



Women Entrepreneurs Finance Initiative (We-Fi)

FUNDING REQUEST DOCUMENT

ON A PROPOSED FINANCING

IN THE AMOUNT OF US\$ 20.19 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: The Pacific and Viet Nam.

Requested amount: US\$ 20.19 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 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 (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, 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 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.

Beneficiaries: The WAVES Program will target **5105** growth-oriented women’s businesses to enable them to become thriving SMEs. 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) positioned 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: The Pacific, Viet Nam
- v. Implementation Period Start Date: 2019 End Date: 2024
- vi. Total We-Fi Financing Amount Requested (in thousands US\$): 20,189

93% of We-Fi financing is expected to be allocated to eligible middle-income (IBRD) countries and 7% 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 FINANCING DATA

Total Cost of Program US\$ 225, 689 million of which, Total Financing Requested from We-Fi is US\$ 20,19 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	268	6,052	3,444	4,678	5,248	499	20,189
IP's Contribution ²	-	47,000	33,333	33,333	33,333	-	147,000
Other Public Sector	-	-	-	-	-	-	-
Private sector financing ³	-	48,500	-	-	5,000	5,000	58,500
TOTAL	268	101,552	36,777	38,011	43,581	5,499	225,689

95% of the program is expected to be allocated to eligible middle-income (IBRD) countries and 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\$)	20,189.00	147,000.00	0.00	48,500.00	0.00	195,500.00
Ratio		(B)/(A)	(C)/(A)	(D)/(A)	(F)/(A)	(G)/(A)
		7x	0x	2x	0x	9.68x

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)
Don 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

Non-IP Staff:

Tu Thu Hien, Founder and CEO, Women's Initiative for Women's Startups and Entrepreneurship (WISE), Viet Nam
Ngo Hong Diep, Managing Director, WISE

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.

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: 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 one of the Pacific’s largest economies, Fiji has 12% of all formal enterprises led by a woman.⁶ In Viet Nam, only one in four SMEs is led by a woman.⁷ 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 Viet Nam, the gender financing gap is estimated to be 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,⁸ programs supported by the Department of Foreign Affairs and Trade (DFAT) in Southeast Asia (Investing in Women) and the Pacific (Pacific

⁶ Fiji Bureau of Statistics. 2011 Labor Survey. <https://www.statsfiji.gov.fj/>.

⁷ 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.

⁸ 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>.

Women),⁹ and the Pacific Islands Private Sector Organization (PIPSO) runs the Pacific Women in Business online portal.¹⁰ 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.¹¹ 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.¹² 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, Fiji is ranked 101st, and Papua New Guinea (PNG) is ranked 108th.¹³ 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.

Viet Nam: There is little recognition that WSMEs face different and additional challenges to their 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 2016.¹⁴ 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.

⁹ 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>.

¹⁰ Pacific Islands Private Sector Organization. Pacific Women in Business. Network Directory. <http://pacificwomeninbusiness.com.au/directory/pacific-islands-private-sector-organisation-pipso/>

¹¹ ADB/AusAid/New Zealand Aid Program. Pacific Private Sector Development Initiative. <http://www.adbpsdi.org/p/what-is-psdi.html>

¹² ADB. 2015. *Asia Small and Medium-sized Enterprise (SME) Finance Monitor 2014*. Manila. <https://www.adb.org/publications/asia-sme-finance-monitor-2014>.

¹³ World Bank. 2018. *Doing Business 2019: Training for Reform*. Washington. <http://www.doingbusiness.org/en/reports/global-reports/doing-business-2019>.

¹⁴ Footnote 7.

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.¹⁵ 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 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 9.68x for every We-Fi dollar, including ADB resources and private sector mobilization.

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 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 of the WSMEs components of the SME Law. Moreover, **partnerships** at the national level have been sought to create further synergies: these include 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. Consultations have also taken place with the ASEAN Women’s Entrepreneurship Network (AWEN), and

¹⁵ Footnote 12, p.14.

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. First, 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 on-lending 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, which is particularly needed in Vietnam where financial institutions have viable options to multilateral financing. Second, the use of We-Fi resources as blended finance in the form of first loss credit enhancement. In particular, the gender bond in Fiji will use a first loss tranche to 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 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

THE PACIFIC

Component 1: Access to finance

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. 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)¹⁶ 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 (. 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

¹⁶ 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. 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 its own resources to WSMEs through new digital finance channels.

