

WeForLAC

Women Entrepreneurs for
Latin America and the Caribbean

FUNDING REQUEST DOCUMENT
ON A PROPOSED FINANCING IN THE
AMOUNT OF \$24,279,370
TO THE



Invest

FOR



we-fi
WOMEN ENTREPRENEURS
FINANCE INITIATIVE

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EXECUTIVE SUMMARY

Strategic Context: Across Latin America and the Caribbean (LAC), there are approximately 1.2-1.4 million women-owned/led SMEs (WSMEs). Women manage 25-43% of very small and small businesses and 26-29% of medium businesses. Most WSMEs in the region, however, are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. Up to 73% of women entrepreneurs in the region report being financially unserved or underserved; they need a range of financial products and services, such as equity, venture financing, supplier credit and insurance in order to grow their businesses. Non-financial services, including networking, business planning and mentoring are also essential to promote WSME growth and access to markets. Without addressing these constraints, WSMEs will continue to be smaller and slower growing than male-owned firms.

Program Development Objectives: The general objective of the Inter-American Development Bank Group (IDBG) WeForLAC proposal is to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. **The specific objectives of WeForLAC are to improve: i) WSMEs' access to finance; ii) WSMEs' access to markets; iii) WSMEs' access to skills and networks; and iv) the entrepreneurship ecosystems for WSMEs.**

The program is expected to reach at least **19,252 WSMEs, with a focus on underserved women**. For the purposes of this proposal, **underserved WSMEs** are defined as: 1) financially unserved or underserved; 2) WSMEs led by women living in conditions of vulnerability and poverty as measured by IDBG development effectiveness metrics; or 3) WSMEs led by excluded populations such as indigenous, afro-descendant, and rural women. Indigenous and afro-descendant women entrepreneurs in LAC face the double burdens of gender and racial biases and also tend to come from vulnerable socioeconomic backgrounds that hinder the possibility to grow their businesses. The WeForLAC target countries are: Honduras, El Salvador, Guatemala, Mexico, Colombia, Brazil and Peru.

Focus on low-income countries: Honduras, an IDA country, will be the principal country in which a series of coordinated public and private sector initiatives will be implemented to support the growth of WSMEs. Forty-five percent of We-Fi resources will be devoted to Honduras. Lessons learned in Honduras will be applied to the rest of the region, with a focus on **lower middle-income countries (LMICs) (e.g. Guatemala and El Salvador)**.

Leverage innovation from upper middle-income countries (UMICs): Upper middle-income countries (UMICs) such as **Mexico, Colombia, Brazil and Peru will be eligible to receive WeForLAC resources**. Their mature financial sectors facilitate the development of innovative financial instruments, which can be replicated in LMICs in the medium term. These UMICs were chosen because of the opportunities to leverage resources from IDBG operations in pipeline or in execution or because of significant demand for WSME advisory services, technical assistance, and lending.

The proposal builds on the comparative advantage and strengths of all parts of the IDBG, including IDB Invest (private sector arm), IDB Lab (innovation hub, focus on STEM entrepreneurs) and the IDB (public sector).

I. BASIC INFORMATION

- i. **Program/Project Name:** Women's Entrepreneurship for Latin America and the Caribbean
- ii. **Implementing Partner Name and Contact Person:** Inter-American Development Bank (IDB)¹ and the Inter-American Investment Corporation (IDB Invest) henceforth known as Inter-American Development Bank Group (IDBG). Paola Pedroza, Operations Specialist, Office of Outreach and Partnerships.
- iii. **Type of Program/Project:** ☐ Private ☐ Public ☒ Both
☐ Single country ☐ Multi-country ☒ Region(s) ☐ Global
- iv. **Geographic Focus (target countries):** The following countries will receive We-Fi funds: Honduras, El Salvador, Guatemala, Mexico, Colombia, Brazil, Peru.
Implementation Period Start Date: July 2019 **End Date:** December 2024
- v. **Total We-Fi Financing Amount Requested {USD}:** \$24,279,370

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total requested from We-Fi for program/project (by country, if applicable) {USD}	\$4,245,000	\$6,134,500	\$5,137,500	\$4,242,500	\$2,931,500	\$22,691,000
7% MDB Fee	\$1,588,370					\$24,279,370

53% (Honduras) of We-Fi financing expected to be allocated to eligible [Low-income countries \(IDA\)](#)
 47% (6% for lower-MIC and 41% for upper MIC) of We-Fi financing expected to be allocated to eligible middle-income countries (IBRD).

¹ The IDB also is the administrator of IDB Lab (formerly Multilateral Investment Fund).

PROGRAM/PROJECT FINANCING DATA

Total Cost of Program/Project: {USD} \$270,916,870 of which, Total Financing Requested from We-Fi: USD \$24,279,370

Breakdown of Total Cost of Program/Project {USD}

Financing Source(s)	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
We-Fi	\$4,245,000	\$6,134,500	\$5,137,500	\$4,242,500	\$2,931,500	\$22,691,000
IDBG Contribution	\$16,716,250	\$26,760,750	\$30,298,750	\$21,948,750	\$14,686,500	\$110,411,000
Other Public Sector	\$460,000	\$900,000	\$700,000	\$450,000	\$-	\$2,510,000
Other IFI						0
Bilateral funds						0
Recipient govt	\$460,000.00	\$900,000	\$700,000	\$450,000	\$-	\$2,510,000.00
Other sources	\$ 325,000	\$825,000	\$-	\$-	\$1,075,000	\$2,225,000
Private sector financing	\$23,311,875	\$35,378,625	\$34,498,125	\$23,473,125	\$14,829,750	\$131,491,500
TOTAL						\$269,328,500
MDB Management Fee (7%)						\$1,588,370
GRAND TOTAL (E)						\$270,916,870

35% of (E, grand total) expected to be allocated to eligible low-income countries (IDA)

65% of (E, grand total) expected to be allocated to eligible middle-income countries (IBRD) with 9% for lower-MIC and 56% for upper MIC.

0% of (E) expected to be allocated to eligible Fragile or conflict affected countries/territories

Resource Mobilization/Leverage Table

	We-Fi financing requested (A)	IP Contribution (B)	Other public-sector contributions (C)	Private sector financing (D)	Additional leverage achieved[1] (F)	Total leverage (B+C+D+F)=(G)
Amount (in USD)	\$24,279,370	\$110,411,000	\$2,510,000	\$131,491,500	\$-	\$244,412,500
Ratio		5	0.10	5	-	10

33% of (G, total mobilization) expected to be allocated to eligible Low-income countries (IDA) (Honduras)

67% of (G, total mobilization) expected to be allocated to eligible Middle-income countries (IBRD) with 9% for Lower MIC (El Salvador, Guatemala) and 58% for Upper MIC (Mexico, Colombia, Brazil, Panama, Peru)

0% of (G) expected to be allocated to eligible Fragile or conflict-affected countries/territories

TEAM COMPOSITION

IP Staff: Andrew Morrison (Chief, Gender and Diversity Division); Eduardo Almeida (Representative, Honduras Country Office); Stephanie Oueda (Head, IDB Invest Gender, Diversity and Inclusion, Advisory Services); Matthieu Pegon (IDB Invest, Head, Blended Finance); Pilar Carvajo (IDB Invest, Blended Finance); Susana Garcia Robles (Chief, Loan and Equity Operations, IDB Lab); Paola Pedroza (Operations Specialist, Office of Resources and Partnerships); Nidia Hidalgo (Social Development Senior Specialist, Country Office EL Salvador); Gladis Gomez (IDB Lab Senior Specialist, Honduras Country Office); Ana Ríos (Natural Resources Senior Specialist, Honduras Country Office); Carlos Jacome (Energy Senior Specialist, Honduras Country Office); Lauren Murphy (Investment Officer, IDB Invest, Gender, Diversity and Inclusion); Patricia Yanez (IDB Invest, Development Effectiveness Officer); Gyoung Joo Choe (IDB Lab, Specialist); Tetsuro Narita (IDB Lab, Senior Specialist); Gabriela Andrade (Lead Specialist, Financial Markets Division); Leslie Harper (Senior Specialist, Fiscal Management Division); Maria Paula Gerardino (IDB Strategic Planning and Development Effectiveness, Economics Specialist); Luis Marquez (IDB Consultant); Astrid Mejía (IDB Consultant).

Non-IP Staff: Elizabeth Vasquez, CEO, WeConnect International; Inez Murray, CEO, Global Banking Alliance for Women; Rebecca Ruf, Vice-President, Global Banking Alliance for Women; Alyse Nelson, President and CEO, Vital Voices Global Partnership; Martha Doblado, Secretary, Honduran Secretariat of General Coordination of Government (SCGG), and Marco Bográn, Executive Director, INVEST-H Honduras.

II. STRATEGIC CONTEXT AND RATIONALE

II.A. Country/Regional/Global Context

Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million women-owned/led SMEs (WSMEs)², and women manage 25-43% of very small and small businesses and 26-29% of medium businesses.³ The vast majority of women-led businesses in the region, however, are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. Women-led firms are smaller than those led by men, with fewer employees and lower profits.⁴

While it is difficult to generalize about which factors are the most binding due to the heterogeneity of country contexts, WSMEs are more likely than men at all business sizes to cite access to finance as a major or severe constraint. Up to 73% of women entrepreneurs in the LAC region report being financially unserved or underserved, and that they need savings, insurance and other financial products to strengthen their businesses.⁵ Globally, LAC has the third largest credit gap for WSMEs (US\$93 billion of a global gap of US\$1.7 trillion).⁶ WSMEs are often unable to access more sophisticated forms of financing; for example, only 35.8% of businesses managed by women use banks to access working capital.⁷ Beyond finance, limited access to markets is a frequent problem: WSMEs are underrepresented in both private sector value chains and public sector procurement.⁸ Finally, there is ample room to foster public policies and private sector initiatives to accelerate the growth of WSMEs.

Figure 1: Challenges for WSME Growth in LAC⁹

Challenges for Women Entrepreneurs (demand side) and their Businesses in IAC		Challenges in the Supply of Services for Women Entrepreneurs and their Businesses in LAC
Access to Finance	Lower levels of financial literacy and knowledge on financial products than men	Financial products, services, and delivery mechanisms are not tailored to women's needs / FIs do not understand that women-led SMEs have distinct needs
	Higher levels of risk aversion than men	Explicit / hidden gender biases in the credit approval processes of FIs; limited support from FIs to build financial capability of women
Access to Markets	Less access to markets & value chains	Interventions focused on male dominated value chains
	Less access to appropriate local, national, and international business networks	Limited understanding of importance of networking; gender norms and traditions in established informal and formal business networks
Access to Business Skills & Mentoring	Less business experience and skills	Business development services and delivery mechanisms not tailored to women
		Lack of high quality, relevant and easy-to-access training
	Less access to mentors & investor networks	Insufficient formal mentoring programs
Enabling Environment	Fewer women enrolling in STEM degrees	Lack of programs to develop pipeline of women in STEM
	Higher levels of informality than men-led businesses	Financial infrastructure weaknesses, such as limited sex-disaggregated data on WSMEs
		Explicit and hidden gender biases in laws and regulations

² For the purposes of this proposal women-owned and women-led SMEs will be referred to as WSMEs.

