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Women Entrepreneurs Finance Initiative (We-Fi)

FUNDING REQUEST DOCUMENT

ON A PROPOSED FINANCING

IN THE AMOUNT OF {USD 61.8 MILLION}

TO THE

AFRICAN DEVELOPMENT BANK

FOR

**AFFIRMATIVE FINANCE ACTION FOR WOMEN IN AFRICA
(AFAWA)**

4 February 2019

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EXECUTIVE SUMMARY

The program's overarching objective is to improve access to finance for Women-owned/led Small and Medium Enterprises (WSMEs) across the African continent using a unique risk-sharing mechanism exclusively dedicated to WSMEs as well as overcoming some of the institutional challenges constraining access to finance by women. The program adopts a holistic approach, through offering innovative and tailored financial instruments, including a women focused first loss risk sharing facility, specialized capacity building trainings to financial institutions and WSMEs, as well as targeted initiatives to dramatically transform the business enabling environment for WSMEs.

The program will serve a diverse range of countries in Africa, with a focus on low-income and fragile countries where women entrepreneurs are underserved in accessing financing, markets, knowledge, and mentoring programs. The program's activities will be implemented in eight (8) low-income countries including Ethiopia, Mauritania, Niger, Senegal, Sierra Leone, Tanzania, Uganda and Zambia; eight (8) fragile countries including Burundi, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Mali, Mozambique, and Zimbabwe; three (3) middle income countries including Botswana, South Africa and Tunisia; and two (2) blend countries including Kenya and Nigeria.

The program's key components are as follows:

Component 1: Improving access to finance for WSMEs – The African Development Bank's various financial instruments, including lines of credit (LoCs) to financial institutions (FIs) and equity investments to non-banking financial institutions (NBFIs), will be leveraged to address the critical supply and demand side deficiencies impacting WSMEs. LOCs and equity investments will be complemented with the We-Fi grant funding to address market failures and perceived risks towards WSMEs.

Component 2: Capacity building for women entrepreneurs and financial institutions – The African Development Bank will provide capacity building services to women entrepreneurs, including access to mentoring, entrepreneurship training courses, and know-how to grow their businesses in collaboration with strategic partners implementing complementary projects. In addition, the African Development Bank will strengthen the capacities of FIs and NBFIs to address the specific needs of women-owned/led businesses through the internal strengthening of relevant functions and the development of financial and non-financial products tailored to women.

Component 3: Improving the enabling environment for women's entrepreneurship – The African Development Bank will work with central banks and relevant regulatory authorities to review and strengthen policies to support WSMEs. The component will allow for the revision of some of the existing policies and challenges identified in the two UN Women affirmative procurement studies respectively as major impediments for women's access to finance.

Component 4: Special Initiatives – this component will reinforce existing special initiatives funded by the African Development Bank and others, to improve access to finance, markets, and increase the number of bankable women entrepreneurs in sectors frequently overlooked by mainstream financiers.

The main beneficiaries of this program are WSMEs, who are currently underserved by the traditional financial ecosystem.

Expected Results: Through credit enhancement mechanisms, technical assistance offerings and policy interventions, access to finance will dramatically increase for women entrepreneurs and the business environment in targeted geographies will be transformed.

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I. BASIC INFORMATION

- i. Program/Project Name: **Affirmative Finance Action for Women in Africa**
- ii. Implementing Partner Name and Contact Persons:

Organization and Address:	
African Development Bank Group Avenue Joseph Anoma 01 BP 1387 Abidjan 01 Abidjan 01, Côte d'Ivoire Phone: +225 2026 3900	
Contact Persons:	Emails:
i. Vanessa MOUNGAR , Director, Gender, Women and Civil Society	v.moungar@afdb.org
ii. Mohamed KALIF , Divisional Manager Financial Sector Development	m.kalif@afdb.org
iii. Basil JONES , Gender Programme & Policy Coordinator	b.jones@afdb.org

- iii. Type of Program/Project: ___ Private ___ Public **X** Both
___ Single country ___ Multi-country **X** Region (s) ___ Global
- iv. Geographic Focus: **Central Africa** (Chad, Democratic Republic of Congo, Niger); **East Africa** (Burundi, Comoros, Ethiopia, Kenya, Tanzania, Uganda); **North Africa** (Mauritania, Tunisia); **Southern Africa** (Botswana, Mozambique, South Africa, Zambia, Zimbabwe); **West Africa** (Côte d'Ivoire, Mali, Nigeria, Senegal, Sierra Leone)
- v. Implementation Period¹ Start Date: **1 July 2019** End Date: **30 June 2024**
- vi. Total We-Fi Financing Amount Requested: **USD 61.8 million**

	2019	2020	2021	2022	2023	2024	Total
Total requested from We-Fi for program/project (by country, if applicable) {USD}	46.18	12.17	2.50	0.95	0.00	0.00	61.8

- **10.6%** is expected to be allocated to eligible middle-income countries of which **0%** is Fragile and conflicted states (FCS);
- **62.7%** is expected to be allocated to eligible low-income countries/International Development Assistance (IDA), of which **38.0%** is to FCS (blend countries are excluded);
- **26.7%** is expected to be allocated to blend countries of which **49.0%** is to FCS;

Note: **36.9%** of We-Fi financing expected to be allocated to eligible Fragile or conflict-affected countries/territories (out of the total funding of **USD 61.8**)

¹ In line with the AfDB calendar year

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PROGRAM/PROJECT FINANCING DATA

Total Cost of Program/Project: USD 494.6 million

Total Financing Requested from We-Fi: USD 61.8 million

Breakdown of Total Cost of Program/Project is show as per **Table 1** below:

Financing Source (s)	2019	2020	2021	2022	2023	2024	TOTAL
We-Fi	46.18	12.17	2.50	0.95	0.00	0.00	61.8
IP's Contribution[1]	67.4	67.4	67.4	67.4	67.4	-	337
Other Public Sector							
Other IFI	3.5	0.5	1.5			-	5.5
Bilateral funds	5	4	4	0.30		-	13.3
Recipient govt		0.5	0.5	0.5	0.5	-	2.0
Other sources							0.0
Private sector financing[2]	0.0	15.0	20.0	15.0	15.0	10.0	75.0
TOTAL	122.08	99.57	95.90	84.15	82.9	10.00	494.6

- **14.9%** is expected to be allocated to eligible middle-income countries of which **0%** are Fragile and conflicted states (FCS);
- **47.9%** is expected to be allocated to eligible low-income countries/International Development Assistance (IDA), of which **31.0%** is to FCS (blend countries are excluded);
- **37.2%** is expected to be allocated to blend countries of which **27.4%** is to FCS;

Note: **25.0%** of financing under the program is expected to be allocated to eligible Fragile or conflict-affected countries/territories (out of the total funding of **USD 494.6**).

Resource Mobilization/Leverage Table 2

	We-Fi financing requested(A)	IP Contribution (B)	Other public-sector contributions(C)	Private sector financing(D)	Additional leverage achieved(F)	Total leverage (B+C+D+F)=(G)
Amount(USD)	61.8	337	20.8	75	-	432.8
Ratio		5.45	0.34	1.21	-	7.00

- **15.6%** is expected to be allocated to eligible middle-income countries of which **0%** is Fragile and conflicted states (FCS);
- **45.5%** is expected to be allocated to eligible low-income countries/International Development Assistance (IDA), of which **29.4%** is to FCS (blend countries are excluded);
- **38.8%** is expected to be allocated to blend countries of which **25.5%** is to FCS;

Note: **23.3%** of the financing is expected to be allocated to eligible Fragile or conflict-affected countries/territories (out of the total funding of **USD 432.8**).

TEAM COMPOSITION

Implementing Partner Staff:	Non-Implementing Partner Staff:
Maureen Katuvesirauina Principal Investment Officer	Alasdair Charnock , CARE International
Ezana Woldegeorgise , Principal Investment Officer	Johnson Nkem Ndi , UN Women
Alex Area , Principal Investment Officer	
Rachid Ndiaye , Senior Investment Officer	
Bernard Chitunga , Investment Officer	
Emanuela Gregorio , Fashionomics Program Coordinator	
Gloria Muhoro , Gender and ICT Program Coordinator	

II. STRATEGIC CONTEXT AND RATIONALE

A. Regional Context

Women represent over half of Africa's population and have the potential to transform its economies. Women-owned/led businesses are a growing share of all enterprises in many African countries. Studies² indicate that up to one-third (34.5%) of formal firms in Sub-Saharan Africa (SSA) report women ownership participation. Development finance institutions unanimously agree on the significant business potential presented by women-owned/led Small and Medium Enterprises (WSMEs).