Component 2: Reduced non-financial barriers/ enabling environment

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.¹⁷ 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.¹⁸ 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.

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

¹⁷ 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.

¹⁸Eves, 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/>.

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

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

Component 1: Improved access to finance

Performance-based lending: ADB will use blended instruments such as 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 at least two projects.¹⁹

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.²⁰ 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.

¹⁹ Depending on government preferences, the performance-based lending may replace a non-sovereign loan to a state-owned bank with the proposed sovereign project.

²⁰ 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

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 given the double discrimination and higher levels of poverty they face.

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 5105 women will benefit from the WAVES Program. The WAVES Program will target growth-oriented women’s businesses in 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. 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.

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.²¹ 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.²² 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.²³ 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.²⁴

Consultations with women’s business coalitions, 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, 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.

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 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. 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

²¹ Footnote 20, p. 14.

²² Footnote 9, p.11

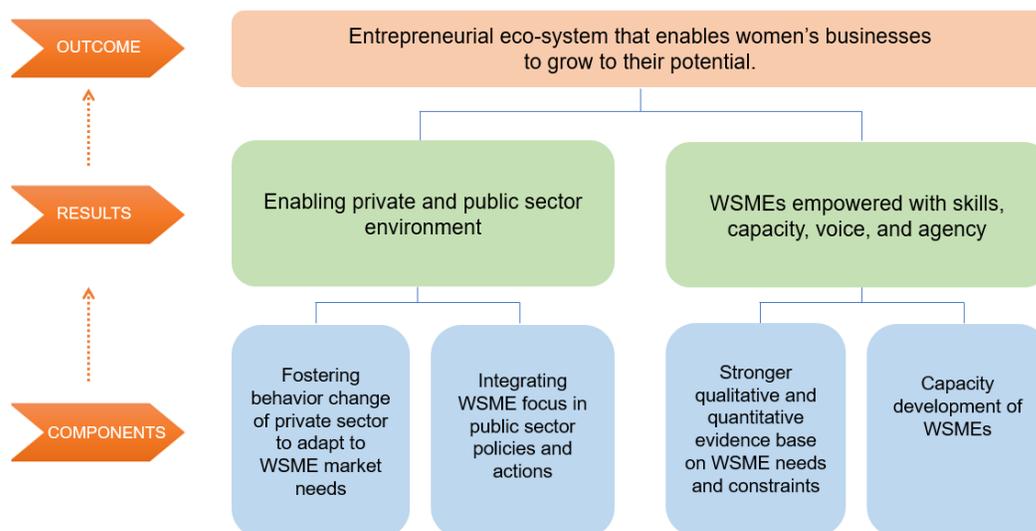
²³ See PNG example

²⁴ 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>

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 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,²⁵ 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 the Pacific²⁶ and Viet Nam,²⁷ UNESCAP and the OECD reports on WSMES in ASEAN economies,²⁸ and the Global Entrepreneurship Monitor.²⁹ 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. 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.

²⁵ Footnote 9; Footnote 12; and Footnote 24

²⁶ International Finance Corporation. 2010. *Economic Opportunities for Women in the Pacific*. Washington.

²⁷ Footnote 20,

²⁸ Footnotes 8 and **Error! Bookmark not defined,**

²⁹ Peroni, C. and Rillo, C.A.F. 2019. *Global Entrepreneurship Monitor 2017/2018*. STATEC. Luxembourg. <https://www.gemconsortium.org/>

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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 the ADB resident mission in 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 Viet Nam to foster ownership and receive feedback; FIPs across all countries have been consulted on the project design and their potential role.

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. <i>Consulted and expressed interest.</i>	Gender bond issuance, using proceeds to on-lend to WSMEs; institutional capacity development in Fiji. Providing 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 has a specific policy mandate. Its remit is to extend financial services to poor. <i>Confirmed interest in We-Fi.</i>	Capacity development; potential on-lending to women SMEs;
Viet Nam Women’s Entrepreneurship Association	Supports women-led SMEs, advocated for the SME Law to include WSME definition. <i>Potential partners already consulted.</i>	Implementing gender provisions of 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

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

ADB Headquarters project team along with its resident mission private sector development unit and gender team in 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 WAVES. 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.

