonstrated potential to expand their services to women-owned/led businesses. Case studies and a seminar will be organized to disseminate good practices and lessons learned with the Vietnamese financial sector.

²⁴ Depending on government preferences, the performance-based lending may replace a non-sovereign loan to a state-owned bank with the proposed sovereign project.

²⁵ International Finance Corporation. 2017. *Women-owned enterprises in Vietnam: Perceptions and Potential*. https://www.ifc.org/wps/wcm/connect/45c8b501-6239-45b2-bf4c-dae2b6d7647b/Market-study-on-Women-owned-enterprises-in-Vietnam_Eng_v1.pdf?MOD=AJPERES

Component 2: Reduced non-financial barriers/enabling environment (US\$ 1.0 million, of which US\$ 1.0 million from We-Fi)

Supporting implementation of WSME prioritization in the SME Law: This component would complement ADB's ongoing efforts to strengthen Viet Nam's policy framework for financial inclusion. In 2018, ADB approved the "Financial Sector Development and Inclusion Program" that, among other objectives, supports the development of the legal framework for microfinance operators under the Viet Nam Women's Union. ADB expects its support for financial inclusion policy reform to continue into 2021 when a second subprogram is planned to focus on fintech, financial literacy, and consumer protection. Although the 2017 Law on Support for Small- and Medium-Sized Enterprises (SME Law), includes now a legal framework for identifying and supporting women-led SMEs, there are untapped opportunities to operationalize the law and, more generally, to strengthen the policy framework for WSMEs. Under this component, which would be implemented over 2 years beginning in 2020, ADB would help to capitalize on such opportunities through:

- i. Identifying unmet mandates—including the facilitation of venture capital to WSMEs—under and providing support for the implementation of the SME Law;
- ii. Reviewing other regulations and the national financial inclusion strategy and providing recommendations and implementation support to enhance financial access for women-led/owned SMEs;
- iii. Reviewing national strategies and recommending how to incorporate actions to support women-led/owned;
- iv. Consultations with national women's business groups, including the Viet Nam Women Entrepreneurship Association, the ASEAN Women's Entrepreneurship Network, and the Viet Nam Women's Union (inter alia).
- v. Conducting a gap analysis of the data on WSMEs and developing an action plan to strengthen its collection, analysis, and dissemination; and
- vi. Disseminating this outputs' findings and recommendations.

Component 3: Capacity development of WSMEs (US\$ 1.2 million, of which US\$ 1.2 million from We-Fi).

Business accelerators and capacity training are proven tools to support promising women-owned/led enterprises. This component would build on ADB's partnership with the Women's Initiative for Startups and Entrepreneurship (WISE). WISE is a market leader in providing business acceleration services and capacity development training to women's start-ups and SMEs in Viet Nam. For WAVES, WISE will tailor its programs to focus on small enterprises that either have high revenue growth potential and/or whose businesses significantly improve living standards for Vietnamese women. This component would facilitate three cohorts, one per year from 2020 through 2022; each cohort would complete a 6-month program that would provide education, coaching, networking opportunities, and mentoring. For the capacity development, 1,000 women would receive training in various aspects of business development. To ensure that the We-Fi grant reaches women with less opportunities to take part in training, at least 200 of the women trained will belong to ethnic minorities due to the higher poverty rate. In addition, to support WSMEs in technology, WISE will also coordinate with She Loves Tech to organize the national She Loves Tech competition in Viet Nam.

C. Program Beneficiaries

The WAVES Program will target the following direct and intermediary beneficiaries:

1. WSMEs

The IFC definition of SMEs and women-owned/led businesses has been adopted across all countries.

An expected total of 16, 775 women will benefit from the WAVES Program. The WAVES Program will target growth-oriented women's businesses in Indonesia, the Pacific and Viet Nam, creating a ladder of opportunity for high-potential small businesses to graduate into successful SMEs. WAVES will be identifying and targeting growth-oriented and "opportunity-driven" enterprises, which are distinct from "necessity" businesses, where growth potential is lower, and there is less need for longer-term financing and other financial products. In Indonesia, an estimated 80% of women entrepreneurs define themselves as "opportunity motivated" yet the US\$ 6 billion gender financing gap highlights the important chasm between motivation and available mechanisms to support graduation.²⁶ As noted in Part II, WSMEs across these countries represent a minority of women's businesses who have been able to 'graduate' from microenterprise. WSMEs in these countries are concentrated in the following sectors: manufacturing, trade, hospitality/tourism, and services.²⁷ WAVES will also be targeting women's businesses in the technology industry through a partnership with She Loves Tech, in order to facilitate more women to enter and be successful in this non-traditional male-dominated sector.

This is exacerbated by discriminatory laws, norms and practices that impact women's ability to access finance and run a business. Across these countries, discriminatory laws still prevent women from working in all sectors: for example, in Viet Nam, women are prohibited from working in male-dominated industries, such as mining and construction, which also tend to be higher-paid sectors.²⁸ Discriminatory norms also adversely impact on their ability to take advantage of business opportunities, or to take informed decisions. Equal rights to land ownership have not translated into equal outcomes, for instance: only 10% of agricultural land in Southeast Asia is owned by women, mirroring preferences for men as head of households, and explaining why women are seen as more "risky" given lack of collateral.²⁹ Prevalence of sexual harassment/violence is a factor restricting women's ability to travel to access markets, while unequal gender relations within the household often compromise ability to make decisions over their businesses or income.³⁰ Anecdotal evidence points to discriminatory practices such as only recognizing male head of households lead women to register their businesses under their husband's name.³¹

Consultations with women's business coalitions, the Indonesia WSME survey and periodic focus groups (see IV C) with WSMEs will ensure that the WAVES Program is evidence-based and mirrors WSME needs. While WSMEs are already underserved in these countries, those from rural areas, ethnic minorities and underdeveloped regions, as well as youth (e.g. Indonesia) face additional levels of discrimination and challenge to access finance. In Viet Nam, ethnic minorities are 14% of the population but represent 70% of the country's poor. In Indonesia, youth/first time borrowers remain shut out from entrepreneurship opportunities.