However, while the broader African Small and Medium Enterprises (SMEs) sector faces challenges, African WSMEs face the biggest challenge, experiencing an estimated US\$ 42 billion financing gap. WSMEs continue to face institutional roadblocks in accessing financial services due to several factors, including social and legal constraints. Studies indicate that a lack of business management skills, of bankable collateral, and of financing options catering to their specific needs, hampers the growth of WSMEs. Consequently, supporting women entrepreneurs and catalyzing private investment are crucial measures to foster inclusive economic growth in Africa.

The promotion of women entrepreneurs as part of a wider WSME development program has emerged as one of the African Development Bank's top priorities. It is within this framework that the Bank created the Affirmative Finance Action for Women in Africa (AFAWA), a pan-African initiative with a principal objective of bridging the finance gap for women in Africa and unlocking their entrepreneurial capacity. AFAWA uses a holistic approach based on three pillars: strengthening access to financing for women-owned/led businesses, building the capacity of women entrepreneurs and financial institutions, and engaging in dialogue with African governments to support key legal, policy and regulatory reforms that improve business-enabling environments to accelerate women's entrepreneurship.

The African Development Bank's We-Fi proposal seeks to provide comprehensive strategic support to urban and rural WSMEs in twenty-one countries in Africa³, based on the premise that women entrepreneurs require both financial and non-financial support to grow sustainable businesses. The target countries are grouped within the following regions: Central Africa (Chad, Democratic Republic of Congo, Niger); East Africa (Burundi, Comoros, Ethiopia, Kenya, Tanzania, Uganda); North Africa (Mauritania, Tunisia); Southern Africa (Botswana, Mozambique, South Africa, Zambia, Zimbabwe); West Africa (Côte d'Ivoire, Mali, Nigeria, Senegal, Sierra Leone).

B. Sectoral and Institutional Context

The financial exclusion of women is a global problem with more than 1.3 billion women in the world operating outside the formal financial system. This situation is mirrored in Africa where more than 70 percent of women are financially excluded and where women's access to finance and financial services is consistently behind that of their male counterparts⁴.

According to the World Bank's International Finance Corporation (IFC, 2016), women own roughly 48 per cent of all enterprises in Africa. However, they have difficulty gaining access to finance. Women business owners face a wide spectrum of challenges including, but not limited to, lower levels of education and financial literacy, lower income levels, limited access to markets, lack of tangible assets

² According to World Bank Enterprise Surveys (WBES)

³ The selection of countries is informed by the volume of existing funded lines of credit (sovereign and non-sovereign operations), indicative pipeline, collaborative programs with partner, and other international organizations.

⁴ Demirgüç-Kunt, Klapper & Singer, 2013, Access to women in finance in Sub-Saharan Africa

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or collateral, legal constraints, time and mobility constraints, and socio-cultural constraints, such as balancing domestic and professional responsibilities.

Africa continues to witness various national governments and policy-makers embrace an agenda for greater financial inclusion of women entrepreneurs, however existing gender finance programs are typically of limited scale or still in their infancy. For instance, in Nigeria, Kenya and Tanzania, policy-makers have taken specific actions in order to increase women's access to financial services for their businesses. Similarly, the Zambian government has increasingly integrated the goal of women's empowerment and financial inclusion within government operations.

Public and private sector involvement and participation in the women's financing space in Africa is limited and there is little coordination between private and public activities to implement initiatives concerning the business and regulatory environment, investment promotion and WSME development. Together with the African Development Bank, active players in the women entrepreneurship space includes the World Bank Group, International Finance Corporation, European Bank for Reconstruction and Development (EBRD), United Nations Development Program (UNDP), KfW Development Bank, and the Netherlands Development Finance Corporation (FMO). These institutions have designed and implemented notable projects to unlock and provide capital through investment vehicles and capacity building programs to support the ecosystems that encourage local commercial banks and other financial intermediaries to play an active role in the sector.

Despite great strides achieved through past programs and initiatives by many organizations, including efforts from African governments using their own investment vehicles, significant resources are required to unlock access to finance and the creation of a more favorable enabling environment for WSMEs.

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

Mobilization and Leverage: The African Development Bank intends to mobilize approximately US\$ 337 million of financing through existing lines of credit and new lines of credit to expand lending to women entrepreneurs. An additional US\$ 95.8 million will be leveraged from donor partners and public and private sector institutions to catalyze WSMEs to access finance across various sectors.

Focus on low-income countries, fragile and conflict-affected countries/territories and/or underserved women entrepreneurs in middle-income countries: The program will target 47.9% of its activities in low-income countries of which 31.0% is to FCS; 14.9% to middle-income countries (of which no FCS included); 37.2% in blend countries of which 27.4% is to FCS. The proposed program intends to meet the We-Fi strategic goal of allocating a majority of the resources to activities in IDA countries and/or fragile and conflict affected countries/territories.

Demonstrate effective use of grant financing/blended finance: The use of blended finance for the proposed program will help bolster women's entrepreneurship, a space wherein there is very limited medium to long-term financing available. It will: 1) Allow the program to provide credit enhancement instruments to FIs at a lower cost which in turn allows them to extend financing to WSMEs at a reasonable rate without passing on fees to the end borrowers; 2) Enable WSMEs to become more commercially viable which would otherwise not be feasible due to the lack of financing and of a conducive enabling environment. Therefore, the program contributes to addressing the significant 'market failure' of absence of long-term financing for WSMEs with significant growth and job creation potential.

Complementarity between public and private sector activities, and coordination with existing or planned activities of other development partners or initiatives: The goal of the proposed program is to supplement other interventions in selected countries to accelerate broad-based sustainable growth of WSMEs. In particular, it provides a platform to stimulate growth of WSMEs and complements

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several major donors' efforts to expand and support women entrepreneurs such as the World Bank Group's Women Entrepreneurship Development Project improving women entrepreneurs' access to finance in Ethiopia, the United States Agency for International Development (USAID)/Development Capital Authority (DCA) guarantees to financial intermediaries for lending to women-owned/led SMEs and the International Finance Corporation's (IFC) interventions through the Development Finance Company of Uganda (DFCU) in Uganda.

Partnerships: The proposed program is based on a history of continuous partnerships between African Governments, donor agencies and public and private sector institutions. The African Development Bank will implement the program activities in close cooperation with partners such as the participating financial institutions, Impact Funds/Financial Institutions focused Funds, IFC, the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and CARE International. In parallel, the program will collaborate with research institutions, government agencies, co-investors, business development service providers (BDS) and others. Moreover, joint implementation teams with partners will be created for specific projects.

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III. PROGRAM/PROJECT DESCRIPTION

A. Program/Project Objectives

Using a holistic approach, the overall objective of the African Development Bank's (the Bank) Affirmative Finance Action for Women in Africa (AFAWA) program is to transform the African financial landscape by bridging the estimated US\$ 42 billion financing gap for WSMEs in Africa. AFAWA's design builds on various lessons from previous and current Bank initiatives, such as the Africa SME Program and the Growth-Oriented Women Enterprises (GOWE) program. Leveraging the Bank's various financing instruments, including enhanced lines of credit, guarantee facilities and equity capital, AFAWA works with financial intermediaries to dramatically increase lending to WSMEs.

We-Fi funding is expected to supplement AFAWA's three pillars using the following components:

1. **Improving access to finance for WSMEs** by creating a First Loss Risk Sharing Facility (FLRS) for FIs who receive lines of credit within the Bank's US\$ 125 million Africa SME Program⁵, and de-risking the WSMEs portfolio of impact funds and financial institutions focused funds, in which the Bank has invested in or intends to provide additional capital to.
2. **Capacity building** through business development service providers and other partners, this component provides critical capacity building services to WSMEs, cooperatives and other women's associations in key areas such as financial literacy, business plan development, and financial management, as well as technical assistance to participating FIs.
3. **Improving the policy and enabling environment** for WSMEs across Africa through grassroots advocacy and enactment of specific policy and legal reforms in selected countries. The Bank will also provide funding to related initiatives aimed at improving the enabling environment for WSMEs.