³ Strengthening Access to Finance for Women, IFC 2011; World Bank, Enterprise Surveys, 2005-2010.

⁴ World Bank, Inter-American Development Bank, GTZ, "Women's Economic Opportunities in the Formal Private Sector in Latin America and the Caribbean: A Focus on Entrepreneurship", 2010.

⁵ IFC (2011). Strengthening Access to Finance for Women.

⁶ SME Finance Forum (2017). MSME Finance Gap Report 2017.

⁷ World Bank Enterprise Surveys, LAC regional data, filtered by gender of top manager of firms.

⁸ WeConnect International estimates that only 1% of corporate purchases are from WSMEs.

⁹ IDB, (2015) Gender and Diversity Sector Framework Document; Pailhe, Cristina (2014). Regulación financiera y género: El enfoque de género en las operaciones de reforma financiera de la División de Mercados de Capitales e Instituciones Financieras. IDB.

Crosscutting	Time constraints due to unpaid care work burden and household-related obligations	Inadequate provision of quality day-care services, safe public transport and inadequate laws /regulations on parental leave
	High levels of violence against women (VAW)	Inadequate VAW prevention and attention programs

II.B. Sectoral and Institutional Context

This section explores the sectoral and institutional barriers to promoting the growth of WSMEs.

Access to Finance. Despite a significant financing gap for WSMEs in LAC, the majority of banks in the region have not acted upon this market opportunity. A 2016 IDBG-supported survey of 100 banks in LAC found that only 28% of banks thought that the WSME market was unserved.¹⁰ The IDBG has been addressing this issue since the launch of the women entrepreneurship Banking initiative (weB) in 2012; weB has supported 19 “first mover” financial intermediaries (FIs) to develop products and services targeting WSMEs in 12 countries, which in turn have supported over 200,000 WSMEs. The weB initiative has had a catalytic effect: an increasing number of banks in the region are connecting and exchanging practices including through the Global Banking Alliance for Women (GBA) peer learning activities on how to better serve the women’s market. At the same time, many actors—including factoring/leasing firms, fintech firms and impact investors—are poised to better serve WSMEs.

Access to Markets. A limited but growing number of multinational and national firms as well as governments in LAC are demonstrating a commitment to sourcing from WSMEs to improve the sustainability of their supply chains and facilitate better and fairer access to markets.¹¹ Governments are developing policies that promote WSME access to government procurement processes; Chile and the Dominican Republic have recently done so with IDB support. Such policies have long-term benefits, as many WSMEs and professionals use the public sector market as a foundation to become more competitive and viable in the private sector.¹² However, most governments in the region do not have supplier diversity initiatives, and those that do are not LMICs. Private sector companies are not consistently looking to integrate WSMEs into their value chains.

Access to Skills. Impact evaluations in LAC countries from the IDBG and the World Bank Group (WBG) have shown that traditional business development services and financial education programs alone have had limited impact on WSME growth. However, there is recent evidence from LAC and other regions suggesting that programs that combine high-quality training with peer mentoring, along with psychology-based or personal initiative entrepreneurship training, can generate growth.¹³ Most FI and business development service providers are still implementing more traditional methodologies that are likely to have only a limited impact on WSME growth.

Enabling Environment. Some governments in the region have developed Financial Inclusion Plans with specific objectives seeking to reduce gender gaps in access and use of financial services, but the preparation of these plans has been hampered by limited availability of sex-disaggregated supply- and demand-side data. In other countries, extremely poor data availability makes the preparation of such plans impossible. Thus, there is ample room to improve government policies to promote WSME development, and investing in data collection and analysis is a crucial first step. Women’s business and professional networks are also key to promoting WSME growth.¹⁴ Most of these networks are still nascent and, in many cases focus on supporting professional women in salaried

¹⁰ In part, this is due to the lack of sex-disaggregated data on the WSME market. See D’Alessio IROL (2017). *Tracking Sobre la Predisposición de las Entidades Financieras de Latinoamérica y el Caribe para la Financiación de Las Pequeñas Y Medianas Empresas*. Felaban, Multilateral Investment Fund, Inter-American Investment Corporation.

¹¹ As evidenced by a limited sample IDBG-led EDGE gender certifications and experience applying the Women’s Empowerment Principles Gap Analysis Tool, which includes a question on sourcing from women-led firms.

¹² For example, the Dominican Republic, supported by the IDBG, developed an innovative WMSME public procurement program that has increased the number of WSMEs that sell to the public from less than 20,000 in 2012 to 70,000 in 2017.

¹³ See for example: Campos et al. (2017). Teaching personal initiative beats traditional training in boosting small business in West Africa. *Science*. Vol. 357, Issue 6357, pp. 1287-1290

¹⁴ Networks such as Red Mulher Empreendedora, in Brazil, Womenalia in Mexico and Colombia, and Vital Voices in Central America.

employment rather than women entrepreneurs. The private sector is also increasing its support for WSMEs, mostly through mentoring programs to support women entrepreneurs or support for incubators and accelerators.

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

While the IDBG has a long track record of promoting the growth of WSMEs (see Annex 1), We-Fi resources would allow the IDBG to significantly expand its work in this area, generate significant growth of WSMEs in Honduras, develop innovative financial instruments that will change the landscape for WSME finance in LAC, and promote better policies and programs to support WSME growth across the region. We-Fi resources are vital for the IDBG to be able to make a difference and accelerate the growth and development of WSMEs. We-Fi resources would be used to develop blended finance instruments, advisory services, and key ecosystem and capacity-building activities for WSMEs. We-Fi resources will be used to catalyze private funds—not supplant or distort them—with the ultimate aim of ensuring the long-term sustainability of the initiatives described in this proposal.

The IDBG developed the WeForLAC proposal using the We-Fi principles as guiding criteria as outlined below:

IDBG focus on low-income countries and addressing underserved women’s needs: The IDBG will allocate 53% of We-Fi resources to Honduras to implement a series of coordinated initiatives (henceforth WeHonduras) to support the growth of WSMEs in one of the poorest countries in the region. The Honduran Secretariat of General Coordination of Government (SCGG)¹⁵, a Secretariat which reports directly to the Office of the President and which oversees the work of the five principal sectoral cabinet ministries, has been consulted and is an enthusiastic and committed partner for WeHonduras. WeHonduras is designed to generate synergies with ongoing Government of Honduras efforts, the IDBG Country Strategy for Honduras 2019-2022, and a large portfolio of IDBG loans in pipeline and execution. The development of SMEs is a priority for the Honduran government. Important ongoing government initiatives that will be strengthened or complemented by WeHonduras include: i) “My online company”, a network of technical support centers (CEDEMIPYMES); ii) a program of solidarity credit to stimulate financing to micro and small enterprises; and; iii) the *Ciudad Mujer* program to promote women’s empowerment, which includes an economic development component. In the Honduran private sector, the Chamber of Commerce and the Sustainable Development Network have programs to strengthen entrepreneurial capacities, including training and guided technical assistance to SMEs as well as digital content on ways of doing business to ensure greater productivity and profitability of WSMEs.

Beyond the resources allocated to Honduras, 9% of We-Fi funds have been allocated to LMICs, with an emphasis on Guatemala and El Salvador. IDBG proposes to focus WeForLAC initiatives in Central America because there is strong demand in these countries from the public and private sectors. The particular focus on the Northern Triangle was driven by its pressing socio-economic needs. In addition, given their similar contexts and proximity, Guatemala and El Salvador can relatively easily apply knowledge and lessons learned from Honduras.

While the majority of WeForLAC resources will be spent in Honduras, Guatemala and El Salvador, blended finance products will be available to support firms operating in UMICs, namely Brazil, Colombia, Mexico and Peru. These countries were chosen due to the maturity of their financial infrastructure and corresponding ability to test innovative projects. These innovations could then be adapted in the LMICs in the medium term. They also offer the opportunity to leverage significant resources from IDBG operations in pipeline or in execution or because there is significant demand or need for WSME advisory services, technical assistance, and lending.

The development of financial instruments to promote the growth of WSMEs in UMICs, which benefit from more conducive market ecosystems, will provide significant added value as this pilot phase will play the critical role of providing demonstrative “proof of concept”. As a regional actor in development finance, IDBG is uniquely positioned to promote the transfer of these instruments to LMICs over time; this will be accomplished by both a purposeful communication strategy and by targeted conversations with policymakers.

¹⁵ The SCGG has principal responsibility in the Government of Honduras for planning, budgeting, executing policies and programs (through the five sectoral cabinet ministries) and monitoring outcomes and results.

The program is expected to reach at least 19,252 WSMEs, with a focus on underserved WSMEs. For the purposes of this proposal, underserved WSMEs are: 1) financially unserved or underserved; 2) WSMEs led by women living in conditions of vulnerability and poverty as measured by IDBG development effectiveness metrics; or 3) WSMEs led by excluded populations such as indigenous, afro-descendant, and rural women. Indigenous and afro-descendant¹⁶ women entrepreneurs in LAC face the double burdens of gender and racial biases and also tend to come from vulnerable socioeconomic backgrounds that hinder the possibility to grow their businesses.

For WSMEs that are financially unserved or underserved, we adopt the following definition, as articulated in the IFC's "Strengthening Access to Finance for Women-led SMEs" report. Unserved women entrepreneurs do not have a loan AND have applied for OR need loan. Underserved women entrepreneurs have a loan but access to finance is a constraint.

In terms of the definition of poor and vulnerable populations and consistent with the development effectiveness framework of the IDBG, we distinguish three population groups: (i) Poor households, who are those living below national poverty line or another nationally recognized poverty measure; (ii) Low-income households, who are above the poverty line but below the national median income; (iii) Vulnerable populations that include those whose income is between \$4 to \$10 dollars a day per capita at Purchasing Power Parity (Source: Economic Mobility and the Rise of the Latin American Middle Class. World Bank. 2013)

As shown in the results matrix, we anticipate serving 8,693 WSMEs in Honduras and 4,183 WSMEs in LMICs, representing 78.3% of projected WSME beneficiaries. In addition, we expect to serve 6,376 WSMEs in the UMICs, representing 33.1% of projected WSME beneficiaries. These women, like their counterparts in LMICs, have significant needs for training, and access to finance, and access to markets in order to grow their businesses. The primary activities expected to take place in UMICs are:

- Gender bonds: These bonds are anticipated to be deployed in UMICs due to these countries' stronger financial infrastructure. They will 1) attract more FIs interested in on-lending to WSMEs (the financially underserved) and 2) attract more capital to current IDB Invest client banks, allowing them to reach more financially underserved WSMEs.
- Fintech: We expect the fintech and sourcing innovations introduced to reach poor and excluded women in UMICs who have traditionally lacked access to formal financing channels; over time, Fintech can be deployed in LMICs.
- Fund manager training: This training will help fund managers invest in more WSMEs, which have traditionally lacked VC and PE financing needed to grow their businesses.
- Blended finance for sourcing from WSMEs: Blended finance risk mitigation products and performance-based incentives (PBIs) will help guide companies to source from, finance, and train previously excluded WSMEs.