2. Intermediary beneficiaries

The experience of participating in the WAVES Program will have a demonstration effect on **financial institutions**, fostering stronger appreciation of WSMEs as a strategic market segment and thus promoting long-term behavior change. Participating financial institutions will be selected based on commitment to achieving WAVES targets, have passed a satisfactory due diligence by ADB, their SME portfolio and

²⁶ Footnote 10, p. 3

²⁷ World Bank. 2016. *Women Entrepreneurs in Indonesia: A Pathway to Increasing Shared Prosperity*. Washington. p. 30.; ADB. 2014. *Women and Business in the Pacific*. Manila.; and Footnote 8.

²⁸ Footnote 25, p. 14.

²⁹ Footnote 10, p.11

³⁰ See PNG example

³¹ ADB. 2014. *Gender Toolkit: Micro, small, and medium-sized enterprise finance and development*. Manila.
<https://www.adb.org/sites/default/files/institutional-document/34125/gender-tool-kit-mse-finance-development.pdf>

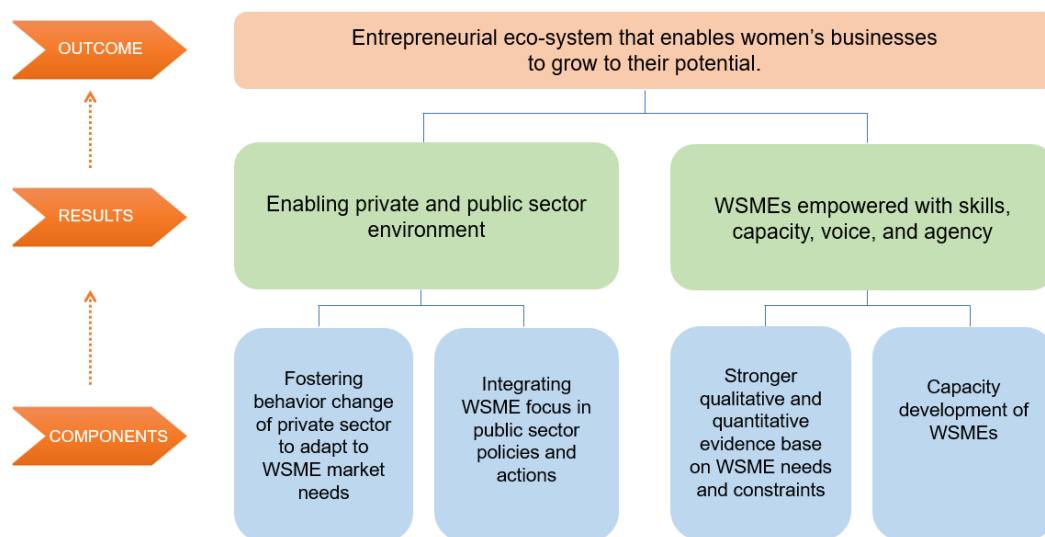
ability to deliver, client coverage and location, and willingness to take part in capacity development programs. Selected FIPs across WAVES countries were already consulted during project design. FIPs taking part in the PROMISE IMPACT program in Indonesia, will be selected based on formal expressions of interest, with preferences for rural and development banks in underdeveloped provinces of Sunda Tenggara Barat (NTB), Nusa Tenggara Timur (NTT), Central Sulawesi. Other intermediary beneficiaries include **government agencies**. Policy support to government agencies will enhance their awareness of policy and regulatory needs for WSMEs and increase efficiency to deliver targeted policy responses.

D. Theory of Change and Results Chain

The WAVES Program is based on a theory of change which aims to stimulate synergies across each component in order to promote a gender-responsive entrepreneurial eco-system and break down barriers for women's businesses in the Southeast Asia and the Pacific region that are keeping them trapped at lower levels of the value chain. Behavior change through incentives and capacity development support of key stakeholders are at the core of the WAVES Program: each program component is designed to operate in parallel albeit in a mutually reinforcing manner. The WAVES Program is based on two main pillars, each tackling different constraints in the current business environment in the region. 1) *Institutional behavior change*: On the one hand, WAVES will support activities that enable the financial and banking sector to adapt their current practices to support WSMEs, and improve the business environment. Incentives for behavior change include performance-based lending programs or the gender bond, which will also enhance the FIPs' reputation as an innovative market leader. This will be complemented by capacity development aimed at strengthening their awareness and capacity to develop targeted financial products for growth-oriented women's businesses. Raising awareness and integrating the WSME focus in public sector policies is another key component. For this, the program will tackle the persistent information asymmetries between financial institutions, women-owned firms, and governments, promoting the visibility of WSMEs on the policy radar, and leading to tangible actions.

2) *Empowering environment for WSMEs*: On the other hand, the WAVES program seeks to both strengthen the capacity of women's businesses and open more opportunities for them to grow. Evidence shows that a comprehensive approach to WSME support, from financing to skills development and market creation, tends to be the more effective approach to guarantee their growth and sustainability. WAVES' activities target growth-oriented businesses, who face the 'glass ceiling' in the absence of targeted support, and aim to enable and empower women to gain the skills, networks and confidence. Activities include: a) delivering financial literacy programs for women-led firms that allow them to successfully access finance from formal financial institutions; b) targeting WSMEs for business accelerators, networking and coaching particularly in the technology sector, which has traditionally been male-dominated; c) strengthening their voice and agency in decision-making processes, and d) identifying other social norm constraints to their empowerment through entrepreneurship.

The theory of change recognizes that the interventions must address both financial institutions with a potential to reach women-led business, and the firms that can benefit from them. It assumes that there is a minimal financial infrastructure in the 3 countries for implementing the activities, and an interest from both financial institutions and businesses to catalyze the opportunities. The additionality that the program could potentially bring in parallel to other operations, suggest this is the case. Potential risks for implementation include anti-competitive practices detrimental to WSMEs for accessing finance, and the possible shortage of eligible women-led businesses in some areas. Available data on the recipient countries suggests these risks are low. To guarantee they remain low, a successful implementation of the theory of change will require partnership with governments, relevant Ministries with SME activities (e.g. Industry, Economy, Labor, Trade), Ministries of Women/Gender, local financial institutions, and local business associations.