We-Fi funding will positively impact WSMEs revenue growth and job creation, as well as support the development of a pan-African network of financial institutions and profitable women-led enterprises within key value chains.

B. Program/Project Components

Component 1: Improving access to finance for WSMEs

The component will be implemented through key strategic partnerships by participating FIs and NBFIs, targeting WSMEs.

Subcomponent 1a: First Loss Risk Sharing Facility – A number of viable African WSMEs in sectors such as agribusiness, manufacturing, and information and communication technology (ICT) are unable to expand or meet stringent FIs collateral requirements to access affordable capital. Hence, the proposed credit enhancement instrument will provide additional risk sharing mechanisms to leverage the existing Bank SME program to target WSMEs.

Under the structure, the Bank will implement the First Loss Risk Sharing Facility (FLRS) with We-Fi funding complementing it with its LoCs to participating financial institutions committed to lending to WSMEs. By significantly de-risking the WSME segment and thus lowering the cost of borrowing, the FLRS will incentivize the FIs to increase lending and unlock longer-term capital to WSMEs.

⁵ The AfDB SME Program is a US\$ 125 million funding program aimed at supporting SMEs and providing standardized multi-currency Lines of Credit (LoCs) and technical assistance (TA) to FIs and WSMEs

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The FLRS will enable the Bank to insure up to 50% of the incurred losses of FIs' WSME portfolio. By reimbursing a fixed percentage of incurred losses, the FLRS is expected to provide the participating FIs with the credit enhancement needed to mitigate the perceived risk of the WSMEs. The remaining 50 percent of credit risk on their portfolio helps to maintain the incentive for participating FIs to conduct proper borrower credit appraisal and to apply stringent loan underwriting criteria in establishing the portfolio.

Through the FLRS, the We-Fi funding will positively influence the FIs' risk appetite towards WSMEs lending. Over time, the FLRS will help reduce the necessity for risk-sharing mechanisms extended per loan as FIs will analyse loan repayment performance. The success of this pilot risk-sharing platform will ensure sustainability thereby reducing the future need for external credit enhancement.

The assessment and selection of participating FIs will be done as per the Bank's applicable policies. The origination team has identified several FIs in the proposed risk participation scheme, many of which are in countries where other forms of financial support are difficult. For example, Ethiopia does not yet permit FIs to borrow internationally, meaning that risk-sharing mechanisms are one of the only financial interventions possible to support women enterprises. Likewise, Burundi and Zimbabwe are currently experiencing financial crises, which makes lending to institutions there excessively risky.

Subcomponent 1b: First Loss Risk Sharing to NBFIs (Impact Funds and Financial Institutions focused Funds) – The Bank invests in SME/impact funds and FI-focused funds through equity investments and will continue to scale up investments in: 1) SME/impact funds that promote and invest in businesses that provide essential goods and services to the last mile segment and who place social needs at the core of their business strategy; 2) FI-focused funds investing in tier 2 and 3 banks, microfinance institutions, and leasing companies that target WSMEs or have an existing portfolio of WSME loans. We-Fi funds will be blended with the Bank's equity investments in these aforementioned funds as part of the leverage structure in the form of a credit enhancement instrument to encourage FIs to increase their WSME portfolio and increase the funds' development impact.

Component 2: Capacity Building for WSMEs and Technical assistance to FIs

Subcomponent 2a: Capacity building to support rural and urban WSMEs in accessing financial/non-financial trainings. We-Fi funding will complement existing training programs of the Bank and partners in areas such as: financial management, sales, marketing, production, use of information technology and digital skills to improve productivity and enhance market access. Networking, mentoring and coaching will be embedded as part of the component and will assist WSMEs to build capacity and grow their businesses over the medium and long-term.

In developing the training modules for WSMEs, the Bank will work with reputable service providers and partners such as CARE International, UN Women as well as local stakeholders.

Furthermore, the Bank will develop platforms and tools to support diagnostic studies, gender disaggregated data collection, reporting and analysis and showcase lessons learnt, best practices, and success stories.

Subcomponent 2b: Technical Assistance to participating rural/urban FIs/NBFIs utilizing the FLRS. This intervention will scale up their WSME lending programs and improve the information on credit worthiness of WSMEs, which will in turn reduce the associated risks and borrowing costs. Using business development service providers and other partners, the program will provide targeted technical assistance interventions, which will include the following:

- Training of participating FIs/NBFIs staff to identify suitable tools, methods, and financial services addressing the needs of WSMEs. This will ensure that FIs are well-capacitated and ready in terms of systems, processes, products that address the needs of women entrepreneurs;

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- Business diagnostics practices to evaluate women borrowers and presentation of best models to strengthen the ability of the participating FIs/NBFIs staff to assess and review their lending procedures targeting specific needs of WSMEs, and develop new financial services and products;
- Knowledge management to stakeholders on the use and availability of credit enhancement products;
- Assistance to participating FIs to strengthen outreach and awareness of WSMEs to access financing particularly in rural areas of the target countries.

FIs/NBFIs will also be key in supporting and delivering financial services to rural women entrepreneurs as follows: 1) pre-loan support will be provided to rural women on financial management best practices; 2) post-loan support will be provided during the tenor of the loan in overcoming financial, operational, management and technical obstacles for the rural women borrowers; and 3) monitor the loan performance of rural WSMEs and measure the development impacts of the FIs and NBFIs.

Component 3: Improving the enabling environment for WSMEs. This component is tailored to put in place an enabling environment for WSMEs by addressing the medium and long-term policy, regulatory and institutional constraints that currently hamper the efficiency and effectiveness of WSMEs in target countries. This component includes providing the opportunities to revise gender-sensitive public procurement laws, policies and practices; building the capacity of women entrepreneurs to facilitate their access to public procurement opportunities; enhancing the capacity of relevant public procurement authorities in implementing gender-responsive provisions in the public procurement process; and enhancing the capacities of FIs and WSMEs to leverage on procurement opportunities that will lead to increase in financing for women entrepreneurs. The implementation of the component will draw on partnerships with public sector organizations, UN Women, and CARE International.

The implementation of the component is informed by the key findings and recommendations of two strategic studies on affirmative actions conducted by UN Women in two rapidly growing economies in West Africa, with different developmental history and colonial heritage. The studies include 1) *Women Entrepreneurs' access to public procurement in Nigeria*, and 2) *Evaluation of the positive discrimination systems for Women's Enterprises in accessing public procurement in Senegal*. The implementation of the component will benefit from, and build on synergies with the on-going We-Fi funded program in Senegal jointly implemented by UN Women and the World Bank.

Component 4: Special Initiatives. The Bank is currently leading special initiatives to support WSMEs in various sectors in which large numbers of women are operating but which are overlooked and receive minimal support from financiers, donors and governments.

Subcomponent 4a: Fashionomics Africa – Through Fashionomics Africa⁶, the Bank supports the growth of the African Textile Apparel and Accessories industry, by increasing access to finance and access to markets (e-commerce) for WSMEs whilst incubating and accelerating their businesses, and enabling them to expand. We-Fi funding will allow Fashionomics Africa to leverage an additional US\$ 2 million from donors and other partners as follows: US\$ 1 million from the Fund for African Private Sector Assistance (FAPA) and US\$ 1 million from an impact fund targeting women entrepreneurs in the African Textile Apparel and Accessories industry.

Subcomponent 4b: Women on the Move Program – In partnership with CARE International, the Bank will support the Women on the Move program (WOM) in Mali, Niger and Chad. WOM is a five-year program supporting rural WSMEs to access financial and non-financial services. The project will build upon CARE's existing work with village savings and loans associations (VSLAs). Therefore, each dollar invested by We-Fi will be leveraged at least twice over the next five years. CARE will provide its own funding of US\$ 3 million which will match the same amount from We-Fi funding.

⁶ The AfDB launched the Fashionomics Africa flagship in 2015 and is currently rolling it out in five pilot countries (Cote d'Ivoire, Nigeria, South Africa, Ethiopia and Kenya).