In order to ensure that a large percentage of beneficiaries in UMICs are poor and underserved women owners of SMEs, WeForLAC will employ several strategies, including investments into sectors where WSMEs are underrepresented, partnering with local organizations, and establishing gender-related milestones with FIs and corporate clients".

Mobilization and Leverage: Through WeForLAC, the IDBG will invest in projects that provide significant leverage, market signaling, and high volumes of financing to WSMEs. This will be accomplished by attracting institutional investors who will support activities such as on-lending through FIs and supply chain financing for companies using innovative blended finance approaches.

Blended Finance: The IDBG will develop blended finance investments that fulfill the principles of additionality, minimum concessionality, mobilization, commercial and financial sustainability, and risk management. Because of financing limitations, the IDBG has used blended resources to-date exclusively for projects related to climate change and gender

¹⁶ The Afro-descendant population is located in focused economic territories according a number of household surveys carried out by the National Institute of Statistics (NIS) of the respective countries included in this proposal. The IDBG will use information from the various NIS, trusted information sources for the selection of WSMEs to benefit in the framework of We-fi.

diversity within the workforce of IDB Invest infrastructure clients. WeForLAC will allow the IDBG to use blended finance: i) in additional sectors beyond infrastructure (FIs and corporates); and ii) to expand beyond internal HR/workforce issues¹⁷ to include WSMes in their supply chains and as clients. At IDB Invest, the amount and concessionality for each project with blended finance donor resources (including the prospective WeFi blended finance window) is determined on a project-by-project basis under the principles of minimum concessionality and crowding-in of private capital. By design, the amount and level of concessionality of donor resources is not predefined at the fund or program level in order to account for the specificities of each financing, the type of instrument needed, and the minimum level of concessionality necessary to induce the intended investment. The level of concessionality is determined and documented at credit approval and reviewed before closing the legal documentation. The team uses several data points and benchmarks to assess minimum concessionality, including, but not limited to: market comps, expected project returns, economic value of the externality, past transactions. For PBIs, the size of the incentives will depend on how ambitious the program for achieving gender outcomes is and on the investments the borrower has to make to achieve these outcomes. The amount of concessional finance relative to IDBG capital and external investment varies from one project to another. On average, the ratio of concessional resources to IDBG own-capital is 1:2 and the ratio of concessional resources to total projects investment is 1:10 (based on all closed blended finance operations as of December 31st, 2018).

The DFI Blended Finance principles are applied for all blended finance resources of IDB Invest, including the proposed We-Fi blended finance window. A dedicated blended concessional finance investment unit with investment staff and a donors' fiduciary management unit cover all blended concessional finance investments. Approval of blended finance investments is integrated in the approval process of IDB Invest, with participation of specialized and independent blended concessional finance investment staff to represent the donor interests and ensure adherence to the DFI Enhanced Principles. Each blended finance investment is formally reviewed against the DFI Principles through a Blended Finance Assessment attached to investment proposals. Where blended finance resources are tied to a thematic mandate (e.g., gender), the structuring of the blended finance intervention will draw on the expertise of sectorial teams (e.g., IDB Invest's Gender, Diversity and Inclusion team in the case of this facility).

Complementarity Between Public and Private Sector: The WeForLAC proposal is a joint initiative between the IDB (public) and IDB Invest (private) sectors. While the IDB will focus on improving or creating a more inclusive entrepreneurial ecosystem and supporting inclusive procurement and capacity-building programs for WSMes through public sector programs, IDB Invest and IDB Lab will provide the private sector with tools and incentives to increase WSMes growth. In WeHonduras, the IDB will focus on public policies that improve the WSMes entrepreneurial ecosystem and support WSMes directly, while IDB Invest will incentivize the private sector to address the needs of WSMes (see the WeHonduras description in Section III.B below). *VozMujer*¹⁸ Honduras (See Component 4 in Section III.B below) will harness analytical work from the public and private sectors of the IDBG to shape the provision of financial and non-financial services to WSMes.

Partnerships: WeForLAC was developed in partnership with the relevant agencies within the Government of Honduras, including the SCGG. Key potential partners such as the Global Banking Alliance for Women; WeConnect International (see III.B below) also contributed to this proposal. Every component has a set of local and regional partners that will help implement the respective initiatives beyond the Executing Agencies. WeForLAC will build on existing

¹⁷ Using blended finance resources provided by Canada, the IDBG has pioneered the use of gender PBIs (blended finance) in infrastructure financing. The use of blended finance has focused on both influencing corporate culture and creating recruitment pathways for women in underrepresented technical and vocational fields (i.e., internal HR/workforce issues). Each intervention has been designed to combine a gender diagnostic through the WEPs Tool (a joint effort between IDBG, UN Global Compact and UN Women) and a gender action plan where recipient would commit to a set of strategic and measurable outcomes throughout the life of the infrastructure financing. The WEPs Tool is a quick and confidential self-assessment that companies can take to understand where they are in their journey to gender equality. It allows them to quickly identify areas of improvement and strength to ensure they adopt a holistic approach to women's empowerment and gender equality. IDB Invest designed the incentive program around the insights provided by the Tool, including: certification process in gender equality in the workplace, workshops and training, women's leadership and mentoring programs and professional networks with specific support for women, integration of more female STEM students (Science, Technology, Engineering and Math) in qualified work through internship programs or employment opportunities in non-traditional areas for semi-qualified workers.

¹⁸ The English translation of "VozMujer" is "Women's Voice".

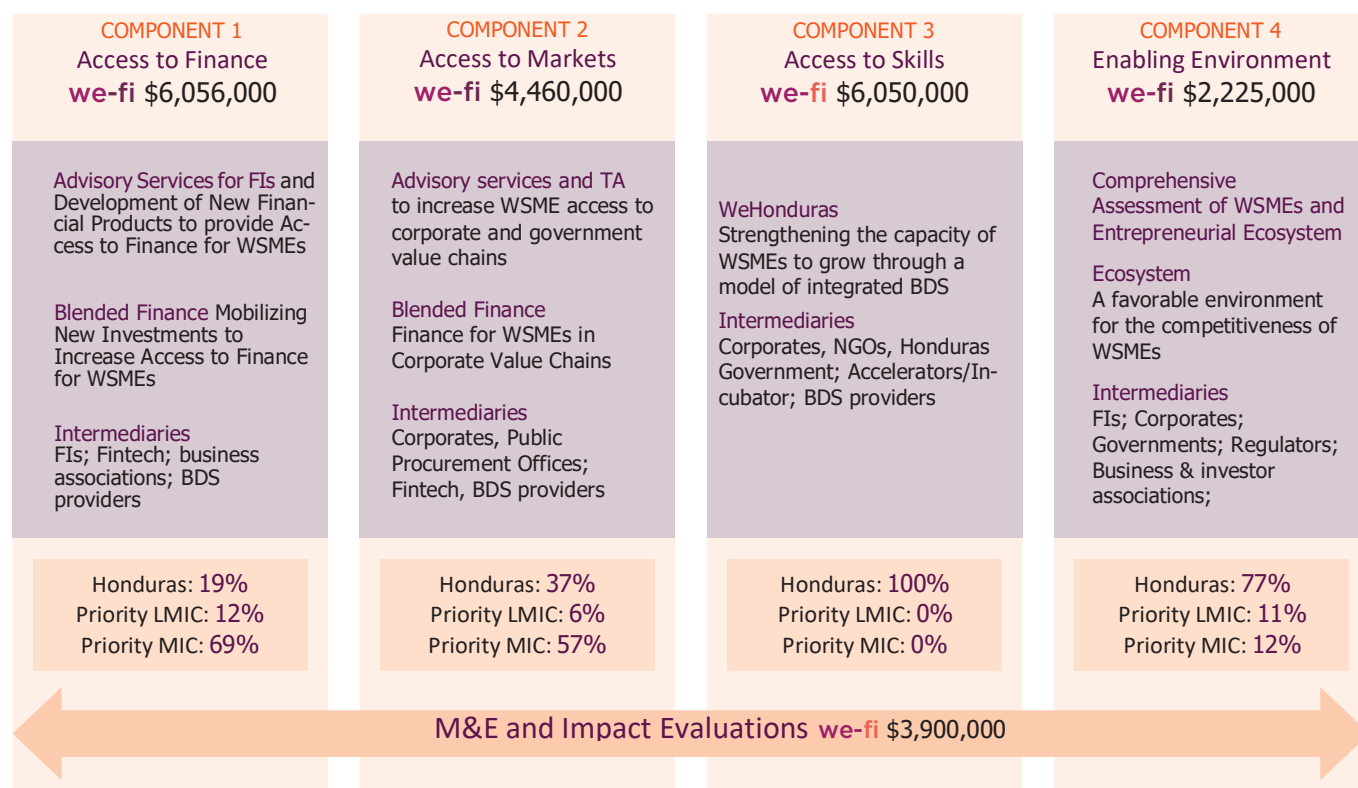
partnerships, such as the recently advertised *Fondo Mujer* (Women's Fund), created by IDB Invest and the Overseas Private Investment Corporation (OPIC).

III. PROGRAM/PROJECT DESCRIPTION

III.A. Program/Project Objectives

The general objective of the IDBG WeForLAC proposal is to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. The specific objectives of WeForLAC are to improve: i) WSMEs' access to finance; ii) WSMEs' access to markets; iii) women entrepreneurs' access to skills and networks; and iv) the entrepreneurship ecosystems for WSMEs (see Figure 2). The WeForLAC target countries are Honduras, El Salvador, Guatemala, Mexico, Colombia, Brazil, Peru.