E. Innovation and Lessons Learned

The WAVES Program is innovative for the following three reasons: 1) The WAVES Program will be one of the first large-scale programs to deliver a ladder of opportunity for women’s businesses to graduate up and scale into dynamic SMEs in Southeast Asia and the Pacific. WAVES responds to the market gap for WSMEs who struggle without appropriate financial instruments, policy environments, and tailored skills programs to move up the value chain: WAVES recognizes that existing micro-enterprise focused approaches do not meet the need of growth-oriented enterprises and that WSMEs get stuck in the “middle”; 2) Combination of incentives and capacity development for FIPs promotes institutional behavior change with long-term effects, without creating market distortions; and 3) WAVES integrates a future-oriented approach, recognizing the importance of digital technologies for the future of entrepreneurship with activities aimed at supporting women to enter the non-traditional technology sector, where women are a minority.

The WAVES program is informed by ADB’s operational experience in SME development in the Asia Pacific region (see Annex 1), as well as ADB analysis,³² and most recently the implementation of ADB’s We-Fi project in Sri Lanka. The design has also been informed by feedback provided by public and private sector partners when consulted on WAVES. In addition, WAVES’ project design has been informed by new research conducted by the IFC on women entrepreneurs in Indonesia,³³ the Pacific³⁴ and Viet Nam,³⁵ UNESCAP and the OECD reports on WSMEs in ASEAN economies,³⁶ OECD SME analysis for Indonesia,³⁷ and the Global Entrepreneurship Monitor.³⁸ Improving the availability and quality of sex-disaggregated data on WSMEs is a cross-cutting objective of WAVES. The program will work with FIPs to improve sex-disaggregated data collection of their clients (including through digital technologies), such as size, number of employees, sector, profit, credit history, formal/informal sector. In addition, it will generate vital new WSME data through two Indonesian national surveys to capture qualitative data on

³² Footnote 10; Footnote 13; and Footnote 31

³³ Footnote 27

³⁴ International Finance Corporation. 2010. *Economic Opportunities for Women in the Pacific*. Washington.

³⁵ Footnote 25

³⁶ Footnotes 9 and 6

³⁷ Footnote 15

³⁸ Peroni, C. and Riillo, C.A.F. 2019. *Global Entrepreneurship Monitor 2017/2018*. STATEC. Luxembourg. <https://www.gemconsortium.org/>

bottlenecks as well as opportunities; and invest in strong program monitoring and evaluation databases. These will complement the robust program evaluation and focus groups that aim to provide insights into the effects of WAVES on women's economic empowerment, including inter-household decision-making power.

IV. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements:

The WAVES Program will be managed by ADB Headquarters teams from the Sustainable Development and Climate Change, Private Sector Operations, Southeast Asia, and Pacific Departments, alongside ADB resident missions in Indonesia and Viet Nam. The Program's implementing agencies have been selected based on 1) existing partnerships as part of ongoing ADB projects in those countries, ensuring efficiency in WAVES project management; or 2) specific market value for the Program as identified during due diligence. Preliminary consultations have been undertaken with government agencies in Indonesia and Viet Nam to foster ownership and receive feedback; FIPs across all countries have been consulted on the project design and their potential role.

Indonesia

Implementing Agency	Selection Criteria	Responsibility
Financial Services Authority (OJK) – Financial Inclusion and Development Department, Financial Literacy and Education Department;	<p>Strong capacity as the Implementing Agency for ongoing ADB financial inclusion programs and Technical Assistance.</p> <p>Lead for the working group for financial intermediary facilities and distribution channels under the DNKI supporting SNKI</p> <p>ADB is currently working together on the National Youth Financial Inclusion Strategy, and the YFIWG under the DNKI</p> <p><i>Consulted</i></p>	<p>WMSMEs demand side national survey (in coordination with OJK Financial Literacy and Education Department).</p> <p>WMSMEs supply side survey (in coordination with OJK Financial Literacy and Education Department).</p> <p>National strategy for WMSMEs</p> <p>Working group on women financial inclusion and MSMEs under the DNKI</p> <p>Financial inclusion and WMSMEs Ambassadors</p> <p>Financial literacy program</p> <p>Digital platform</p>
Ministry of Finance – Fiscal Policy Agency (FPA)	Strong capacity as the Executive & Implementing Agency for ongoing ADB financial	Gender gap assessment of WMSMEs finance policies

Implementing Agency	Selection Criteria	Responsibility
	<p>inclusion programs and Technical Assistance.</p> <p>Lead for the working group for financial inclusion policies and regulations under the DNKI supporting SNKI</p>	
Financial Services Authority (OJK) – Digital Finance Innovation Group	<p>Lead for the working group for financial information technology infrastructure under the DNKI</p> <p>Interest in addressing gender imbalance in the Fintech sector</p>	Development of policies to support women owned financial technology (Fintech) SMEs
International Labor Organisation (ILO)	<p>Runs the “Promoting Micro and Small Enterprises through Entrepreneur’s Access to Financial Services” PROMISE IMPACT Program with successful track record already in West and East Java.</p> <p><i>Confirmed</i></p>	Gender-focused assessment of financial institutions; Training and technical assistance to managers of financial institutions; Specialized training for loan officers which can help them to look for new market segments (WSMEs) and provide business counselling to WSMEs
She Loves Tech	<p>Biggest global competition for women in technology, connecting investors to women-owned/led technology businesses.</p> <p><i>Confirmed</i></p>	Special technology bootcamp for 50 women’s businesses, mentorship and networking program with angel investors; She Loves Tech national competition for women technology businesses.

Pacific

Implementing Agency	Selection Criteria	Responsibility
Partner financial institutions	Partners’ demonstrated capacity, its potential to support women-owned/led SMEs, and ADB’s assessment of the credit and portfolio risks.	Gender bond issuance, using proceeds to on-lend to WSMEs; institutional capacity development in Fiji. Providing

Implementing Agency	Selection Criteria	Responsibility
	<i>Consulted and expressed interest.</i>	tailored training program for WSME clients. Development of a gender-responsive digital finance product in PNG.
SPSE	Only local stock exchange.	Bond registration, partner for implementation of the Women's Business Leadership Program.
Local rating agencies	Local chapter of one of the major rating agencies based of pricing and previous experience rating similar instruments.	Bond rating.
Government agencies	Government agencies responsible for women/gender; SMEs; e-governance and e-commerce; tourism	Capacity development, gender gap assessments and participation in high level workshop to agree action planning.