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Subcomponent 4c: Supporting Female Entrepreneurs in the Tech Sector – The Bank supports venture capital (VCs) funds dedicated to transforming the African technology space for women entrepreneurs, specifically those that are operating early stage companies and applying relevant technologies to address fundamental market constraints and issues and that have potential to scale across the continent. The We-Fi funding of US\$ 1 million will complement the Bank’s funding of over US\$ 10 million invested in VCs, as well as efforts to build the capacity of women tech entrepreneurs, incubators and accelerators. As a result of We-Fi funding, the program will create a strong community of women tech entrepreneurs and financiers, deliver specific business and technical training to female tech founders, and facilitate their access to networks and mentorship.

Subcomponent 4d: Supporting women-led cooperatives in the staple foods sector in Côte d’Ivoire – The overall objective of the intervention is to support women-led cooperatives in the staple foods sector in Côte d’Ivoire and to enhance financial institutions’ capacities to on lend to women-led cooperatives, while at the same time improving the business environment and facilitating access to markets. The project has four components: 1) Capacity building to WSMEs, 2) Business Enabling Environment, 3) Access to Finance - Capacity building to FIs and 4) Knowledge Sharing to facilitate and sponsor attendance and participation of women-led cooperatives at regional and international agriculture and staple foods events / activities to encourage and develop access to markets. We-Fi funding of US\$ 1.5 million will complement the existing US\$ 3 million program, which the Bank is implementing with IFC.

Subcomponent 4 (e): Value chain diagnostic studies to empower women entrepreneurs in agriculture – The key activity under this component includes developing customized value chain diagnostic studies in Nigeria, Senegal, Ethiopia and Tanzania to provide critical data which will inform a gender-inclusive activity framework for supporting WSMEs across the various agricultural value chains. Key to unleashing the potential of small-scale farming is addressing gender barriers that impede women from accessing inputs, markets, technologies and decision-making. Closing the gender gaps in agriculture through informed investments that remove these barriers represents a huge opportunity for women’s empowerment, creating conditions for mobility along the value chain, economic development and societal resilience.

C. Program/Project Beneficiaries

The main beneficiaries are WSMEs⁷, who are currently underserved by the traditional financial ecosystem.

In the targeted countries, there is no universally accepted definition of WSMEs, as countries define SMEs differently depending on their level of development. However, for the purposes of We-Fi funding, we will use the IFC’s definition, which defines WSMEs as being registered with 51 percent-plus women’s ownership, or with 25-50 percent women’s ownership in a business, or having a woman chief executive officer or chief operating officer, and more than 30 percent of members of the board of directors that are women.

The African Development Bank commissioned studies⁸ to assess the access to finance landscape for women in business in the 54 African economies and supported six in-depth country studies, which revealed that women face discrimination due to limited access to income-generating assets due to cultural norms, small size businesses, and inadequate financial literacy limiting their knowledge of available funds.

⁷ The program assumes that the average loan size will be approximately US\$ 50,000, with a minimum of US\$ 1,000 (given the FCS under the program) and maximum US\$ 500,000.

⁸ A2F Consulting: Market Scoping Study to inform the Development of the African Development Bank’s AFAWA Program.

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The targeted beneficiaries will be identified and assessed during the origination stages of the lines of credit to FIs for on lending to WSMEs. The participating FIs will be expected to commit to offering gender-inclusive products, adopt gender-sensitive policies, and create a program to support women entrepreneurs in accessing finance, monitoring the usage of loans received, impacts of the funding received, and provide advisory services as needed to support women entrepreneurs. Furthermore, the participating FIs should demonstrate readiness and capacity to implement a “women’s market program” and the ability to mobilize internal resources and allocate dedicated staff to the program.

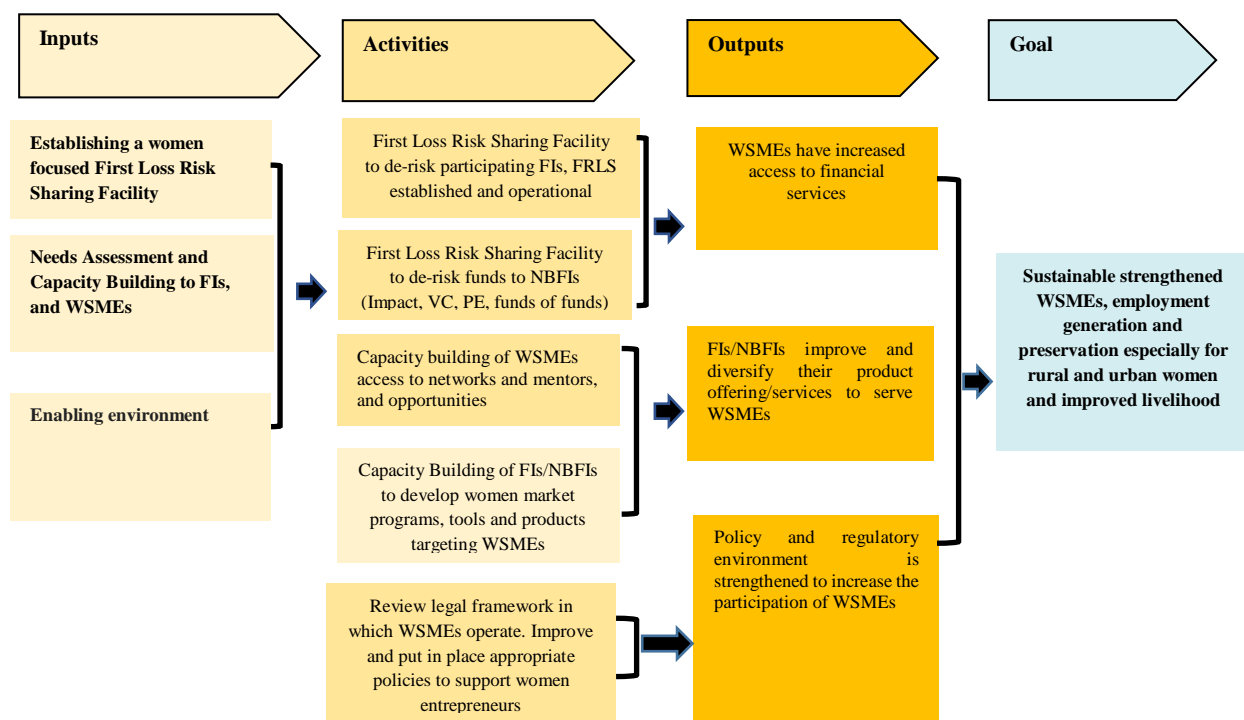
Other secondary beneficiaries include financial intermediaries such as Funds (Impact Funds, Financial Institutions focused Funds) and government agencies.

- *Financial Intermediaries:* Selection criteria for participating FIs and NBFIs include, but are not limited to, the credit profile and commitment to engage with the African Development Bank to serve the WSMEs market through innovative and personalized products. As sustainability is embedded in the program design, it is expected that all funding channeled through FIs and other NBFIs will influence the strategies of these institutions to increase access to finance for WSMEs.
- *Government Agencies:* Through the relevant government regulators and central banks, the program will engage relevant bodies to gauge their needs in developing gender policies and implementing programs that will support the ecosystem of WSMEs.

D. Theory of Change and Results Chain

The AFAWA We-Fi program aims to generate positive returns and measurable social and economic impacts for the entire WSMEs ecosystem within selected countries. In the short to medium term, the blended investments and financial intermediation are expected to provide WSMEs with sources of financing they are currently unable to access. This will enable the WSMEs to develop their businesses to enhance growth and lower their perceived investment risk. In the longer-term, WSMEs will also develop a track record of successful loan repayments that in the future will enable them to access financial resources with less stringent requirements. Meanwhile, the increase in growth of WSMEs will generate a new asset class of investments and ultimately lead to better performing WSMEs, improved earnings and employment opportunities.

The **theory of change** is illustrated in the Figure 1 below:



E. Innovation and Lessons Learned

The AFAWA program is unique in that it offers a holistic approach to unlock the constraints that women entrepreneurs face in Africa. AFAWA will provide a risk-sharing mechanism exclusively dedicated to WSMEs, providing them with capacity building and providing technical assistance to FIs, and spearhead advocacy efforts to reform policy and regulatory frameworks across Africa. Therefore, AFAWA will act as a catalyst for market forces to narrow the estimated US\$ 42 billion financing gap for WSMEs.