Figure 2: WeForLAC Program Components



III.B. Program/Project Components, Budget and Workplan

The WeForLAC program builds upon strong comparative advantages of the IDBG. Among these are: i) deep knowledge of the LAC region; ii) understanding the needs of our private and public sector clients; and iii) a track record in innovation and impact, including the use of thematic bonds, blended finance (see Figure 3), and policy-based lending on gender. The IDBG will build upon its ongoing initiatives like the women entrepreneurship Banking "weB" initiative (see description above), the *Ciudad Mujer* ("Women's City") program, which provides

quality, integrated services for women,¹⁹ and the [WeXchange initiative](#)²⁰ created by the IDB Lab (previously the Multilateral Investment Fund). The components of the WeForLAC proposal exclusively target women. In most cases, these activities will be implemented in broader IDBG projects that serve both men and women (very few IDBG projects are exclusively focused on women as 100% of project beneficiaries). Accordingly, the leverage amounts written in the proposal only account for the proportion of the leveraged amount that will be directed at women rather than the leverage of the whole project (which includes men and women beneficiaries).²¹ In particular, SMEs led by men also will benefit from improvements in FI and corporate improvements in the quality of products and services delivered by these institutions that come about because of changes that seek to improve service delivery for women and the development of value propositions for women-led businesses. For example, quality training programs developed for women can be replicated for men, albeit without women-specific components, as has been the case with training programs developed for FIs participating in the web projects.

Figure 3: Selected WeForLAC Blended Finance Mechanisms²²

Blended Finance Instruments to promote WSME access to finance and markets

Blended finance mechanisms are essential to the success of the WeForLAC proposal. IDB Invest intends to combine We-Fi funding with its own capital to mobilize private sector resources towards highly additional and transformational private sector projects that promote WSME growth. WeForLAC will use risk sharing mechanisms and Performance Based Incentives (PBIs) to promote access to finance and markets.

Risk sharing mechanisms: Risk mitigation products can help catalyze commercial funding to support activities that may be perceived as too risky by commercial investors or lenders. Risk mitigation instruments such as loan guarantees to share risks and potentially absorb first-losses, will be provided. IDB Invest will use risk mitigation instruments to enable project viability by temporarily absorbing the additional risk not factored into the returns profile. For example, if clients are reluctant to increase the presence of WSMEs in their supply chains due to a higher risk perception in their accounts receivable and account payable programs, IDB Invest will offer risk mitigation instruments to share the potential risks.

Performance based incentives (PBIs): PBIs will be provided to lower the interest rate of the loans provided by IDB Invest to companies (FIs and corporates) over time, subject to the accomplishment of specific targets for WSMEs (e.g. percentage increase of number/volume of WSMEs in the loan portfolio or percentage/volume of purchases made from WSMEs). We-Fi resources will finance the difference between market rates charged at project outset and the interest rate applied to the IDB Invest client if they meet these gender targets.

¹⁹ *Ciudad Mujer* is an IDBG initiative that provides integrated, quality services for low-income women (e.g. health, violence prevention, business training) through a public service delivery model that brings together different government entities under one roof. The IDBG and the government of El Salvador opened the first center in 2011 and now there are 11 *Ciudad Mujer* centers in four countries in the region, including Honduras.

²⁰ WeXchange was created in 2013 as the first LAC annual forum that brings together high-growth women entrepreneurs with mentors and investors. WeXchange has been held in Miami, USA (2013 and 2014); Mexico (2015); Argentina (2016); Chile (2017); and Peru (2018). To-date, WeXchange has had limited participation of women from IDA countries and LMICs.

²¹ Footnote 71 notes the methodology for these calculations "The following leverage assumptions are included in the below items: 1) Average IDB Invest own capital investment in FI is \$30m and in Corporate \$20m and on average IDB Invest does not finance more than 40% of the total project; 2) to calculate IDB Invest leverage figures we use a conservative estimate that only 20% of the proceeds of the total project will go to WSMEs." For example, a 100M loan to an FI would onlend approximately \$20M to WSMEs (this is in line with historical lending volumes at IDB Invest for FI projects).

²² The seniority of the risk mitigation instruments contemplated in WeForLAC will be structured on a case by case basis under the principle of minimum concessionality. This will range from first loss guarantees, to second loss guarantees or pari-passu guarantees, in any case targeting a determined WSME lending portfolio within the client financial institution, building on IDBG portfolio guarantee product. The seniority of the risk mitigation instrument would depend on (i) the real or perceived risk of the underlying guaranteed portfolio and (ii) the baseline for such a portfolio. For instance, if the purpose of the instrument is to support a new lending product where portfolio performance is unknown, it could be structured as a direct first loss guarantee. Conversely, if the purpose is to increase an already existing portfolio that is currently constrained by exposure limits, then the intervention could be designed as the IP providing a pari-passu guarantee, the IP being in turn counter guaranteed by WeForLAC (thus maximizing leverage).

COMPONENT 1. ACCESS TO FINANCE - COMBINE INVESTMENT AT SCALE WITH ADVISORY SOLUTIONS

We-Fi: \$6,056,000; IDBG: \$51,461,000; Other: \$77,191,500²³

IDB Group's experience shows the power of coupling lending to financial institutions with advisory services to significantly expand WSMEs' access to finance. Through Component I, IDB Invest will strengthen its current advisory offer and expand it to new financial intermediaries using innovative blended finance instruments such as performance-based incentives and gender bonds.

Sub-Component 1.1. *Advisory Services for Financial Intermediaries and New Financial Products to provide Access to Finance for WSMEs*

We-fi: \$2,556,000; IDBG: \$28,116,000; Other: \$42,174,000. Focus: All WeForLAC Countries

Through funds in this sub-component, IDB Invest will strengthen its offering to support financial intermediaries to create or reinforce their on-lending programs to WSMEs and **become the regional leader in structuring and deploying gender bonds.**

With We-Fi resources, IDB Invest will strengthen its advisory services business model to financial intermediaries such as **commercial banks, fintechs, factoring and leasing companies, and MFIs²⁴**. This advisory will pay particular attention on how to better serve **WSMEs**.

Become the regional leader in structuring and deploying gender bonds²⁵ on-lending to WSMEs: Gender bonds are capital markets products that can be issued by corporates or financial intermediaries that use proceeds from the bonds to on-lend to WSMEs.²⁶ Gender bonds are bought by local and international institutional investors with an interest in supporting gender equality. Gender bonds can either: i) attract more FIs interested in on-lending to WSMEs, or ii) attract more capital to the existing FIs or corporates currently lending to WSMEs to enable them to reach more WSMEs and to improve the quality of financing. Both outcomes would enable more capital to reach WSMEs that are financially unserved or underserved.

Risk mitigation instrument under WeForLAC will be fully cash collateralized by the WeForLAC grant contribution and a guarantee fee may be charged under the principle of minimum concessionality. Both the unused cash in the cash collateral and the fee would be accounted as reflows and returned to We-Fi.

The level of credit enhancement will depend on the credit quality and granularity of the underlying guaranteed lending portfolio. A granular and high-quality portfolio may provide some rating enhancement, while a less granular portfolio with a lower credit quality would primarily provide a recovery enhancement. In the case of the targeted portfolio we expect a somewhat medium/high risk portfolio with average granularity.

The IDB Invest team does not necessarily see inconsistencies between the risk mitigation instrument and promoting secured lending. Concessional finance is by design time bound and concessionality should be structured as to induce the intended investment and seek long term commercial sustainability of the underlying investment while avoiding market distortion and crowding-out the private sector. For instance, one obstacle identified for WSME lending in Latin America and the Caribbean is the lack of collateral that can be provided to secure the financing, in turn affecting the credit quality of WSME lending. In this frame, a risk mitigation instrument could be structured to bridge the collateral requirement.

²³ The total Access to Finance category sums to \$236.2 million, which includes grants and blended finance mechanisms that are expected to directly lead to access to finance. The envisioned investments under Access to Markets, Access to Skills and Enabling Environment are also anticipated to lead to greater access to finance for WSMEs, albeit over a longer period of time and indirectly.

²⁴ Both upscaling MFIs (serving microentrepreneurs growing into SMEs) and downscaling commercial banks are viable IDB Invest clients, although historically the majority of weB clients have been commercial banks.

²⁵ Social Impact Bonds (SIBs) were not considered as part of this proposal. SIBs are issued by the public sector and require both sophisticated legal frameworks not present in many of the beneficiary countries and—even in those with such frameworks—a long period to develop the SIBs. Gender bonds can be developed more quickly and in a larger number of countries, leveraging IDB Invest's participation as an anchor investor, structurer or guarantor of the bonds.

²⁶ IDB Invest intends to offer advisory to both the issuing client as well as the WSMEs. This advisory, however, will not be mandatory to structure the gender bond.

The use of gender bonds in LAC is in its infancy²⁷; two of the most prominent examples in the region include the [Bancoldex Social Bond](#)²⁸ and the [Banco Estado de Chile Social Bond](#).²⁹ IDB Invest proposes to create a more robust gender bond market in LAC.

With We-Fi resources, IDB Invest will provide advisory services to FIs or corporates to help them structure gender bonds³⁰ that can mobilize significant resources from institutional investors interested in financing WSMEs. We-Fi resources would finance rating agencies fees, legal costs, set-up costs of special purpose vehicles and subsidization of second party opinion costs³¹ of the gender bond framework criteria to ensure capital employed is reaching women with a focus on underserved women.

In the short run, FIs and corporates in UMICs are expected to have more capacity to issue such bonds. Private sector participation in capital markets in Honduras, Guatemala, and El Salvador is limited; usual issuers in local capital markets are mostly sovereign and quasi sovereigns. Therefore, in these countries it would be relatively more difficult to implement gender bonds. If, however, the issuer of a gender bond is a multinational entity, the bond issuance could benefit recipients in different countries, including a mix of LMICs and UMICs.

IDB Invest will track the impact of gender bonds on the lending portfolio (in the case of financial intermediaries) or supply chain financing/composition (in the case of corporates).

Timeline: gender bonds (years 1-2 focus on creating demonstration effect, years 3-5 to scale and continue innovating).

	Year 1	Year 2	Year 3	Year 4	Year 5
Scaling blended finance for FI					
Advisory services to structure gender bonds (structure and provide demonstrative effect)					
Advisory services to structure gender bonds (scale and innovate)					

Sub-Component 1.2. Blended Finance. Mobilizing New Investments to Increase Access to Finance for WSMEs in Unserved Markets

We-Fi: \$3,500,000; IDBG: \$23,345,000; Other: \$58,362,500; Focus: All WeForLAC Countries

This component will finance blended finance instruments for FIs, including PBIs and risk mitigation instruments (see Figure 3 above). The PBIs will reward FIs that increase the share of WSMEs in their portfolio (either by number of clients or volume represented), using pre-established targets. The creation of any product will be accompanied by an advisory service to ensure that FIs have the institutional capacity to serve the WSME market and sustain the initiative over time.

PBIs for financial intermediaries is contemplated for Component 1 of the proposal (Access to Finance). PBIs will be deployed in conjunction with IDBG financing. The PBIs will be provided to lower the interest rate of the loan provided by IDBG, conditional upon the accomplishment of specific gender equality outcomes that will be defined with the formalization of the financing and included in the loan contract. Milestones for interest rate reduction will be a mix qualitative criteria and quantitative indicators. Qualitative criteria will apply to the early milestones

²⁷ While there are no universal or regional (LAC) criteria for gender bonds, some bonds that adhere to the Social Bond Principles 2018 and include a focus on women WSMEs are referred to as "gender bonds" or SDG bonds.