Viet Nam

Implementing Agency	Selection Criteria	Responsibility
Financial institutions	Partner's demonstrated capacity, its potential to support women-owned/led SMEs, and ADB's assessment of the credit and portfolio risks. <i>Potential partners already consulted.</i>	On-lending to women SMEs; institutional capacity development
Ministry of Planning and Investment	Promulgated SME Law 2018. <i>Confirmed interest in We-Fi</i>	Gender gap assessments, action plan to implement WSME component of SME Law.
Viet Nam Bank for Social Policy	One of two public sector enterprises that can conduct financial intermediation. Mandate to extend financial services to poor. <i>Confirmed interest in We-Fi.</i>	Capacity development

Implementing Agency	Selection Criteria	Responsibility
Viet Nam Women's Entrepreneurship Association	Supports women-led SMEs, advocated for the SME Law to include WSME definition. <i>Not yet consulted.</i>	Implementing gender provisions of SME Law
Ministry of Labor, Invalid and Social Affairs (MOLISA)	Ministry mandated on gender equality <i>Not yet consulted</i>	Implementing gender provisions on SME Law
Department of Enterprise Development	Responsible for SME Law, registration of SMEs <i>Not yet consulted.</i>	Implementing gender provisions on SME Law
Women's Initiative for Women's Startups and Entrepreneurship (WISE)	Non-profit social enterprise dedicated to supporting women's startups and SMEs through business acceleration. <i>Confirmed.</i>	Business acceleration program Training for women
She Loves Tech	Biggest global competition for women in technology, connecting investors to women-owned/led technology businesses. <i>Confirmed</i>	Working with WISE to organise She Loves Tech competition in Viet Nam.

B. Role of the IP and the Role of Partners:

ADB Headquarters project team along with its resident mission finance and gender teams in Indonesia and Viet Nam will coordinate and provide oversight for all stages of the We-Fi Program. A national consultant will be hired to coordinate activities across the three countries. Any consultants hired for the We-Fi program will be based on ADB's competitive selection process, and respond to ADB. These include the national consultant, the impact evaluation team, and the training teams.

The following partners have been selected to support program delivery. Partnerships were selected based on their unique mandate, experience and activities in supporting WSMEs. All partners will receive a share of We-Fi Funds to scale up their existing activities.

Women's Initiative for Women's Startups and Entrepreneurship (WISE), is responsible for the implementation of the business acceleration program and capacity development training in Viet Nam. WISE is a non-profit social enterprise established by the Government of Australia and the ADB, in cooperation with Swiss EP and SaiGon Innovation Hub. WISE was selected on the basis of its market leader position in delivering capacity development for WSMEs (2000 WSMEs in 2018), mentorship, networking (10, 000 members) and research and advocacy. WISE operates in both cities and rural areas, focusing on

the Mekong Delta and the northern Mountainous provinces. For WAVES, WISE was involved in the project design and will integrate new targets to train particularly underserved women in rural areas of Viet Nam.

ILO in Indonesia would be responsible for capacity development training of FIPs in Indonesia. This draws on their existing **PROMISE IMPACT** Program, which has worked with 13 FIPs in East Java. ILO would partner with ADB to roll out this program to underdeveloped provinces of Indonesia: Nusa Tenggara Barat (NTB), Nusa Tenggara Timur (NTT), Central Sulawesi. ADB will coordinate other related activities with ILO, including the financial literacy program for women, and policy dialogue. ADB has a Memorandum of Understanding with ILO, and have collaborated on similar activities already.

She Loves Tech is a global platform committed to building an ecosystem for technology, entrepreneurship and innovation that creates opportunities for women. It is the world's largest technology competition focused on women-led or women-impact businesses. In Indonesia, She Loves Tech will develop a bootcamp designed to support women's businesses to leverage new technologies in their businesses, as well as organise a national competition. In Viet Nam, She Loves Tech will partner with WISE to run the She Loves Tech competition. This will be the first time ADB has partnered with She Loves Tech.

ADB will engage development partners (e.g. WB/IFC, bilateral donors, UN agencies) in policy dialogue, knowledge-sharing events and coordination of activities to ensure complementarity and synergies.

C. Monitoring and Evaluation Plan and Timeline:

To monitor the project, a few components will be implemented. 1) **A rigorous impact evaluation** in at least one program country that will use a randomized encouragement design to estimate the effect of the grant project on WSMEs including on the economic and social outcomes. A baseline survey will be conducted at the start of the project lifecycle and an endline survey will be implemented two years after the encouragement. 2) **Qualitative surveys and focus group discussions** will also be carried out with both women beneficiaries and male household members to explore questions related to economic empowerment (incentives to formalize, aspirations) and effects on inter-household decision-making, gender-based violence/intimate partner violence, in order to capture shift in perceptions and norms, and identify any negative side-effects that would need to be addressed and countered. This would occur at the beginning, mid-point and end of the program. 3) **ADB program monitoring database**: following the database established under the ongoing We-Fi project in Sri Lanka, ADB will establish databases looking at the following factors: the size of SMEs, average labor force size, purpose of loan, loan principal, interest rates and type of collateral. The statistics will be made available on an annual basis. 4) **ADB's existing project monitoring and evaluation mechanisms** will be adopted to ensure timely project implementation and to troubleshoot when issues arise.