AFAWA draws upon the learnings from previous Bank programs targeting women entrepreneurs such as the Growth Oriented Women Enterprises (GOWE) and the African Women in Business (AWIB). The independent evaluation of these programs (conducted by A2F Consulting) highlighted the need to reinforce the capacity of FIs to support women entrepreneurs and develop dedicated products to stimulate the supply and demand of financial services.

AFAWA therefore proposes a unique approach to support and engage with women entrepreneurs: 1) the Bank funding catalyzes additional funding from other investors including local private sector investors, impacting the entire women's entrepreneurship space in Africa. This is critical as over 80% of the countries in Africa are rated 6 and 7 by the Organization of Economic Cooperation and Development (OECD) in terms of country risks (0 is the lowest risk; 7 the highest). Thus, many countries in the region are "off-cover" for a guarantee or the premium for a guarantee may be so high as to make the project unviable. A first loss guarantee can make a difference in reducing financing costs and making projects/investments more viable; 2) The program provides critical funding and technical assistance for WSMEs across the continent; 3) The program focuses on both urban and rural women entrepreneurs, the latter of which are often first time entrepreneurs and borrowers.

Moreover, the program's design (1) responds to the untapped women's market, which has proven to be profitable for programs implemented by various institutions such as the World Bank Women Entrepreneurship Development Project and 2) adopts an integrated approach and addresses the WSMEs needs from both the supply and demand side.

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IV. PROGRAM/PROJECT IMPLEMENTATION

A. Institutional and Implementation Arrangements:

Implementation of the We-Fi program will involve various teams across the African Development Bank, under the leadership of the Gender, Women and Civil Society Department and in partnership with the Financial Sector Development Department. The program will be under the stewardship of a dedicated team of AFAWA Investment officers supported by consultants. Support teams such as credit risk officers, legal officers, development outcome experts, environmental and safeguards, and gender specialists will participate in each project involving We-Fi funds. In line with the Bank's decentralization strategy, the program will be managed both at the HQ and regional levels.

The implementation of each component will be executed as follows:

Component 1: Implementation: Improving Access to Finance

Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
First Loss Risk Sharing to FIs	<ul style="list-style-type: none"> AfDB identifies/receives a support request from FIs to support women entrepreneurs. AfDB analyses the FI and its local market and agrees on the structure of the FLRS to implement with the FI. The FI is then taken through the AfDB appraisal process. After approval, AfDB kicks off its implementation. Quarterly reporting on the portfolio will be provided to AfDB. In case of any default situations and in a timeframe agreed between the FI and AfDB, a call on the first loss guarantee will be made to cover any losses as a result of default from the women-owned/led SME borrowers. 	Participating FIs will be the executing entities in collaboration with the AfDB team to co-administer the risk sharing scheme.	<ul style="list-style-type: none"> AfDB SME Program FIs Central Banks 	AfDB investment committee will undertake the evaluation in line with the FLRS criteria and assess whether the project proposal demonstrates the following: clear additionality and rationale for a credit enhancement support including adequate development impacts such as gender equality, private capital mobilization, and WSME support.
First Loss Risk Sharing to Impact funds/FI focused Funds	<ul style="list-style-type: none"> AfDB identifies/receives support request from said impact fund, or fund of funds. AfDB analyses the fund strategy and target market and screens the fund using a gender lens criteria. After approval, AfDB kicks off its implementation. Quarterly reporting on the portfolio will be provided to AfDB. In case of any default situations and in a timeframe agreed between the FI and AfDB, a call on the first loss guarantee will be made to cover any losses as a result of default from the women-owned/led SME borrowers. 	AfDB, the Fund Manager	<ul style="list-style-type: none"> Fund Managers AfDB Financial sector team 	Due diligence guided by AfDB financial Sector Deepening strategy and framework.

Component 2: Capacity Building / Technical assistance to FIs, WSMEs

Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
Capacity Building to participating rural/urban financial institutions/NB FIs and WSMEs	<p>The implementation of this component will be administered at two levels (at FIs level and WSME level) as follows:</p> <ol style="list-style-type: none"> Technical Assistance (TA) Needs Assessment and Capacity Diagnosis, and Capacity Building programs implementation <p>This will include:</p> <ul style="list-style-type: none"> At FI level: i) staff training on credit assessment, risk monitoring, product design, tracking and reporting, 	AfDB: Appointed service providers, development partners (CARE, UN Women etc.)	<ul style="list-style-type: none"> AfDB Client FI/NBFI Service providers Development Partners CSOs 	Standard AfDB procurement rules which emphasize cost, and technical competency.

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Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
	<p>etc. and ii) strengthening operational policies and tools and policies regarding environmental and social outcomes</p> <ul style="list-style-type: none"> • At WSME level i) business and financial analysis and preparation of business plans, ii) performance monitoring and reporting, iii) type of funding sources and application processes, and iv) whether partnership is possible. • An independent third party will carry out auditing and evaluation of the implemented TA activities. AfDB will report on TA activities on a quarterly/semi-annual basis, mainly on transactions on-boarded, TA under implementation, and pipeline of upcoming TA. Budget execution details will be reported semi-annually. • Program Communication and Publicity Activities • TA fund will allow wider and deeper capacity-building impact to a broad array of financial institutions identified through business development service providers and existing FI/NBFI relationships. 			

Component 3: Improving the enabling environment for WSMEs

Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
Improving the enabling environment for WSMEs	<p>AfDB and partners will conduct a diagnostic assessment of the regulatory and policy landscape in select countries with respect to women's economic empowerment. Through We-Fi funding, AfDB will provide additional TA and advisory services to relevant government institutions supporting capacities to formulate and implement evidence based reform policies and strategies to strengthen opportunities for women entrepreneurs through the following activities:</p> <ul style="list-style-type: none"> • Elevating WSMEs voices in policy dialogues by establishing inclusive business-to-government feedback platforms for entrepreneurs and supporting capacity development of women's business associations; • Supporting the implementation of transparent, inclusive and efficient policies and regulatory practices that lead to improvements in business registration and licensing offices and procedures as well as offering complementary targeted interventions (e.g. help rural WSMEs with setting up business bank accounts); • Increasing awareness, engagement and advocacy for favorable public and private procurement policies for women entrepreneurs; • Technical assistance for governments and other public sector actors to help open markets to WSMEs, through advisory projects to increase women's engagement in export and trading activities, value-chain analysis and market linkages, on-line platforms which support commercialization, supplier development programs, and business incubators and innovation centers to help women-owned/led businesses expand. • Facilitating knowledge workshop for Government officials on the scope of risk sharing guarantees operating in Africa and how they are utilized to de-risk investment in key sectors including the SME sector. The workshops will be designed to explain to officials on how the FLRS can be utilized to leverage and mobilize additional private capital to support WSMEs. 	Project Implementation unit Consisting of AfDB, Civil society, Governments, UN Women and competitively selected consulting firms.	<ul style="list-style-type: none"> • UN Women • AfDB • National and Governments • Central Banks • Ministries of Gender and Social Affairs • Bi-lateral organizations 	<p>Partners are vetted by the AfDB Standing and Partnership Committee which provides authorization to enter into partnership agreements to collaborate on new programs/projects and joint implementation.</p> <p>Furthermore, AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services/consulting firms.</p>

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Component 4: AfDB Special Initiatives

Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
<p>Fashionomics Africa Digital Marketplace for WSMEs operating in the African, Textile Apparel and Accessories industry (TA&A)</p>	<p>AfDB will be responsible for all fiduciary aspects of the project as well as ensuring appropriate use of grant funds and ensuring compliance with the grant terms and conditions.</p> <p>AfDB will recruit a program coordinator to support AHGC staff on the daily management of the TA activities.</p> <p>AfDB will set up a steering committee responsible for providing oversight, overall direction, strategic and high-level guidance to the project.</p> <p>Implementation Arrangements: Component 1: AfDB is in the process of hiring a firm to develop the e-commerce functionalities of the online digital marketplace. In addition, AfDB will undertake studies to develop market intelligence survey in each of the pilot countries. Component 2: a) Access to finance through traditional channels: AfDB will partner with a local development finance partner implementing an SME Program. The partner will provide finance to women owned/led business operating in the textile, apparel and accessories. b) Access to Finance through non-traditional channels: AfDB will partner with an existing impact investing fund, targeting cultural and creative industries in Africa with a focus on fashion. The Bank in partnership with the selected fund managers will launch a call for proposals to WSMSEs on a yearly basis. Component 3: Capacity Building Activities via the Fashionomics Africa Masterclasses: The Masterclasses will focus on: (i) capacity building on business plan development and financial management; (ii) branding, marketing, and networking; (iii) and (iv) technical skills and know how transfer on garment and apparel manufacturing. The selection of the WSMEs will take place through a competitive online call for applications with an established enterprise support organization. The WSMEs selected, will be divided by cohorts i.e. incubation program for start-ups and accelerator program for more established businesses, with cohorts not bigger than 30 participants (targeting 150 WSMEs in 5 countries).</p>	<p>AfDB, Local Development Finance Institution, development partners, impact funds, business development services, fashion schools, local public relations (PR) fashion agencies.</p>	<ul style="list-style-type: none"> • Concerned Ministries of Trade, Industry, Gender and SMEs development in the 5 countries • Development Partners • Private sector actors 	<p>AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services/consulting firms.</p>
<p>Women entrepreneurs in technology</p>	<p>AfDB through a competitive process will source consultants and Business Development Service providers to implement the component and activities. The component will support new and existing incubation and accelerating programs for women entrepreneurs in technology. In addition the program will:</p>	<p>Business development service (BDS) organizations/ Consulting Firms, IP</p>	<ul style="list-style-type: none"> • WSMEs • Impact Funds/SME Funds/Venture Capital Funds • Business Development Service Providers 	<p>AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services/consulting firms.</p>

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Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
	<ul style="list-style-type: none"> • Build the capacity of women tech entrepreneurs in media, communication skills, and technical and business management skills. • Facilitate WSMEs in the technology sector with access to networks and mentorship opportunities through networking events and virtual groups. • Support women-owned/led tech businesses to expand into new markets and enhance product development capabilities to spur new innovations in technology. • Conduct diagnostic studies to determine the potential market size of lending to African women-owned/led businesses in the technology sector in Kenya, Nigeria, South Africa, Tunisia and Senegal. • Connect WSMEs in the technology sector with access to financing by matching them with Investment Funds, and other traditional and non-traditional financiers. 			
<p>CARE International, Women on the Move Program (WOM) financing to rural WSMEs and adoption of VSLA model in Chad, Mali and Niger</p>	<p>Access to Finance:</p> <ul style="list-style-type: none"> • Identification of women executing projects. • Awareness: once identified, young people will be sensitized to entrepreneurship for a week. • Training: after awareness raising, women entrepreneurs will benefit from training in the entrepreneurial field. The following modules will be dispensed for 1 month: • Find your Business Idea; • Business model (economic model); • Development of the Business Plan; • Create Your Company; • Manage Your Business Better: Marketing; Budgeting; Purchase; Stock Management; Accounting; Personnel and Production Management); Increase Your Business. • Passage to the selection committee: microenterprises will be evaluated by a selection committee • Selection committee agreement: Following the evaluation, the committee will select the best projects. • Negotiation and contracting. Project holders who have passed the screening will benefit from the loans with a grace period of 6 months. Negotiations will eventually be conducted and clarifications of loans closed before signing a contract with the Financial Operator (IMF). • Financing: After the negotiations, the loans will be granted to the 	<p>CARE, and partner CSOs, MFIs, AfDB, Governments</p>	<ul style="list-style-type: none"> • Development partners • Micro finance organizations • Governments 	<p>AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services.</p>

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Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
	<p>project leader with an expenditure monitoring by the MFI.</p> <ul style="list-style-type: none"> Virtual Incubation: This program consists of supporting project leaders to promote the growth of their activities during the first years of the launch. This program is supported by GEWEP III (CARE) through the implementation CSOs <p>Enabling environment: Key objective of the WOM program is to influence governments to adopt and implement the savings group (VSLA) model in their strategies, policies or laws –regarding financial inclusion, gender and economic empowerment – to reach the most vulnerable, with a focus on women and girls.</p> <p>Influencing activities by CARE and partners, including:</p> <ul style="list-style-type: none"> Meetings and field visits with the Ministry of Gender to integrate the savings group/VSLA model in three key women’s economic empowerment (WEE) programs: FAFE (Fund for Support to Women’s Empowerment and Child Development), Karite (Shea butter) and Multifunctional programs. Ensuring adoption and implementation by Ministries of VSLA model. The activities in Mali, Niger and Chad will support a community dialogue on gender equality and base their actions on male leaders, to promote good examples. This also includes local authorities such as communes, religious and customary leaders. 			
<p>IFC/AfDB Joint project: Supporting Women-led Cooperatives in the staple food sector in Cote d’Ivoire</p>	<ul style="list-style-type: none"> The project will be implemented together with the platform of women-led cooperatives in Cote d’Ivoire (La Plateforme des Femmes Agricultrices de Côte d’Ivoire – PFAI) Consulting firms /consultants will be recruited to implement some of the project components. Project implementation will be monitored and supervised jointly through a Steering Committee, composed of IFC and AfDB. Specific components will be led by IFC and others by AfDB. Enabling environment activities will be executed through the following methods: <ul style="list-style-type: none"> Review regulations, policies and standards that limit growth and expansion of women cooperatives in the staple food sector. Facilitate the implementation of newly legal and regulatory 	<p>IFC, AfDB, and PFAI will jointly implement the program</p>	<ul style="list-style-type: none"> AfDB Client FI/NBFI Service providers Development Partners CSOs Cooperatives 	<p>The IFC/AfDB collaboration was cleared by the AfDB Standing and Partnership Committee and a Memorandum of Understanding is signed between the two institutions.</p> <p>AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services/consulting firms.</p>

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Name of Activity	How activity is undertaken	Who will undertake the activity	Key stakeholders consulted	Selection Criteria for executing entities
	<p>reforms [to be] enacted in CDI, especially those related to access to land and access to finance through policy dialog with the relevant stakeholders, awareness campaign and practical solutions.</p> <ul style="list-style-type: none"> ● Develop partnership with regional institutions to improve business environment and policies. ● Facilitate trade and access to markets for women led cooperatives (in collaboration with WAEMU, ECOWAS and any relevant institutions) ● Support the implementation of local / regional agriculture certification/standards and conduct awareness campaign for their implementation ● Facilitate participation of women led coops to regional and international agriculture and staple food events / activities, to access to new and diversified markets. ● Organize round tables / conferences/ workshops on women in agriculture (staple food sector) obstacles and constraints. 			
<p>Conduct diagnostic studies and develop comprehensive business cases for empowering women entrepreneurs in various agricultural value chains</p>	<ul style="list-style-type: none"> ● Conduct desk review of key policy and programmatic documents. ● Interview key stakeholders. ● Conduct field visits related to the identification of priority agricultural value chains for women's empowerment in the specified country, and for mapping existing initiatives and potential partners. ● For each country, develop a customized multidimensional resource mobilization strategy to link women to existing and future market opportunities. 	<p>Two Regional Consultants and Country Resource Persons will be hired.</p>	<ul style="list-style-type: none"> ● Ministries of Agriculture ● Agriculture workers ● Value chain participants ● Women's Cooperatives ● Financial institutions ● Agro processors ● Agribusinesses ● input suppliers and buyers 	<p>AfDB will utilize its standard procurement guidelines for all procurement decisions including recruitment of advisory services/consulting firms.</p>

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B. Role of the Implementing Partner (IP) and the Role of Partners

- a) Implementing Partner: the African Development Bank (the Bank) is the implementing partner and will work with different private and public entities to execute and monitor the program. The Bank will maintain close coordination with various stakeholders on the ground to coordinate and facilitate WSMEs access to multiple financial and non-financial programs.
- b) Financial institutions partners: the Bank shall invest its own funds in lines of credit to FIs and other financial intermediaries and blend the We-Fi funds as a de-risking instrument to incentivize FIs and others to on-lend to both rural and urban WSMEs. The assessment of FIs and Funds is under the delegation of the Financial Sector Department through the Bank's policies and guidelines for similar non-sovereign lines of credit and equity interventions.
- c) International organization partners: Given the strong interest of international organizations in gender equality issues, it is expected that many organizations will play a key role in the implementation, strengthening and integration with their own programs.