²⁸ Criteria: 100% of on-lending needs to go to one of four categories: i) micro and small enterprise financing, ii) rural business financing, iii) women-owned business financing, and iv) victims of armed conflict-owned business financing.

²⁹ Criteria: 100% of on-lending to the following: i) MSMEs, ii) women entrepreneurs, iii) social housing, and iv) access to banking services and tech support to financial inclusion.

³⁰ These bond structures can include subscription of bonds, B-bonds, securitizations, aggregation platforms, and partial credit guarantees.

³¹ For example, grant resources can be used to acquire services from certifying bodies such as Sustainalytics, a leading provider of environmental and social ratings, to assess the framework applied to gender bonds and to confirm that the gender bonds align with the International Capital Market Association Social Bonds Guidance for Issuers and to ensure that on-lending is structured to finance WSMEs. For individual cases, the assessment will cost between \$40k and \$55k (framework \$20k-30k, second opinion \$20k-25k)

and revolve around the application of the activities in sub-component 1.1. Quantitative indicators will be aligned to the WeForLAC (We-Fi) Facility results indicators and focus on share of WSMEs in their portfolio (either by number of clients or volume represented, against a pre-determined baseline), and may include WSME business outcomes (e.g. job creation and sales growth).

Timeline: years 1-3 focus on proving the models, years 4-5 on scaling.

	Year 1	Year 2	Year 3	Year 4	Year 5
Implementing & validating blended finance for FI					
Scaling blended finance for FI					

COMPONENT 2. IMPROVING ACCESS TO MARKETS FOR WSMEs

We-Fi: \$4,460,000, IDBG: \$36,200,000, Other: \$54,300,000

The objective of this component is to develop solutions that both incentivize and support the private and public sectors to increase their sourcing from WSMEs. A combination of blended finance products and advisory services will be used to incentivize anchor companies (i.e. influential corporate buyers and suppliers operating in LAC) to increase their sourcing from WSMEs. Additionally, a flagship WeHonduras WSME Procurement Initiative will be launched to provide technical assistance to help support companies and the government to increase sourcing from WSMEs, based on lessons learned by the IDBG and key partners (e.g., WeConnect International³² and the governments of Chile and the Dominican Republic).³³

Sub-Component 2.1. Technical assistance to increase women's access to corporate and government value chains

We-Fi: \$3,210,000; IDBG: \$24,200,000; Other: \$36,300,000. Focus: All WeForLAC Countries

Funding under this sub-component will be used for: i) **Advisory services for anchor companies and multinationals sourcing** in Central America and FIs partnering with IDB Invest to strengthen their capacity to integrate WSMEs into their value chains. This includes advisory services to at least five fintech firms to develop and use sex-disaggregated WSME data and link WSMEs to corporate supply chain finance offerings; ii) a **series of engagement workshops and best practice events**, including workshops for high-level managers from companies that source from Central America and Honduras for IDB Invest clients and other private sector actors to increase WSMEs in the value chain;³⁴ iii) **Business workshops on accessing public and private procurement opportunities for WSMEs (WeHonduras) developed with partners such as WEConnect**; iv) networking events for WSMEs with a focus on women in Honduras, Guatemala and El Salvador (e.g., Meet the Member events where WSMEs meet potential buyers from private and public sector); v) Technical assistance for Honduras' Office of Public Procurement (ONCAE), including the possibility of adding criteria to favor WSME, the creation of a digital supplier registry and the potential development of a Sello Mujer (Women's Seal) that will certify WSMEs (Years 1-3).³⁵ Honduras is currently restructuring its procurement legislation, which offers a window of opportunity to include policies promoting WSMEs, including the possibility of adding criteria to favor WSMEs in public procurement processes. Currently, the ONCAE online procurement portal HonduCompras has no way to determine whether a SME is woman-owned or not. Thus, one of the main activities of the technical assistance will be to develop a certification process for WSMEs. The application of this instrument will allow the establishment of a baseline of WSME participation in public procurement against which to measure progress

³² WEConnect International is an NGO that connects women-owned businesses to qualified buyers around the world. It has been a pioneer in certifying firms as being women-owned (and consequently as being eligible to participate in procurement initiatives targeting WSMEs).

³³ Chile has focused on lowering transaction costs and entry barriers for women, while the Dominican Republic has focused implementing quota laws, complemented by intensive civil society engagement, targeted training and awareness activities.

³⁴ The workshops will leverage the experience of leading companies in Central America, such as Walmart and Marriott International.

³⁵ The program will build on the modernization efforts that the Honduran ONCAE has carried out since 2014.

generated by WeHonduras. In order to address potential resistance in HonduCompras and private firms, communication and sensitization workshops for purchasing executives will be undertaken to make the business case for more inclusive procurement and share good practices on how to increase the participation of WSMEs.

Timeline: i) advisory services (years 1-5), focus on fintechs (years 2-5); ii) workshops for high level managers (years 2-5); iii) business workshops with WEConnect (years 1-4); iv) networking events (years 1-5); v) technical assistance for ONCAE (years 1-3); vi) communication efforts (years 1-5).

	Year 1	Year 2	Year 3	Year 4	Year 5
Advisory services for Corporates					
Procurement workshops for Corporates					
Procurement workshops for WSMEs					
Networking & Meet the Member events					
TA for Honduras' Office of Public Procurement					

Sub-Component 2.2. Blended Finance. Finance for WSMEs in Corporate Value Chains **We-Fi: \$1,250,000; IDBG: \$12,000,000; Other: 18,000,000. Focus: All WeForLAC Countries**

We-Fi funds under this sub-component will be used to provide **blended finance products to incentivize anchor companies** to increase their sourcing from WSMEs. PBIs will effectively give preferred rates to buyers (IDB Invest clients) who target WSME suppliers based on specific and pre-established targets (e.g., percent of purchases, number of WSME suppliers). Risk mitigation products will be provided to incentivize corporates and FIs, specifically supply chain finance for Fintech companies already identified in the IDB Invest pipeline, that perceive higher risk in providing supply chain finance to WSMEs. Using blended resources in this capacity would help pilot supply chain finance innovations such as accounts payable and receivable programs targeted at WSME-suppliers and vendor finance programs where the ultimate beneficiary is a WSME acting as a distributor or retailer.

Timeline: years 1-3 focus on proving the models, years 4-5 on scaling.

	Year 1	Year 2	Year 3	Year 4	Year 5
Implementing & validating blended finance for Corporates					
Scaling blended finance for Corporates					

COMPONENT 3. ACCESS TO SKILLS AND NETWORKS FOR WSMEs

We-Fi: \$ 6,050,000; IDBG: \$12,500,000; Other: \$2,225,000.

WeForLAC will support Honduran WSMEs in improving their business skills and link them with professional networks and mentors. The program will build upon IDBG and our partners' experience, as well as global good practice and evaluations to provide women entrepreneurs with world-class business development services.

Effectiveness of BDS training. Through its public and private sector work promoting women's entrepreneurship, the IDBG has learned that narrow solutions are rarely effective to promote WSMEs' business growth; multidimensional approaches are more likely to succeed than either training or finance alone. Scientific evidence suggests that skills training alone is unlikely to be successful. Successfully promoting women's entrepreneurship is likely to require tackling constraints at various levels (i.e., access to specific skills – both hard and soft skills, promoting changes to norms and behaviors, promoting access to finance, and creating market opportunities and linkages for women's businesses). Expanding women's entrepreneurship means tackling constraints at all of these levels. Impact evaluations carried out by the IDBG buttress this assertion. For example, an impact evaluation of a project developed with USAID in Peru found that group training for entrepreneurs was ineffective as a stand-alone method; when combined with one-on-one mentoring and coaching, SME performance improved.

The WeHonduras BDS program will be delivered through the Centers for Micro, Small and Medium Enterprises (CDE-MIPYMES) and *Ciudad Mujer* centers, in partnership with Chambers of Commerce throughout the country and IDB Invest clients.

This component seeks to develop a WeHonduras WSME business development model that combines a core online curriculum with face-to-face seminars, training modules,³⁶ tailored technical assistance, and networking and mentoring components for women entrepreneurs. Recognizing that women entrepreneurs have a variety of needs, the WeHonduras model will provide support tailored to three groups of women: i) women leading WSMEs with high growth potential; ii) unserved women entrepreneurs in rural and low-income areas, including indigenous and afro-descendant women; iii) nascent women entrepreneurs leading high-growth potential enterprises in STEM sectors (STEMpreneurus). Hence, the model will employ a “funnel” approach, where at least 3,500 women entrepreneurs will participate in specific online or face-to-face modules. After a rigorous application process, 1,000 women will participate in the world-class training and technical assistance model for WSMEs in Honduras.³⁷ The program has been specifically developed with the goal of subsequently being replicated in other *Ciudad Mujer* centers as part of their Economic Autonomy modules. *Ciudad Mujer* centers are currently active in El Salvador, Honduras, and Paraguay (and soon in the Dominican Republic and Bolivia). The modular nature of the BDS program will allow women leading businesses at different growth stages to benefit from face-to-face and online components. The goal is to develop a program which can be adapted to the needs of different types of women entrepreneurs. The focus of the WeHonduras BDS program, however, will be women leading established, growth-oriented SMEs.

To reduce costs and ensure sustainability of the program, the WeHonduras capacity building program will be implemented through existing Government of Honduras programs and infrastructure financed by the IDBG, mainly the *Ciudad Mujer* (Women’s City) centers and the business advisors from the Centers for Micro, Small and Medium Enterprises (CDE-MIPYMES)³⁸. WSMEs who benefit from the program will be linked to FIs that receive IDB Invest advisory services and/or blended finance programs in order to promote their access to finance. This model will be implemented in Honduras and later scaled in other *Ciudad Mujer* centers which are currently active in El Salvador, Paraguay, the Dominican Republic and Bolivia.

We-Fi funding will be used to: i) develop, implement and disseminate the *WeHonduras* business development program including the world-class training for 810 women; ii) providing technical assistance to BDS providers to improve the quality of training; iii) opening a **WeXchange Honduras Chapter** for women entrepreneurs through week-long *Entrepreneurship Bootcamps* for women entrepreneurs supported by hands-on coaching by local and international mentors, monthly workshops for women entrepreneurs accompanied by inspirational talks and guided networking, and an annual *mentoring program* for selected women entrepreneurs; iv) tailored technical assistance, implemented through the CDE-MIPYMES for 190 unserved WSMEs in the agribusiness sector to identify, develop, finance climate smart agriculture technologies;³⁹ v) technical assistance for 30 existing WSMEs and 5 new WSMEs in areas with a high concentration of indigenous and Afro-descent populations, and poverty, to support the growth and development of rural electrification projects;⁴⁰ and vi) a **WeXchange Forum Central America** in Honduras, with the goal of connecting at least 300 growth-oriented women entrepreneurs with mentors and investors.