Milestones	Expected Dates
Start of implementation	Q3 2019
Mid-term review	Dec 2022
Program/project closing	October 2024
End/completion evaluation	December 2024

D. Sustainability

The “One ADB” approach adopted for the WAVES Program will work to enhance the sustainability of each component, leveraging ADB’s long-term relationships with private and public sector partners in each country, which will continue after the WAVES Program closes. Within this framework, each of the three transversal components for each country program has been chosen to complement each other and ensure continuation of activities:

- The activities to *improve access to finance* will build up a strong ecosystem and aim at providing financial institutions with incentives and capacity for behavior change. For instance, performance-based pricing in Vietnam and Indonesia will encourage financial institutions to establish new client relationships with WSMEs that are likely to continue once clients have been initially onboarded; in the Pacific, once the gender bond instrument is tested and becomes well known to investors, it will raise awareness about the economic need to foster WSMEs as an integral part of the economic tissue, increasing the probability to be replicated in the future. This impact will be deepened by training programs to reinforce their capacity to deliver adapted WSME tools, products and services.
- The activities and policy actions to *reduce non-financial barriers and enable the business environment* aim at nurturing the ecosystem that will allow WSMEs to succeed in the long term. ADB will use its relationship with governments of Indonesia, the Pacific and Vietnam, to ensure sustained commitment on the policy and regulatory reforms; rigorous research will be used to make informed and relevant recommendations that will reflect in actions plans; and action plans will be used to inform project concepts which will be considered for further ADB financing.
- Finally, the *capacity development* activities aim at fostering a new generation of empowered women business leaders, who will have the capacity to contribute to their economies and societies. Evidence suggests the high social and economic return on investment from investing in WSMEs: in Viet Nam, for example, WSMEs hire as many as twice as many women employees than male SMEs. Long-term sustainability will also be ensured through the close working partnership with both private sector and governments to develop and deliver these programs. The overall demonstration effect will also encourage more women to launch their businesses, leading to future systemic changes.

V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

Please see Annex 3.

VI. RESULTS FRAMEWORK

Table 1: Results Framework

Aggregate Indicator	Unit of measures	Baseline	Total				
			Cumulative Target Values				
			Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Total number of women-owned/led SMEs benefiting from the program	Number of institutions	-	4,150	7,654	10,221	13,738	16,775
Total number of women-owned/led SMEs benefiting from the training program	Number of institutions	-	2,450	4,483	6,517	8,650	10,450
Total number of women-owned/led SMEs benefiting from the financing program	Number of institutions	-	1,700	3,171	3,704	5,088	6,325

Aggregate Indicator	Unit of measures	Indonesia						Viet Nam					
		Baseline	Cumulative Target Values					Baseline	Cumulative Target Values				
			Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)		Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Total number of women-owned/led SMEs benefiting from the program	Number of institutions	-	2,250	4,688	6,188	8,438	10,875	-	1,500	2,167	2,833	3,500	3,500
Total number of women-owned/led SMEs benefiting from the training program	Number of institutions	-	1,500	3,000	4,500	6,000	7,500	-	750	1,083	1,417	1,750	1,750
Total number of women-owned/led SMEs benefiting from the financing program	Number of institutions	-	750	1,688	1,688	2,438	3,375	-	750	1,083	1,417	1,750	1,750

Aggregate Indicator	Unit of mesures	The Pacific (IBRD)						The Pacific (IDA/FCS)					
		Baseline	Cumulative Target Values					Baseline	Cumulative Target Values				
			Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)		Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Total number of women-owned/led SMEs benefiting from the program	Number of institutions	-	400	800	1,200	1,600	2,000	-	-	-	-	200	400
Total number of women-owned/led SMEs benefiting from the training program	Number of institutions	-	200	400	600	800	1,000	-	-	-	-	100	200
Total number of women-owned/led SMEs benefiting from the financing program	Number of institutions	-	200	400	600	800	1,000	-	-	-	-	100	200

Table 2: Results Framework

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of mesures	Total						
					Baseline	Cumulative Target Values					
						Year 0 (2019)	Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercials institutions and IFIs	Indicator 1: Amount of non We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$ millions	-		173	298	347	401	422
			Indicator 2: Amount of new finacing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-		185	315	372	433	457
		Strengthened capacity of the financial sector to serve women	Indicator 3: 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	Number of financial institutions	-		25	65	82	82	82
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of financial institutions	-		25	63	79	80	80
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-finacial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of institutions	-		2	3	5	5	5
			Indicator 6: 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 countries	Number of institutions	-		1	2	4	4	4
			Indicator 7 : Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-		-	-	-	-	1
			Indicator 8: Number of companies that have collected sex- disaggregated data on women-owned/led SMEs in their value chain and installed a procurement baseline and targets, disaggregated by IDA/FCS countries		-		-	-	-	-	-
	improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS countries	Number of institutions	-		-	1	4	5	7
Increase in number and capacity of women-owned led SME to access markets	More women-owned/led SMEs	Increased in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	Number of women-owned/led SMEs	-		2,450	4,483	6,517	8,650	10,450
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: 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 countries	Number of women-owned/led SMEs	-		1,633	2,989	4,344	5,767	6,967
	SME contribution to economic growth	Jobs created by women-owned led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs	-		3,400	6,342	7,408	10,175	12,650

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of measures	Baseline	Indonesia					
						Year 0 (2019)	Cumulative Target Values				
							Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercials institutions and IFIs	Indicator 1: Amount of non We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$ millions	-	0	91	182	198	214	230
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	1	96	189	207	225	243
		Strengthened capacity of the financial sector to serve women	Indicator 3: 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	Number of financial institutions	-		23	60	75	75	75
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of financial institutions	-		23	60	75	75	75
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	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of institutions	-		-	1	2	2	2
			Indicator 6: 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 countries	Number of institutions	-		1	2	3	3	3
			Indicator 7: Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-		-	-	-	-	-
			Indicator 8: Number of companies that have collected sex- disaggregated data on women-owned/led SMEs in their value chain and installed a procurement baseline and targets, disaggregated by IDA/FCS countries		-		-	-	-	-	-
	improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS countries	Number of institutions	-		-	1	3	4	6
Increase in number and capacity of women-owned led SME to access markets	More women-owned/led SMEs	Increased in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	Number of women-owned/led SMEs	-		1,500	3,000	4,500	6,000	7,500
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: 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 countries	Number of women-owned/led SMEs	-		1,000	2,000	3,000	4,000	5,000
	SME contribution to economic growth	Jobs created by women-owned led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs	-		1,500	3,375	3,375	4,875	6,750