The **Table 3** below summarizes the role of partners:

Name of Partner	Sector of the Partner	Previous working relationship	Role of partner institution in designing and executing the program	Expected deliverables
FIs/NBFIs	Financial Services	AfDB clients	<ul style="list-style-type: none"> • Co-financiers • Co-development and execution of the Women's market program. 	<ul style="list-style-type: none"> • Development of full-fledged and sustainable Women's market program for at least 14 African FIs/NBFIs • Improved access to finance for WSMEs • Sex disaggregated data across the FIs operations.
International/Public Sector Organizations, Civic Organizations	Public Sector	Members of the Working group	<ul style="list-style-type: none"> • Strategic partners to lobby and enact necessary reforms such as collateral registries, land reform, greater financial inclusion policies, etc. 	<ul style="list-style-type: none"> • Advocacy, Enactment and enforcement of at least 5 key policy reforms to increase women's financial inclusion and empowerment.
NGOs, and bi-lateral aid organizations, women's co-operatives	Diverse Sectors	Have collaborated with UN Women and USAID on various advocacy and co-financing for guarantee schemes.	<ul style="list-style-type: none"> • Co-financiers • Co-implementing partners on existing and new programs. • Co-strategists 	<ul style="list-style-type: none"> • Advocacy of at least 5 key policy reforms to increase women's financial inclusion and empowerment.
Business development Service providers, Incubators, aggregators, accelerators	Diverse sectors	The AfDB has hired reputable service providers to design and implement TA programs	<ul style="list-style-type: none"> • They will conduct diagnostic needs assessments and design and deliver targeted capacity building/training programs. 	<ul style="list-style-type: none"> • Deliver specialized TA services to at least 14 FIs and 1,000 WSMEs.

C. Monitoring and Evaluation Plan and Timeline

Monitoring & Evaluation (M&E) reporting will be carried out in accordance with the Bank's applicable policies and procedures and the terms of the Financial Partnership Agreement signed between the Bank and the We-Fi secretariat and for the relevant grant.

The Bank will apply its Additionality and Development Outcomes (ADOA) tool to assess additionality and how each project contributes to delivering development results. ADOA provides an independent rating for both Development Outcomes and Additionality, which will be summarized in a report that accompanies the investment proposal for approval by the Bank's Board of Directors.

M&E of the program will comprise of multiple but inter-connected activities. Together, all these activities will provide regular, concurrent and independent oversight over project implementation. The key M&E activities include the following:

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- a) **Robust and results oriented approach:** One of the major functions of the AFAWA program is to monitor and report on the results and impact of the program interventions of access to finance and technical assistance for WSMEs. This includes a robust monitoring and evaluation system that will monitor financial, operational and impact development data aligned with the Bank’s core indicators and measurement standards as well as addressing a number of Sustainable Development Goals (SDGs). The program will develop key output and impact indicators and an M&E results plan at the beginning and establishment of each project/investment benefiting from We-Fi funds. Indicators will cover the performance of WSMEs before and after the deployment of the envisaged financing instruments and capacity building activities which includes sex disaggregated data with FIs and other financial intermediaries (margins, profits, new products developed, number of loans to WSMEs, number of WSMEs direct and indirect jobs created in both rural and urban), number of new WSMEs activated, number of SMEs benefiting from the financing instruments, number of reforms supported to remove barriers for WSMEs.

The above development results will be tracked on a bi-annual basis through Project Status Reports (based on supervision missions) and will measure the progress of the achievement of the ex-ante set targets.

- b) **Third Party Monitoring:** The project will also come under the purview of an independent party monitoring mechanism to provide external validation and insights arising from the project.
- c) **Studies and evaluations:** Additionally, the program aims to conduct thematic studies, baseline and impact assessments, and at least one rigorous impact evaluation. These will measure the higher order Project Development Objective (PDO) level indicators and key performance indicators related to effectiveness and impacts of the project. The impact evaluation will measure the causal impact of one or more of the interventions under the program (access to finance, employment opportunities created, and number of new WSMEs) on the well-being of women beneficiaries and their families.

The **Table 4** below reflects the program timelines.

Milestones	Expected Dates
Start of implementation	July 1, 2019
Mid-term review	July 1, 2022
Program/project closing	30 June 2024
End/completion evaluation	30 June 2025

D. Sustainability

The Bank’s AFAWA program is designed to maximize sustainability in support of WSMEs, harness the ecosystem, accelerate employment creation and inclusive economic growth. The interventions of the program are aligned with the We-FIs objectives and SDGs. In addition, the program leverages on existing infrastructures and complementary programs in targeted geographies to deliver services and support to women entrepreneurs and the entire eco-systems. The envisaged results of the program will contribute to a coherent multi-country support framework that seeks to create a significant number of jobs, businesses, knowledge products and economic development. All of these activities will create a coordinated approach of unlocking financing and advisory services support to WSMEs. Deploying the aforementioned sustainable approach will help marginalized WSMEs to overcome the challenges their businesses face and strengthen their prospects for increasing productivity and their competitiveness within regional markets in Africa.

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The program will bolster the WSMEs sector in Africa where there is very scarce, medium and longer-term financing available. The program will further allow these WSMEs to access capital and become viable which would otherwise not have been feasible due to market distortions and inefficiencies. As such, the program contributes to addressing a significant absence of affordable and longer-term financing for WSMEs with significant growth and job creation potential. Without the program, most financial institutions will continue with the status quo of not lending to WSMEs. Without guarantees, SME/Impact funds dedicated to WSMEs would receive limited capital and would operate at the margin, if at all, and would not become financially sustainable funds (and fund managers) to support high growth WSMEs.

Furthermore, the integrated approach, which combines financing, technical assistance and reform of the enabling environment, will also help build the capacity of FIs, SME/Impact funds and Governments to grow and better support women entrepreneurs, by encouraging innovation while developing profitable and sustainable enterprises. This will have a long-term positive effect on local economies. Ultimately, the African Development Bank/AFAWA and We-Fi will support women SMEs and local entrepreneurial ecosystems to ensure inclusive and sustainable economic growth in Africa.

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V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
Program/Project Design and Implementation Arrangements					
<u>Implementation Risk</u>	Low	High	Medium	Inability of Financial Intermediaries to increase lending to WSMEs	A number of FIs operational in Africa are highly liquid and preference is often given to investing in government bonds as opposed to lending to the women SME sector due to perceived high risks. The proposed FLRS coupled with technical assistance will incentivize FIs to scale lending to the segment and in expertise will be brought in to support to participating FIs to develop innovative products and creating value propositions for these FI to lend to WSMEs.
	Medium	Medium	Medium	Slow investment pace due to lack of capacity of financial intermediaries and unavailability of bankable WSMEs	Through the program a sizeable technical assistance funding is allocated to provide pre and post support to both the Financial Intermediaries and women investee companies.
	High	Medium	Medium	Slow pace of institutional and legal reforms to promote and reduce bottlenecks prohibiting growth of WSME	The proposed project is pushing a big agenda towards transformation of the financing needs of WSMEs in Africa and is continuously consulting with public and private sector to improve the business enabling environment for WSMEs. Specialized firms will be brought to work with both the public and private sector to review all bottlenecks prohibiting women SMEs and improve all SMEs these polices and train and support stakeholders (mainly government regulatory authorities staff) to achieve the legal and regulatory framework.