³⁶ The WeHonduras WSME training model will receive the support of multiple Government of Honduras and IDBG operations, specific agencies that are already working together through the *Ciudad Mujer* program will assist with the development of the following modules: i) fiscal accounting training by the Tax Administration of Honduras; ii) financial education curriculum by the Institute for Vocational Training (INFOP by its Spanish initials) in coordination with the National Commission of Banking and Insurance; iii) a procurement module developed in partnership with the ONCAP; iv) Safe SME security precautions for WSMEs.

³⁷ Based on the experience of the IDB Lab Women’s Channel program in Panama (*Canal de Empresarias*), the WeHonduras BDS program application process and competition will take into account the diverse backgrounds and challenges of women from different regions. The program will be modular in nature and will include an initial self-assessment to identify women’s needs and identify their starting point in the program.

³⁸ The CDE-MIPYMES are SME business development centers based on the model of the Small Business Development Centers in the U.S.

³⁹ This initiative is linked to the IDBG rural integral development program (HO-L1021) in the pipeline and will be complemented by an ongoing project conducted with technical support of the Food and Agriculture Organization (FAO).

⁴⁰ For example: individual solar systems, energy efficient cookstoves, renewable energy solutions for potable water supply, and irrigation.

Timeline: i) WeHonduras BDS design and implementation; ii) tailoring of curriculum (year 1); iii) WeXchange chapter (year 2), training/workshops for entrepreneurs (years 2-3); iv) agribusiness technical assistance (years 2-5); v) electrification technical assistance (years 2-5); vi) WeXchange Forum (year 2).

	Year 1	Year 2	Year 3	Year 4	Year 5
WeHonduras BDS design & implementation					
Tailoring & translation online BDS modules					
WeXchange Chapter Bootcamps & Workshops					
TA for unserved WSMEs on climate smart agriculture					
TA for unserved WSMEs on rural electrification					
WeXchange Forum Central America in Honduras					

COMPONENT 4. STRENGTHENING THE ENABLING ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP

We-Fi: \$2,225,000; IDBG: \$10,250,000; Other: \$1,000,000. Focus: Honduras, Guatemala and El Salvador

This component will develop a series of activities to strengthen the ability of public and private sector entrepreneurial ecosystem actors in LAC to develop effective and sustainable policies and programs in support of WSME growth. Generally speaking, Honduras, El Salvador and Guatemala—similar to other LAC countries—have a good legal framework to support women in business. According to the World Bank's Women Business and the Law 2019 report and database, El Salvador and Honduras have a 100 ranking in the Running a Business category and Guatemala has a lower score of 75/100 because it does not have specific laws that prohibit discrimination by creditors on the basis of sex or gender. Thus, the preparation of draft anti-discrimination legislation in Guatemala is one possible public policy target, subject to the Guatemalan government expressing interest.

But the main challenge in these countries related to women's access to finance, markets and skills are linked to the *implementation* of existing legal frameworks—more specifically, how government policies seek to close gender gaps for SMEs, and how the private sector addresses gender biases. The two sections below identify opportunities for improving public policy and shaping private sector initiatives for WSMEs in Honduras, El Salvador and Guatemala.

Sub-Component 4.1. Comprehensive Assessment of WSMEs and Entrepreneurial Ecosystem and VozMujer Honduras.

We-Fi: \$1,545,000; IDBG: \$10,250,000; Other: \$500,000. Focus: Honduras, Guatemala, El Salvador

This sub-component will develop data and analysis on the financial and non-financial barriers faced by WSMEs in order to shape public policy and private sector interventions to expand women's access to finance, markets and skills. Four products will be developed:

Financial Services SME Demand Survey. The lack of demand-side financial information on WSMEs has traditionally resulted in products without adequate value propositions for women, leading to a low demand for formal financial services and, thereby, low financial inclusion. To address this data gap, the first nationally representative Financial Services Demand Survey, including an innovative module on demand for digital finance and fintech solutions, for WSMEs will be piloted in Honduras and a survey toolkit will help scale the methodology in other countries.

WeGrow. This study will provide a baseline and endline studies of the challenges and needs of high-growth potential women entrepreneurs in Honduras and more broadly in Central America based on a WeGrow methodology developed by the IDB Lab and EY in 2014. In addition, the study would conduct a mapping and gap analysis of public sector policies and programs that hinder or help the growth of WSMEs and entrepreneurs in Honduras and Central America. The goal is to provide public and private sector actors in the region with specific data on

the profiles and needs of growth-oriented WSMEs, as well information on effective public policy. This analysis can shape reforms that could potentially be supported through IDBG Policy Based Loans (PBLs).⁴¹

Financial Services Supply Side Sex-Disaggregated Data. We-Fi funds will support the development, use and systematization of sex-disaggregated data that is part of the *Access to Finance Database* currently being developed by IDB Invest to capture market information of more than 500 FIs in LAC and to support engagement workshops with banking associations and financial supervisors that build on the work of the Women's Financial Inclusion Data (WFID) partnership.⁴²

VozMujer Honduras. This Honduras-focused report, which draws from the three other publications, will be an essential input to improving the entrepreneurial ecosystem for WSMEs in Honduras. It can also serve as a model for other possible in-depth reports to be created for other countries, starting with LMICs.

Timeline: SME demand Survey (years 1-3); WeGrow (year 1 and year 5); financial services sex-disaggregated data (years 2-5); VozMujer Honduras (year 5).

	Year 1	Year 2	Year 3	Year 4	Year 5
SME Financial Demand Survey					
WeGrow					
Financial Services Supply Side Sex-Disaggregated Database					
VozMujer Honduras					

Sub-Component 4.2. A favorable environment for the competitiveness of WSMEs

We-Fi: \$680,000 IDBG: \$0; Other: \$500,000. Focus: Honduras, Guatemala and El Salvador

We-Fi funding under this sub-component will be used to finance technical assistance and a series of policy dialogues and workshops to disseminate best practices and sensitize policymakers, companies, and FIs from Honduras and Central America on the challenges and opportunities present in the WSME market.

Specifically, We-Fi funding is requested to: i) develop a GBA **All Stars Academy**⁴³ in Honduras, built on the successful GBA All Stars event held in Dominican Republic in 2017 to educate banks on best practices in developing financial and non-financial services targeting WSMEs; ii) host two **WSME Policy Dialogues**, which will use the IDB's regional policy dialogue methodology which has been very successful in engaging policymakers in substantive debate around women's participation in the economy and preventing and addressing violence against women. The Policy Dialogues will bring together policymakers and financial regulators from LAC to learn about good practices for promoting access to finance for women and WSMEs; iii) **develop investor and fund manager content and implement** a series of workshops on gender-lens investing in venture capital (VC) and private equity (PE); this will include at least three workshops in Honduras and other Central American;⁴⁴ and iv) provide technical assistance to the Directorate of Modernization of the State and Secretariat of General Coordination of Government (SCGG) of Honduras to improve the business environment for WSMEs in Honduras, based on the VozMujer findings. A few areas that have been preliminarily identified with regards to this technical assistance are: i) reporting of sex-disaggregated FI data as part of financial regulatory requirements and the possibility of mandating this data be reported (as is case in Chile and Mexico); ii) supporting for the implementation of the 2008 MSME law, which specifies strengthening gender equality as a principal goal; iii) documenting the impact of violence, insecurity and corruption on WSME growth, and developing appropriate public policy responses that will include a "Safe SME" strategy, based on ongoing efforts supported by an IDB loan operation

⁴¹ PBLs provide countries with flexible, liquid funding to support policy reforms or institutional changes in a particular sector or subsector. An IDBG PBL on financial sector reform in Paraguay approved in 2018 included actions to promote the access of WSMEs to finance.

⁴² For more information on (WFID) please see partnerships section.

⁴³ <http://www.gbaforwomen.org/all-stars-academy/>

⁴⁴ Key partners for the VC/PE investor trainings will include regional PE associations, such as Latin American Private Capital Association (LAVCA), as well as emerging markets PE groups, including EMPEA, and bilateral development institutions, such as OPIC and CDC Investment Works UK.

to improve the safety and security of WSMEs given the high rate of extortion, social and gender-based violence in Honduras.⁴⁵

Timeline: i) GBA All Stars Academy (year 2); ii) WSME Policy Dialogues (year 1 and year 5); iii) investor and fund manager training (years 1-4); iv) training for government policy makers (year 5).

	Year 1	Year 2	Year 3	Year 4	Year 5
WSME Policy Dialogue					
GBA All Stars Academy					
Investor and Fund Manager Training					
TA for SCGG on Policy Changes & Strategies					

III.C. Program/Project Beneficiaries

Beneficiaries: The WeForLAC program will benefit approximately 19,252 WSMEs. A concerted effort will be made to reach unserved women by supporting FIs and corporates that are active in rural areas, particularly through supply chain finance, as well as those present in regions within WeForLAC priority countries that have higher poverty levels or a concentration of indigenous people and afro-descendants. In the case of WeHonduras, a series of activities have been developed to reach unserved women through specific WeHonduras capacity building components (Sub-Component 3.2). Further, WeXchange entrepreneurship support programs in Honduras, Guatemala and El Salvador (See 3.2 and 4.2) will also support high-growth potential entrepreneurs with more nascent businesses that have the potential to become SMEs in sectors with high-growth potential such as STEM, agri-business, and clean energy.

Consultation: Women will be consulted during on-site due diligence and project monitoring visits. In addition, the analytical products in Component 4 will provide a vehicle for women entrepreneurs to identify barriers and opportunities to access finance, markets and skills. Women's organizations also will be consulted in the design of the entrepreneurship training. Among the organizations that have been identified to be consulted on design are:

- **Honduras:** Vital Voices Honduras, Organización Fraternal Negra Hondureña (OFRANEH), National Women's Institute.
- **Other LAC Countries:** Vital Voices Guatemala; Vital Voices El Salvador; Womenalia (Mexico); Womenalia, Mujer Emprende, Dhalia Empower, Victoria 147 (Mexico); Rede Mulher Empreendedora (Brazil);
- **Regional:** Vital Voices (consulted); WeConnect (Consulted); Cherie Blair Foundation for Women; Goldman Sachs 10,000 Women Initiative

This proposal has developed multiple lines of activity to identify and address the differentiated needs of different groups of women entrepreneurs. In order to identify the differentiated needs of the groups of women, the studies in sub-component 4.1 specifically seek to identify the needs of different groups of women and respective programs seeking to address their needs. These studies, which include surveys and interviews with women themselves and a compilation of best practices in the WeToolkit, will feed into the BDS programs developed as part of WeForLAC. In addition, the following steps have been taken for each of the specified groups:

i) **Women leading WSMEs with high growth potential.** The BDS services will be provided in partnership with Centers for Micro, Small and Medium Enterprises (CDE-MIPYMES), Ciudad Mujer centers in partnerships with different Chambers of Commerce throughout the country.