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of mesures	Baseline	The Pacific (IBRD)					
						Year 0 (2019)	Cumulative Target Values				
							Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercials institutions and IFIs	Indicator 1: Amount of non We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$ millions	-	-	7	7	7	7	7
			Indicator 2: Amount of new finacing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	-	11	11	12	12	12
		Strengthened capacity of the financial sector to serve women	Indicator 3: 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	Number of financial institutions	-		1	2	2	2	2
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of financial institutions	-		1	2	2	2	2
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-finacial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of institutions	-		1	1	1	1	1
			Indicator 6: 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 countries	Number of institutions	-		-	-	-	-	-
			Indicator 7: Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-		-	-	-	-	1
			Indicator 8: Number of companies that have collected sex- disaggregated data on women-owned/led SMEs in their value chain and installed a procurement baseline and targets, disaggregated by IDA/FCS countries		-		-	-	-	-	-
	improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS countries	Number of institutions	-		-	-	-	-	-
Increase in number and capacity of women-owned led SME to access markets	More women-owned/led SMEs	Increased in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	Number of women-owned/led SMEs	-		200	400	600	800	1,000
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: 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 countries	Number of women-owned/led SMEs	-		133	267	400	533	667
	SME contribution to economic growth	Jobs created by women-owned led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs	-		400	800	1,200	1,600	2,000

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of mesures	Baseline	The Pacific (IDA Blend/FCS)					
						Year 0 (2019)	Cumulative Target Values				
							Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercials institutions and IFIs	Indicator 1: Amount of non We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$ millions	-	-	-	-	-	5	10
			Indicator 2: Amount of new finacing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	-	0	1	1	6	11
		Strengthened capacity of the financial sector to serve women	Indicator 3: Number of finacial 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	Number of financial institutions	-		1	1	1	1	1
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of financial institutions	-		1	1	1	1	1
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-finacial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of institutions	-		1	1	1	1	1
			Indicator 6: 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 countries	Number of institutions	-		-	-	-	-	-
			Indicator 7: Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-		-	-	-	-	-
			Indicator 8: Number of companies that have collected sex- disaggregated data on women-owned/led SMEs in their value chain and installed a procurement baseline and targets, disaggregated by IDA/FCS countries		-		-	-	-	-	-
	improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS countries	Number of institutions	-		-	-	-	-	-
Increase in number and capacity of women-owned led SME to access markets	More women-owned/led SMEs	Increased in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	Number of women-owned/led SMEs	-		-	-	-	100	200
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: 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 countries	Number of women-owned/led SMEs	-		-	-	-	67	133
	SME contribution to economic growth	Jobs created by women-owned led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs	-		-	-	-	200	400

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of mesures	Baseline	Viet Nam					
						Year 0 (2019)	Cumulative Target Values				
							Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercials institutions and IFIs	Indicator 1: Amount of non We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$ millions	-	-	75	108	142	175	175
			Indicator 2: Amount of new finacing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	0	77	114	152	190	191
		Strengthened capacity of the financial sector to serve women	Indicator 3: Number of finacial 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	Number of financial institutions	-	-	-	2	4	4	4
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of financial institutions	-	-	-	-	1	2	2
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-finacial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	Number of institutions	-	-	-	-	1	1	1
			Indicator 6: 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 countries	Number of institutions	-	-	-	-	1	1	1
			Indicator 7 : Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-	-	-	-	-	-	-
			Indicator 8: Number of companies that have collected sex- disaggregated data on women-owned/led SMEs in their value chain and installed a procurement baseline and targets, disaggregated by IDA/FCS countries		-	-	-	-	-	-	-
	improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS countries	Number of institutions	-	-	-	-	1	1	1
Increase in number and capacity of women-owned led SME to access markets	More women-owned/led SMEs	Increased in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	Number of women-owned/led SMEs	-		750	1,083	1,417	1,750	1,750
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: 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 countries	Number of women-owned/led SMEs	-		500	722	944	1,167	1,167
	SME contribution to economic growth	Jobs created by women-owned led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of jobs	-		1,500	2,167	2,833	3,500	3,500

VII. ANNEXES

Annex 1: Implementing Partner Track Record

ADB has significant experience in promoting women's entrepreneurship both through gender mainstreaming as well as stand-alone projects in both its sovereign and non-sovereign lending. In the period 2005–2017, US\$ 2.5 billion has gone toward women in business across 18 countries in the SME portfolio. ADB achieves this through its gender mainstreaming tools, including a rigorous four-tier classification system, which encourages gender targets and action plans: in 2018, all finance sector projects were classified as gender mainstreamed.

Recent regional and country projects on women's entrepreneurship have piloted innovative and holistic approaches to women's entrepreneurship. The Mekong Business Initiative (MBI) is an initiative sponsored by the Government of Australia and ADB which aims to improve the enabling business environment for WSMEs in Cambodia, Lao PDR, Myanmar and Viet Nam. Its activities (i) support female innovation and entrepreneurship through provision of business development support services targeting women start-ups to make them investment ready through training, mentoring and networking support as well as incubation and acceleration programs; (ii) pilot-test alternative financing mechanisms to promote financial inclusion for women entrepreneurs; and (iii) enable women business groups to dialogue with government counterparts. In Vietnam, MBI has encouraged policy change designed to support SMEs to give priority to women-owned businesses. In Lao PDR, MBI facilitated the incorporation of a working group at the Lao Business Forum to represent women-owned businesses. In Myanmar, MBI is carrying out extensive gender surveying across the agricultural value chain. MBI has also created the Women's Initiative for Start-up Entrepreneurship (WISE) to foster innovation for women-owned start-ups. The Pacific Private Sector Development Initiative, cofinanced by ADB as well as the governments of Australia and New Zealand, has been strengthening the business environment through improving access to finance, strengthening business law frameworks: supporting women's business has also been a priority.

At the country level, ADB implemented a 5-year Women's Entrepreneurship Sector Development Program in Armenia (2012–2017). Key achievements include (i) working with the Ministry of Economy and the SME Development National Center to improve the institutional framework (e.g. national strategy and action plan for women SMEs); (ii) increasing business development services and training for 3,500 women, and establishing a mentorship network; (iii) working with the SME Development National Centre to ensure that at least 50% of loan guarantees or other financial products go to women entrepreneurs; and (iv) working with the Ministries of Finance, Justice and Economy to improve the business regulatory environment. Other sovereign and non-sovereign initiatives over the past five years have been carried out in Bangladesh, Georgia, Kazakhstan, Lao PDR, and Tajikistan. In July 2018, ADB successfully started implementation of the We-Fi Project in Sri Lanka: by 1 February 2019, over 200 women have already had access to credit (above target), and more government agencies and chambers of commerce have agreed to participate in gender gap assessments.