Partnerships will be selected based on the institutions’ unique mandate, experience and activities in supporting WSMEs. All partners will receive a share of We-Fi Funds to scale up their existing activities. ADB has confirmed its partnership with WISE (see below) and is in consultation with other local organizations to support program delivery.

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.

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 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 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	Baseline	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	-	1,418	2,494	3,572	4,505	5,105
Total number of women-owned/led SMEs benefiting from the training program	-	543	1,086	1,630	1,930	2,230
Total number of women-owned/led SMEs benefiting from the financing program	-	875	1,408	1,942	2,575	2,875

Aggregate Indicator	Unit of measures	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	
Total number of women-owned/led SMEs benefiting from the training program	Number of institutions	-	200	400	600	800	1,000	-	-	-	-	100	
Total number of women-owned/led SMEs benefiting from the financing program	Number of institutions	-	200	400	600	800	1,000	-	-	-	-	100	

Aggregate Indicator	Viet Nam					
	Baseline	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	-	1,018	1,694	2,372	2,705	2,705
Total number of women-owned/led SMEs benefiting from the training program	-	343	686	1,030	1,030	1,030
Total number of women-owned/led SMEs benefiting from the financing program	-	675	1,008	1,342	1,675	1,675

Table 2: Results Framework

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of measures	Baseline	Total				
						Year 0 (2019)	Cumulative Target Values			
							Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)
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	141	181	
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	80	117	155	191	
		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	-	2	5	7		
			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	-	2	3	4		
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	-	2	2	3		
			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		
			Indicator 7: Number of rigorous impact evaluation commissioned by We-Fi supported institutions		-	-	-	-		
	improved enabling environment	Reduced gender biases in laws and policies	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		-	-	-	-		
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			
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	-	543	1,086	1,630	1,93	
	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	-	362	724	1,087	1,28	
	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	-	1,750	2,817	3,883	5,15	

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of measures	The Pacific (IBRD)						
					Baseline	Cumulative Target Values					Year 5 (2024)
						Year 0 (2019)	Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	
Address financial constraints faced by women-owned/led small and medium enterprises	Improved access to finance	Mobilization of at least \$800 million from commercial institutions and IFIs	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	
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	-	11	11	11	11	
		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	
			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	
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	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	-		200	400	600	800	
	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	
	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	

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of measures	The Pacific (IDA Blend/FCS)						
					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 commercial 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	
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	-	0	1	1	6	
		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	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		
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	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		
	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		
	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		

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit of measures	Baseline	Viet Nam					
						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	-	-	68	101	134	168	
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries	\$ millions	-	0	69	105	143	181	
	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	-	-	2	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		
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	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		
			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		
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	-	343	686	1,030	1,030	1	
	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	-	229	457	687	687		
	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	-	1,350	2,017	2,683	3,350	3	

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.³⁰

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,³¹ a Toolkit for Micro, Small and Medium-sized Enterprise Finance and Development,³² and a report on the

³⁰ ADB. 2018. *Boosting gender equality through ADB Trade Finance Partnerships*. Manila.

³¹ Footnote 24.

³² Footnote 9.

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.³³

³³ 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 3: We-Fi Program/Project Risk Template

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
Program Design and Implementation Arrangements					
<p>Related to the design and implementation of Programs/Projects financed by We-Fi, for example:</p> <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 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 style="text-align: center;">-</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 the project or operational engagement.</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>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</p>

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
					the financial sector in the country and a good case of reform. ³⁴
Fiduciary Risks					
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	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</p>

³⁴ Biggs, P. 2007. *The financial sector in Papua New Guinea – A good case of reform.*

Risk Description	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
oversight arrangements; the level of transparency in disclosing procurement/contract, financial reporting and audit related information. In addition, the assessment should also look at the degree to which procurement and contract administration arrangements and practices provide reasonable assurance that the project will achieve intended results.					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.
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</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</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		
and addressing program/project impacts on people, especially women, and on the environment; continuous consultations with beneficiaries and providing project-based grievance reporting and redress mechanisms; promoting non-discrimination toward project-affected individuals and communities; promoting labor standards and acceptable working conditions; and promoting sustainable management of natural and living resources; in each case, in line with the safeguards/standards of IPs.				<p>zero tolerance for sexual harassments, as well as environment safeguards.</p> <p>Executing agencies involved in ADB's existing loans in 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.</p>	