⁴⁵ Indigenous and afro-descendant women entrepreneurs in LAC face the double burdens of gender and racial biases and also tend to come from vulnerable socioeconomic backgrounds that hinder their possibilities to grow their businesses.

ii) **Unserved women entrepreneurs in rural and low-income areas**, including indigenous and afro-descendant women. In order to reach unserved women and women in rural areas in Honduras, sub-component 3.2 includes technical assistance programs that meet the specific needs of this group.

For example, tailored technical assistance, implemented through the CDE-MIPYMES for 190 unserved WSMEs in the agribusiness sector, will identify, develop and finance climate-smart agriculture technologies for SMEs; this technical assistance is linked to the IDBG Rural Integral Development Program (HO-L1021, in pipeline). WeHonduras will ensure that WSMEs fully benefit from this program.

A second example of activities tailored to the specific needs of this group is technical assistance for 30 existing WSMEs and 5 new WSMEs in areas with a high concentration of indigenous and Afro-descent populations and high levels of poverty, which will support the development and growth of rural electrification projects. This activity will be developed will complement the following IDBG projects working on rural electrification in the areas of intervention: i) Rural Electrification Program in Isolated Areas (HO-G1247); ii) HO- MI1038 and HO-G1004 Promoting Sustainable Business Models for Clean Cookstoves Dissemination; iii) HO-T1214 Support to the Universal Access to Electricity Plan. A second example of activities tailored to the specific needs of this group is technical assistance for 30 existing WSMEs and 5 new WSMEs in areas with a high concentration of indigenous and Afro-descent populations and high levels of poverty, which will support the development and growth of rural electrification projects. This activity will be developed will complement the following IDBG projects working on rural electrification in the areas of intervention: i) Rural Electrification Program in Isolated Areas (HO-G1247); ii) HO- MI1038 and HO-G1004 Promoting Sustainable Business Models for Clean Cookstoves Dissemination; iii) HO-T1214 Support to the Universal Access to Electricity Plan.

iii) **Nascent women entrepreneurs leading high-growth potential enterprises in STEM sectors** (STEMpreneurs). IDB Lab has built a solid reputation as a champion of gender equality and women's economic empowerment in the region, with a strong emphasis on high-growth women entrepreneurs, will take the lead in implementing components targeting these women. The IDB Lab has already identified current IDB Lab partners that can be leveraged to promote the development of STEMpreneurs in Honduras and Central America, such as EY Central America, Startup Reef, Blockchain Developers Honduras, Google Developers Group, Startup Weekend, La Vida Startup, Real Ledge, Women Do Tech, Angel Hack, TEDx, Barcamp, Startup Grind, Thinkers and Makers, Connect Cowork, Widú, Cemprende, Honduras Startup (Organized by Instituto Hondureño de Ciencia, Tecnología e Innovación-IHCIETI), Honduras Digital Challenge (Banco Atlántida), La Fabrica Smart (Tigo), Robot and Drone Challenge (IHCIETI), Honduras Emprnde (Chamber of Commerce), Road to Innovate Summit (Asociación Nacional de Industriales-ANDI), Premio de Innovación Tecnológica (Ficohsa), Hondur Camp Tech (IHCIETI), Innovation Fest (La Prensa), Think Digital Today, Carao Ventures Fund and Pomona Impact Fund (Seed/VC Funds focused on Central America and the Andean Region), CINDE-Costa Rica Investment Promotion Agency, Ciudad del Saber (Panamá), among others.

IDB Lab created the [WeXchange initiative](#) in 2013 as the first LAC annual forum that brings together high-growth women entrepreneurs with mentors and investors. WeXchange has been held in Miami, USA (2013 and 2014); Mexico (2015); Argentina (2016); Chile (2017); and Peru (2018). To-date, WeXchange has had limited participation of women from IDA countries and LMICs. This forum not only provides women with training and linkages to mentors and investors, but also helps to identify WSME needs and trends. WeforLAC funds will be used to increase this participation, with a focus on STEMpreneurs. WeXchange components will be implemented by IDB Lab in collaboration with partners such as Angel Ventures, Carao Ventures, and Pomona Impact, as well as Honduran NGOs that have demonstrated experience providing training to women entrepreneurs (e.g. Vital Voices Honduras).

Intermediary Beneficiaries: **Private sector** clients include: FIs including commercial banks, microfinance institutions (MFIs);⁴⁶ factoring and leasing companies; Fintech firms/digital financial service providers, seed and

⁴⁶ See footnote 24 for the rationale for working with MFIs.

PE/VC funds); corporations in tourism, agribusiness, manufacturing, telecommunications/media, and infrastructure sectors, and business associations. The different blended finance instruments will be deployed in five FIs or corporates in components 1.2, 2.2, and 3.2.

The public sector beneficiaries include: National and Subnational Procurement Monitoring and Regulatory offices; National and Subnational Enterprise Development Entities; Financial Regulators and Supervisors; Ministries of Women, Finance, Economy, Social Development, Commerce, as well as; universities, local business development service providers; and NGOs.

III.D. Theory of Change and Results Chain

Figure 4 summarizes the theory of change that guides the design of interventions included in this proposal. The starting point is an understanding of the key financial and non-financial constraints to the growth of WSMEs. These findings will be strengthened through the *VozMujer* assessment, which will be disseminated widely amongst policymakers and private sector actors. Based on this analysis, the IDBG will provide public and private sector clients with financial products, advisory services and technical assistance to strengthen their capacity to support WSMEs' access to finance, markets and skills, as well as reduce gender biases in regulations, laws and policies. These actions will in turn help WSMEs in target WeForLAC countries to increase their access to and use of financial services, open up new markets for them to sell their products and services, and reduce non-financial barriers facing them such as a lack business skills, mentors and networks. In the medium and long term, those activities will then support the growth of WSME productivity, employment, sales and profitability. Private and public institutions serving women will also see improvements in their profitability and sustainability, which would further reinforce their incentives to serve WSMEs. Evaluations, including experimental evaluations when relevant, will accompany projects and their findings will be disseminated among key entrepreneurial ecosystem actors to promote the use of evidence-based interventions and policy in LAC.

Figure 4: WeForLAC Theory of Change



III.E. Innovation and Lessons Learned

The proposal outlined above contains important innovations for LAC: i) the use of blended finance mechanisms and gender bonds to incentivize FIs and companies to promote access to finance, markets and skills for WSMEs; and ii) the development of a holistic public and private sector program (“WeHonduras”) that addresses the challenges related to the supply and demand of services for WSMEs in one of the poorest countries in the LAC region.

Lessons learned or evidence-based good practices gathered from IDBG impact evaluations and project reports as well as those of its partners have shaped the design of the proposal. Among the most important lessons learned are: i) Finance alone is insufficient; WSMEs need finance accompanied by capacity building and social capital to grow their businesses; ii) Training alone may increase entrepreneurs’ knowledge, but may not improve their business outcomes;⁴⁷ iii) Training may be more effective for new owners compared to existing entrepreneurs;⁴⁸ iv) Innovative approaches for training, touching on psychological insights and soft skills, improve firm-level outcomes;⁴⁹ v) Taking into account firm and owner heterogeneity is essential to designing adequate support programs;⁵⁰ vi) Tailored, one-on-one mentoring and coaching leads to improved business outcomes.⁵¹

A significant effort will be made to rigorously distill lessons learned from WeForLAC and disseminate them widely in the LAC region (see Component 4.1 above).

IV. PROGRAM/PROJECT IMPLEMENTATION

IV.A. Institutional and Implementation Arrangements

We-Fi resources will be under the administration of the IDB’s Grants and Cofinancing Management Unit of the Office of Outreach and Partnerships, which will assign those resources to operations that are implemented by different parts of the IDBG based on their comparative advantage in implementing sections of this proposal. The IDBG will have a fiduciary duty to ensure that We-Fi resources are used for the purposes described in this proposal. The WeForLAC program will be executed under the leadership of the IDBG WeforLAC advisory group, composed of the chief of the IDB’s Gender and Diversity Division, the manager of IDB Lab, the Head of Gender and Diversity from IDB Invest Advisory Services Team, the IDB country representative in Honduras, and the IDB Resource Mobilization Division for mobilization and Governing Committee-related matters.

For public sector sub-components implemented in Honduras, the IDBG will sign a technical cooperation agreement with the Directorate of Modernization of the State that is part of the Secretariat of General Coordination of Government (SCGG) of Honduras, which will assume responsibility for the results and compliance with the development objectives of the project. However, program components and funds will be implemented and channeled through [Invest H](#), a public-private organization under the SCGG’s supervision. Invest H was chosen because of its long track record of successful implementation of projects funded by multilateral development banks and bilateral funders, its capacity to implement multi-sectoral programs, and its demonstrated experience in conducting transparent procurement processes. Many of the training activities in Honduras will be carried out by

⁴⁷ Karlan and Valdivia (2011). Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions; Torero, M, et al. (2013). Strengthening Women’s Entrepreneurship in Peru. IIPA.

⁴⁸ McKenzie, D. and C. Woodruff. 2012. “What are we learning from business training and entrepreneurship evaluations around the developing world?” Policy Research Working Paper. Washington, DC: World Bank.

⁴⁹ Campos et al. (2017). Teaching personal initiative beats traditional training in boosting small business in West Africa. *Science*. Vol. 357, Issue 6357, pp. 1287-1290; Buvinic, Mayra, y Megan O’Donnell. 2016. *Revisiting What Works: Women, Economic Empowerment and Smart Design*.

⁵⁰ Buvinic, Mayra, y Megan O’Donnell. 2016. *Revisiting What Works: Women, Economic Empowerment and Smart Design*.

⁵¹ Martinez and Valdivia (2018).

CEDEMIPYMES, a government-run network of technical support centers for small businesses. CEDEMIPYMES will receive resources through the technical cooperation agreement executed by the SCGG.

A WeForLAC consultant will be hired to coordinate the implementation of components to ensure seamless integration between public and private sector programs. Finally, a WeHonduras steering committee composed of representatives of 5-8 public and private sector entities will be created to guide the implementation of the initiative in Honduras.

COMPONENT 1. ACCESS TO FINANCE

Sub-Component 1.1. This component will be implemented through IDB Invest clients who receive credit lines and blended finance products. The gender bonds component will be implemented through IDB Invest FI and corporate clients and local and international institutional investors who receive advisory services.