ADB's Trade Finance Program (TFP) has also worked extensively to build institutional capacity of financial institution partners on gender equality. In 2017, TFP conducted a gender audit of volunteered partner banks to determine if the banks' human resources policies could be further enhanced to promote more women in banking.³⁹

While ADB has a successful track record overall, unachieved targets in certain projects have put the spotlight on the need for holistic design to tackle systemic discrimination and the uneven playing field. Project reports have identified insufficient capacity development of loan officers as well as women to develop viable business plans as key areas. A 2018 independent evaluation of ADB's SME portfolio found that projects which integrated actions on business environment, policy reforms, capacity development, in complement to onlending targets were more likely to be successful.

ADB's has also conducted research and analysis, including lessons learned,: this includes a co-publication with The Asia Foundation,⁴⁰ a Toolkit for Micro, Small and Medium-sized Enterprise Finance and Development,⁴¹ and a report on the

³⁹ ADB. 2018. *Boosting gender equality through ADB Trade Finance Partnerships*. Manila.

⁴⁰ Footnote 31

⁴¹ Footnote 10

Evidence and Data for Gender Equality (EDGE) survey, carried out with the United Nations Statistics Division (UNSD) and UN Women on women's asset ownership and entrepreneurship in Georgia, Mongolia and the Philippines.⁴²

Annex 2: Cost and Financing Plan

Include a detailed budget with budget notes, and the total amount of IP management fees. Where possible, the budget should be linked to individual activities and expected results. Provide specific budget information for each country or region included in the proposal. (An indicative fee cap of 7% of the We-Fi project or program/project grant amount (i.e. the amount of funding provided from the We-Fi) for IPs will support the cost of preparing project proposals and supervising projects.)

Annex 2A: Cost Estimates for We-Fi Grant (in thousands US\$)					
Program Component/Country	Amount				Share of We-Fi
	We-Fi	IP	Private Sector	Total	
Component 1: Improved access to finance					
Indonesia	7,373	60,800	94,300	162,473	5%
The Pacific	4,500	2,000	15,000	21,500	21%
Viet Nam	11,234	150,000	25,150	186,384	6%
Component 2: Reduced non-financial barriers/Improved enabling environment					
Indonesia	1,750	50,000	-	51,750	3%
The Pacific	500	-	-	500	100%
Viet Nam	1,050	-	-	1,050	100%
Component 3: Capacity development of WSMEs					
Indonesia	2,249	25,000	-	27,249	8%
The Pacific	250	-	-	250	100%
Viet Nam	1,227	-	-	1,227	100%
Monitoring and Evaluation					
Indonesia	250	-	-	250	100%
The Pacific	250	-	-	250	100%
Viet Nam	650	-	-	650	100%
Subtotal	31,284	287,800	134,450	453,534	37%
Indonesia	11,622	135,800	94,300	241,722	5%
The Pacific	5,500	2,000	15,000	22,500	24%
Viet Nam	14,162	150,000	25,150	189,312	7%
Admin and Contingencies Charge @ 10%					
Indonesia	1,162				
The Pacific	550				
Viet Nam	1,416				
Total	34,410	287,800	134,450	456,660	37%
Source: Asian Development Bank					
Notes: IP = implementing partner; WSMEs = women-owned/led small and medium-sized enterprises					

⁴² ADB. 2018. *Measuring Asset Ownership and Entrepreneurship from a Gender Perspective. Methodology and Results of Pilot Surveys in Georgia, Mongolia, and the Philippines*. Manila. <https://www.adb.org/sites/default/files/publication/419781/measuring-asset-ownership-gender-perspective-report.pdf>.

Annex 2B: Proposed Structure of Use of the We-Fi Grant Amount (in thousand US\$)

Program Component/Sub-Component/Country	Year						Total
	2019	2020	2021	2022	2023	2024	
Component 1: Improved access to finance							
Indonesia							
Access to finance	750	1,555	1,305	1,055	1,055	1,055	6,773
Capacity development of financial institutions (ILO)	-	120	120	120	120	120	600
The Pacific							
Gender bond	-	3,500	-	-	-	-	3,500
Capacity development of partner financial institution							
Fiji	-	200	200	100	-	-	500
Papua New Guinea	-	200	200	100	-	-	500
Viet Nam							
Access to finance	-	-	1,744	3,336	4,929	-	10,009
Capacity development of financial institutions	88	480	393	218	47	-	1,225
Component 2: Reduced non-financial barriers/Improved enabling environment							
Indonesia							
WSMEs demand side national survey	-	500	-	-	-	-	500
WSMEs supply side survey	-	300	-	-	-	-	300
Gender gap assessment	-	300	-	-	-	-	300
National Strategy for WSMEs	-	-	-	300	-	-	300
Working group on women financial inclusion	-	150	-	-	-	-	150
Policy support for women-owned Fintech SMEs	-	40	40	40	40	40	200
The Pacific							
Feasibility studies, gender gap assessments and regional workshop	-	100	100	100	100	100	500
Viet Nam							
Policy support for SME Law	75	412	337	187	40	-	1,050
Component 3: Capacity development of WSMEs							
Indonesia							
Financial literacy content and programming for WSMEs	-	150	130	130	130	130	670
Business acceleration program	-	60	60	60	60	60	300
Digital platform for WSMEs	-	50	50	50	50	50	250
Financial inclusion and WSMEs Ambassadors	-	100	100	100	100	100	500
She Loves Tech Bootcamp and National Competition	-	98	138	144	149	-	529
The Pacific							
Financial literacy training and mentoring for women							
Fiji	-	50	50	25	-	-	125
Papua New Guinea	-	50	50	25	-	-	125
Viet Nam							
Business accelerators and capacity training (WISE)	88	448	355	174	-	-	1,064
She Loves Tech National Competition		33	38	44	49		164
Monitoring and Evaluation							
Indonesia							
Qualitative surveys/Focus groups	-	83	-	83	-	83	250
The Pacific							
Qualitative surveys/Focus groups	-	83	-	83	-	83	250
Viet Nam							
Qualitative surveys/Focus groups	-	83	-	83	-	83	250
Impact Evaluation	-	200	-	-	-	200	400
Subtotal	1,000	9,345	5,408	6,557	6,869	2,105	31,284
Indonesia	750	3,506	1,943	2,082	1,704	1,638	11,622
The Pacific	-	4,183	600	433	100	183	5,500
Viet Nam	250	1,655	2,866	4,042	5,065	283	14,162
Admin and Contingencies Charge @ 10%							
Indonesia	75	351	194	208	170	164	1,162
The Pacific	-	418	60	43	10	18	550
Viet Nam	25	166	287	404	507	28	1,416
Total	1,100	10,279	5,949	7,213	7,556	2,315	34,412