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Political, Social and Governance Risks					
<u>Political Risk</u>	Medium	High	Medium	<p>The Program will be implemented in at least nine (9) fragile and conflicted affected states. From the nine countries categorized as FCS, the political environment varies from each and it is recognized that instability in these countries could disrupt the timely implementation of program activities. As a result, the political instability and governance risks in fragile are high and could slow down the program delivery.</p>	<p>The political risk rating is an important element of our credit rating and the program will consider the overall risk of doing business in a given country i.e. business climate, legal and political environment.</p> <p>This risk will be mitigated through active AfDB monitoring of macro-economic and political factors throughout the investments' lifecycle. The small size of the FLRS proposed in each target country will help to build inherent portfolio diversification and resilience to transitory adverse macroeconomic events.</p> <p>Moreover, to mitigate the political and governance risk the Bank will continue with proactive monitoring of the various political climates, deploy effective communication channels with supported institutions and quick decision making in line with management guidance, in order to accommodate project implementation given the occurring political events.</p>
				<p>The main risk relates to a significant deterioration of the security environment in fragile conflicted states, which could require changes in delivery mechanism.</p>	<p>The security situation of the fragile conflicted states will be monitored closely and the implementation of project activities will be tailored to the security situation of each country. Should the security situation deteriorates significantly, modifications in the proposed activities (in particular and in terms of geographical might need to be implemented).</p>
Fiduciary Risks					
Financial Control, fraud and misuse of funds	Low	Medium	Medium	<p>Weak Procurement and financial management policies exist in some organizations/countries especially the fragile states.</p>	<p>Activities supported by the proposed program will improve the fiduciary environment. This will include procurement and financial management best practices in line with the AfDB policies and procedures.</p>
Environment and Social Safeguards/Standards					
<u>Social Risk</u>	Medium	Medium	Medium	<p>Possibility of social friction of communities in the program targeted geographies</p>	<p>Social entrepreneurship solutions will always be reviewed with oversight of AfDB, to ensure that the benefits of the solutions are indeed inclusive and not exclusive in nature. In addition, the AfDB will apply its social safeguards on each investment to ensure that there are no negative unintended consequences on local societies.</p>

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<u>Environmental Risk</u>	Low	Medium	Medium	Environmental degradation	The entrepreneurship solutions are meant to enhance the local environment through new and better social services and goods including investments to scale up the use of renewable energy. In addition, due diligence will follow the AfDB's processes of assessment regarding environmental safeguards to ensure that no investment in projects have negative unintended consequences on the environment.
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VI. RESULTS FRAMEWORK

Aggregate Indicator	Unit of Measure	Baseline	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Total
Indicator One: Total number of WSMEs benefiting from the program	Number	TBD	500	7,500	12,000	12,000	8,000	40,000
Indicator Two: Number of direct jobs (rural and urban), disaggregated by sex, created by women-owned/led SMEs (We-Fi Indicator 12)	Number	TBD	-	5,000	8,000	10,000	12,000	28,000

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RESULTS FRAMEWORK - Table 5

Objective	Result(s)	Indicator	Unit of Measure	Baseline	YR1	YR2	YR3	YR4	YR5	Total
Improving Access to finance	Outcome 1: WSMEs have increased access to credit facilities	Amount of non-We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries (We-Fi Indicator 1)	Number (\$ million)	0	55.0	85.5	77.8	95.2	119.3	432.8
		Amount of new financing given to women owned-led SMEs by supported We-Fi institutions, disaggregated by IDA/FCS countries (We-Fi Indicator 2)	Number (\$ million)	0	15	20	15	15	10	75.0
	Output 1.1: First Loss Risk Sharing Facility to de-risk funds to NBFIs (Impact, VC, PE, funds of funds) established and operational	Number of NBFIs that have attained a 'financial close' with the AfDB to support WSMEs with the FLRS	Number	2	1	1	1	1		6
	Output 1.2: First Loss Risk Sharing Facility to de-risk participating FIs established and operational	Number of participating FIs that have signed a loan agreement with the AfDB to support WSMEs	Number	1	1	2	2	2	3	11
Providing relevant and targeted capacity building/training to WSMEs and participating FI's/NBFI's, public and private sector institutions serving WMSMEs	Outcome 2: Increased access to financial services by WSMEs	Percentage of WSMEs that are beneficiaries to the We-Fi supported FIs/NBFIs	Percentage	0	30%	30%	30%	30%	30%	30%
	Output 2.2: The capacity of WSMEs to formalize their businesses is strengthened	Number of WSMEs trained/ linked to networks (market linkages, procurement opportunities, investment opportunities, etc.)	Number	TBD	500	7,500	12,000	12,000	8,000	40,000
	Output 2.1: The number of WSMEs reporting growth in sales and profitability as a result of the We-fi Technical Assistance	Number of women-owned/led SMEs in entrepreneurship support programs that report increased sales or profits (We-Fi Indicator 11)	Number	TBD	0	0	200	400	600	1,200
	Outcome 3: FIs/NBFIs improve and diversify their product offering/services to serve WSMEs	Number of FIs/NBFIs 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 (We-Fi Indicator 3)	Number	0	2	3	3	3	3	14
	Output 3.1: Strengthened capacity of public and private sector institutions to serve WMSMEs	Number of rigorous impact evaluations commissioned by We-Fi supported institutions (We-Fi Indicator 7)	Number	0	0	0	0	2	1	3
Improving the policy and enabling environment for WSMEs across Africa	Outcome 4: The Policy and regulatory environment is strengthened to increase the participation of WSMEs	Number of the legal and regulatory reforms supported by the We-Fi program to remove constraints and support to women entrepreneurship, disaggregated by IDA/FCV countries (We-Fi Indicator 9)	Number	0	1	1	1	1	1	5
	Output 4.1: Training Government officials in Africa- on the risk sharing facilities.	Number of officials trained on the risk sharing facilities available on the continent.	TBD	20	30	30	30	30		140

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VII. ANNEXES

Annex 1: Implementing Partner Track Record

The African Development Bank (the Bank) is Africa's premier financial institution, with deep knowledge of, and proximity to its Regional Member Countries (RMCs) in Sub-Saharan Africa. In implementing its ten-year Strategy, the Bank will pay particular attention to gender equality and the need to reduce gender inequalities by promoting women's economic empowerment. Under private sector development, the Bank emphasizes increased women's access to finance and financial services and non-financial services by supporting financial intermediaries to on-lend lines of credit to women entrepreneurs. Specific projects implemented and under implementation are shown below:

The Growth-Oriented Women Enterprises (GOWE) program had a two-pronged approach combining a financial product – a partial guarantee facility aimed to improve access of women entrepreneurs to credit – with capacity building of Participating FIs, women entrepreneurs, women's associations and business services providers. The financial component of the GOWE program was a partial guarantee fund, which had been established as a pilot in Kenya in 2006 and in Cameroon in 2009. Its aim was to assist women entrepreneurs to grow their businesses through increasing their access to finance from commercial banks.

The African Women in Business (AWIB) was conceived as an innovative, integrated program for women's entrepreneurship, which aimed to (i) contribute towards a more equitable business environment for women entrepreneurs, enhancing their contributions to economic development, (ii) develop SME financing mechanisms, and assist successful SMEs to grow their enterprises. The lessons drawn from the 2013 evaluation contributed to redesign AWIB in favour of providing direct support to selected women-owned businesses and business associations. Beneficiary businesses/associations and organizations would receive grants ranging between USD 25,000 and USD 70,000 through signing grant agreements with the Bank specifying precise objectives to be achieved.

50 million African Women Speak, a US\$ 24 Million project, is an online multinational networking platform for women entrepreneurs, providing access to different financial and non-financial services. It is implemented by three Regional Economic communities (RECs), namely, COMESA covering East and Southern Africa, EAC covering East Africa, and ECOWAS covering West Africa. It targets women entrepreneurs in Africa, who often struggle to access information on financial and non-financial services, and are less likely to have established business networks or mentors that can offer them much-needed advice and guidance on how to grow their businesses.

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Annex 2: Cost and Financing Plan

The Program Budget is shown in the Table below:

Budget	We-Fi Funding (US\$)	%
Component I: Improving access to Finance	30,000,000	49%
Component 2: Capacity Building	8,700,000	14%
Component 3: Enabling Environment	8,175,191	13%
Component 4: Special Initiatives	10,881,818	18%
Total	57,757,009	
IP Fees (7%)	4,042,991	7%
Sub Total	61,800,000	
Grand Total	61,800,000	100%

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Annex 3: Work Plan

The program will be implemented over a 5-year period. The Table below shows the estimated program delivery times:

Work Plan	Q3 '19	Q4' 19	2020	2021	2020	2023	2024
We-Fi Secretariat Approval							
Start of Implementation							
Needs Assessment and Terms of References							
Partnership Agreements with sub-Implementing Partners							
Financing Instruments Delivery							
Capacity Building Support Delivery							
Coordination, Monitoring and Quality Assurance							
Program Communication							