Source: Asian Development Bank

Notes: ILO = International Labor Organization; SME = small and medium-sized enterprises; WSMEs = women-owned/led SMEs;

WISE = Women's Initiative for for Startups and Entrepreneurship;

Annex 3: We-Fi Program/Project Risk Template

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
Program 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	Unlikely	Low	Low	<p>Program design draws on ADB experience of the sector, including recent We-Fi project in Sri Lanka.</p> <p>Preliminary due diligence with government and private sector partners, as well as women’s business coalitions already performed to ensure WAVES corresponds to national contexts and needs. Research and data analysis further informed the program design. Innovative financial products (e.g. gender bond and performance-based lending) have already been discussed with financial partners.</p> <p>In PNG, there are investment constraints such as the geographically remote population, lack of physical</p>	<p>The Program will be implemented following ADB procedures, and in the cases of Indonesia and Viet Nam, will build on existing arrangements with executive agencies for implementation with national partners.</p> <p>The WAVES PNG component will aim to address some of the financial sector limitations caused by infrastructure constraints by bringing new digital finance technology and</p>

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
<p>counterparts?</p> <ul style="list-style-type: none"> The risk that program/project outputs and outcomes are not communicated specifically and precisely, so that concerned stakeholders do not get what they need, when and how they need it. 				<p>infrastructure, limited participation in the formal economy by most Papuan New Guineans and high levels of financial illiteracy.</p>	<p>leapfrogging traditional banking distribution channels. ADB has also been working with the government of PNG to support transportation infrastructure and business development support.</p> <p>-</p>
Political, Social and Governance Risks					
<p>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 (principles of Transparency, Accountability and Participation) have been adopted and implemented in the context of</p>	Unlikely	Low	Low	<p>ADB carries out risk assessments in its country partnership strategies: no material governance risks have been identified in implementation countries.</p> <p>There are national elections in Indonesia which could see a change in government. No political/social conflict expected however prioritization of women's financial inclusion could shift under a different administration. Elections in other countries are not seen as</p>	<p>ADB's activities in Indonesia will enhance the existing gender focus in at least two ADB loans, which will last until 2024. The contractual arrangements between ADB and the Government of Indonesia thus will ensure ongoing delivery of activities.</p>

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
the project or operational engagement.				<p>external risks to the delivery of the program.</p> <p>The PNG government faces a potential inability to limit debt levels coupled with fiscal and external imbalances. Economic growth is vulnerable to falling commodity prices and so is the local currency performance against the US dollar.</p>	<p>The Central Banking Act made significant changes to the relationship between the central bank and government, eliminating political influence and providing greater independence to the central bank to manage its affairs. The Bank of PNG has since been viewed as independent, and the measures undertaken were highlighted by an Australian Treasury publication as being successful in improving the financial sector in the country and a good case of reform.⁴³</p>
Fiduciary Risks					

⁴³ Biggs, P. 2007. *The financial sector in Papua New Guinea – A good case of reform.*

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
<p>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. 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</p>	Possible	Low	Low	<p>The risk of loan fraud or inadequate public financial management is low since private and public sector partners will be expected to comply with ADB procedures, including regular monitoring and due diligence.</p> <p>In PNG, low income levels and credit risk concentrations pose risks to asset quality. The subdued economic outlook for 2019 to 2020 could limit growth and heighten asset quality risks. Currency exchange restrictions for banks limit their ability to hedge against FX volatility.</p>	<p>FIPs will undertake integrity and due diligence and financial management assessment to ensure that their internal controls are sufficient to prevent any widespread abuse.</p> <p>ADB assesses public financial management in its country partnership strategies, and no risks have been identified. Existing public sector partners have demonstrated excellent capacity of financial management during the implementation of ongoing ADB loans.</p> <p>In PNG, Moody's views the overall banking sector as low risk given favorable systemic indicators (high capitalization levels, sound asset quality and liquidity) and an undeveloped capital market which effectively insulates against market fluctuations. ADB has worked with the selected FIP for several months, providing technical assistance in the areas of mobile banking with positive results. The FIP has set up a dedicated risk management division and established risk management frameworks and related policies across the entire group. The risk management activities comply with relevant regulations, including the Bank of PNG and the Investment Promotion Authority's prudential standards.</p>

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
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					
<p>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.</p> <p>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</p>	Unlikely	Low	Low	<p>The WAVES Program will be implemented in full compliance with ADB's Safeguard Policy Statement (SPS) and project management systems which signifies that executing agencies and other partners will have to integrate appropriate measures to be in compliance. ADB's SPS promotes respect for national labor standards, non-discrimination and a culture of zero tolerance for sexual harassments, as well as environment safeguards.</p>	<p>ADB's SPS will be applied to all aspects of the WAVES Program. A comprehensive safeguards assessment will be carried out in due diligence to verify institutions' safeguards mechanisms. An ADB Safeguards Officer will also periodically monitor the project to ensure compliance.</p> <p>FIPs will also be encouraged to adopt an ADB compliant environmental and social management system (ESMS) to ensure compliance with ADB's SPS.</p>

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
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.				Executing agencies involved in ADB's existing loans in Indonesia and Viet Nam have already demonstrated compliance with the SPS; Pacific governments are also involved in other ADB loans, suggesting strong capacity to deliver according to ADB safeguards standards.	