Sub-Component 1.2: The engagement with FIs will be led by IDB Invest, in partnership with the GBA and GBA member banks when they are IDB Invest clients. Workshops for investors and entrepreneurial intermediaries will be implemented in partnership with IDB Lab partners such as Angel Ventures, Carao Ventures, and Pomona Impact.

COMPONENT 2. ACCESS TO MARKETS

Sub-Component 2.1: The public sector part of this proposal will be implemented by Invest H. IDB Invest will implement the workshops for the private and public sector with partners such as WeConnect International.

Sub-Component 2.2: This sub-component will be implemented through IDB Invest corporate clients and supply chain finance fintech firms who receive advisory services.

COMPONENT 3. ACCESS TO SKILLS AND NETWORKS

The WeHonduras public sector capacity building components will be implemented by Invest H in partnership with the CDE-MIPYME and *Ciudad Mujer* Economic Autonomy Module (MAE).⁵² IDB Invest will implement the PBI components, while the WeXchange components will be implemented by IDB Lab in collaboration with partners such as Angel Ventures, Carao Ventures, and Pomona Impact, as well as Honduran NGOs that have demonstrated experience providing training to women entrepreneurs (e.g. Vital Voices Honduras).

COMPONENT 4. STRENGTHEN THE WOMEN'S ENTREPRENEURSHIP ECOSYSTEM

Sub-Component 4.1. Consulting firms will be hired to implement each of the data collection and analysis activities; these firms will be supervised by the WeForLAC coordinator in partnership with specialists from relevant IDBG divisions. The Financial Services SME Demand Survey will be coordinated by the Invest H executing unit of the Loan Operation (HO-L1021). The IDB Lab will lead the implementation of the WeGrow Study, and IDB Invest will execute the financial access supply-side data collection effort.

Sub-Component 4.2. The technical assistance to the Directorate of Modernization of the SCGG of Honduras will be implemented by Invest H, and the Policy Dialogues will be coordinated by the WeForLAC coordinator in partnership with relevant IDBG divisions and GBA. IDB Invest will implement the GBA AllStars Academy with GBA. PE/VC fund manager trainings will be implemented by IDB Invest, in coordination with the United States' Overseas Private Investment Corporation (OPIC) and the United Kingdom's CDC Investment Works.

⁵² The *Ciudad Mujer* Economic Autonomy Module integrates under one roof the women's employment and entrepreneurial development.

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

In the sections above, multiple partners have been identified. In this section we discuss the most important partners that likely will receive WE-Fi funds under WeForLac or that will be key partners in implementation. The IDBG will identify and coordinate with other bilateral and multilateral agencies that support WSMEs.

PARTNERS THAT WILL RECEIVE WE-FI FUNDS UNDER WEFORLAC

Government of Honduras: The Government of Honduras, through the SCGG and Invest H, will be a key partner in the implementation of WeHonduras and has participated in the preparation of this this WeForLAC proposal.

GBA: In 2013 the IDBG became a sponsor of the GBA, and this relationship will be key for the implementation of the access to finance and ecosystem building components of WeForLAC. The GBA has provided significant inputs for this proposal.

WeConnect International: WeConnect was consulted in the development of this proposal and likely will be a key partner in Component 2: Access to Markets; WeConnect will help strengthen the capacity of private and public actors to develop WSME procurement initiatives.

Vital Voices Global Partnership: IDB Invest can partner with advocacy and capacity building organizations, such as Vital Voices and its local chapters in Honduras, Guatemala and El Salvador, to train women entrepreneurs who receive financing from IDB Invest clients. This training will expand women entrepreneurs' skills, connections and visibility.

KEY PARTNERS IN EXECUTION (BUT THAT WILL NOT RECEIVE WE-FI FUNDS UNDER WEFORLAC)

UN Women and UN Global Compact: As a starting point for engaging private sector clients on gender-related issues, IDB Invest uses the Women's Empowerment Principles (WEP) Gap Analysis Tool that it developed along with UN Women, the UN Global Compact, and BSR with the support of the Coca-Cola Company, Itaipu Binacional, and the governments of Japan and Germany. This self-diagnostic tool helps companies identify opportunities for promoting gender equality in their workforce, market, value-chains and communities and will be used in WeForLAC activities to engage private sector companies and FIs.

OPIC: In 2018 IDBG and the OPIC, the U.S. Government's Development Finance Institution, announced the first gender-lens fund for LAC for up to \$200 million, *Fund Mujer*. Multiple activities under Component 4, such as the VC/PE investor training, will be done in partnership with *Fund Mujer*. Currently, the IDBG is working with OPIC to identify of other areas of collaboration consistent with the new mandates of the institution.

Women's Financial Inclusion Data (WFID) Partnership: The IDB and IDB Invest both participate in this partnership, which is also comprised of Data2X, the GBA, the World Bank Group, the International Monetary Fund and the Alliance for Financial Inclusion. WFID seeks to expand the impact of their work and developed a global gender data strategy to determine the best approach to amplify existing activities and advocate for critical gender data needs through set of interventions in the financial sector. The WFID partners will be instrumental in the development of the WeForLAC policy dialogue (Sub-Component 4.2) and the dissemination of the Financial Access Survey methodology and results (Sub-Component 4.1).

Multilateral Development Bank Gender Working Group⁵³ Public Procurement Initiative: The MDB Gender Working Group is a coordination mechanism that seeks to promote dialogue, coordination, harmonization and information exchange among development banks. This group has recently created an initiative to support the promotion of women in public procurement through the development of measurable targets, a toolkit and research on the topic. We expect this group will help disseminate the experience of WeHonduras to other countries and regions.

⁵³ The members and observers are: African Development Bank; Asian Development Bank; European Bank for Reconstruction and Development; IDBG; IFC; World Bank; European Investment Bank, International Fund for Agricultural Development, Islamic Development Bank.

IV.C. Monitoring and Evaluation Plan and Timeline (We-Fi: \$3,900,000)

All project monitoring and reporting will be guided by the IDB and IDB Invest's Financial Procedure Agreements (FPAs) for We-Fi, as well as the We-Fi Governance Framework and the Operations Manual. The IDBG will report to the Governing Committee through the Secretariat on the use of Trust Fund funds transferred to it and activities financed by them; it will also provide annual progress reports on We-Fi Activities, based on the results framework and in a format specified by the Governing Committee.

Robust monitoring and accountability mechanisms will be set up to ensure the success of WeForLAC. The WeForLAC coordinator and IDBG We-Fi advisory group, led by the Office of Outreach and Partnerships, will be responsible for all Monitoring and Evaluation (M&E) and for reporting to the We-Fi Committee. The IDBG WeForLAC advisory group (see sub-section A above for its composition), will oversee the overall annual administration, implementation and monitoring of the WeForLAC, in coordination with the relevant technical divisions of the IDBG. Monitoring and evaluations of private sector initiatives will be supervised by the Development Effectiveness Division of IDB Invest, in collaboration with the Advisory Services Team, monitoring and evaluation of public sector initiatives will be supervised by the responsible sectoral division, in coordination with the Office of Strategic Planning and Development Effectiveness.

Figure 5. Expected Dates and Milestones

Milestones	Expected Dates
Start of implementation	July 2019
First year stock-taking exercise	June 2020
Annual stock-taking exercise	June 2021, 2022 and 2023
Mid-term review	December 2021
Program/project closing	July 2024
End/completion evaluation	December 2024

Monitoring System & Data Collection: The results matrix presented in Section VI will guide WeForLAC-level efforts of monitoring and data collection. Figure 5 summarizes expected dates and key milestones. To ensure consistency of data collection practice and the ability to compare metrics across projects, monitoring specialists will be contracted to support a WeForLAC-wide monitoring system through the following activities: i) consultant time for monitoring, evaluation and reporting of the WeForLAC portfolio; ii) capacity building and technical support for local executing agencies and clients; and iii) housing of all WeForLAC projects' data and progress to allow aggregate roll-up and reporting on results. Following IDBG Development Effectiveness Frameworks (DEF), relevant indicators and data sources will be defined during loan project design and included in the results matrix of each loan project. The results matrix of each project includes baseline and target values for each indicator and is supervised annually throughout project implementation. A project completion report is prepared for each project highlighting the main lessons learned and achievements. For technical assistance projects, not connected directly to a loan operation, the IDBG will request detailed yearly accounts from the Government of Honduras, FIs, corporates and other WeForLAC executing agencies to monitor relevant indicators. Technical support to local executing agencies and clients will ensure that prior to project implementation they have the capacity to capture data from the pool of women-led SMEs they will serve, such as their characteristics (e.g. location, economic sector) and outcomes (e.g. profits, sales, number of employees).⁵⁴ Under mutual agreement with clients and with the support of monitoring consultants, data will be collected for one or two years after the end of project

⁵⁴ Only in cases where clients cannot capture information through their administrative systems, firm-level surveys could be implemented on a random sample to approximate outcomes.

implementation to capture impacts on employment generation and profits. At the aggregate level, and given the detailed data collection process, it will be possible to disaggregate the indicators by country, urban/rural area, economic sector, and firm size.

Impact Evaluation Strategy: The discussion of lessons learned (see section III.E) emphasized that this WeForLAC proposal has incorporated lessons learned from impact evaluations in the access to finance and access to markets literature. The impact evaluation strategy will build on established knowledge rather than finance more evaluations in areas where significant knowledge exists. We propose using quantitative and qualitative methods to generate evidence on the impact of WeForLAC funds.

Two types of evaluations will be undertaken. First, rigorous, quantitative evaluations using experimental or quasi-experimental methodologies will be undertaken where there are sufficiently large sample sizes (number of beneficiaries), the possibility of identifying a causal relationship, and a sufficiently important public policy issue at stake. For example, through the use of behavioral approaches to train women entrepreneurs and nudge them to adopt good business practices, the implementation by financial intermediaries of psychometric tools or alternative screening approaches to make their credit scoring systems more inclusive towards women, or leveraging of innovative technologies to benefit women entrepreneurs.

Second, non-causal—both quantitative and qualitative—studies (e.g., case studies, focus groups, semi-structured interviews, pre-post surveys of beneficiaries) will be conducted to generate evidence in innovative areas where small sample sizes, high costs associated with RCTs or quasi-experimental studies, or the impossibility of creating a credible control group preclude the first type of studies. The inability to create a credible control group will be the case, for example, for gender bonds and blended finance. Mixed quantitative/qualitative approaches will be used where appropriate.

IV.D. Sustainability

WeForLAC is predicated on building a strong business case for investing in WSMEs. Component 1 aims to create a demonstration effect by supporting a significant number of FIs in developing WSME programs and offering blended incentives, as well as measuring financial and social returns that result from these programs. The issuance of gender bonds under Component 1 will help the IDBG ensure long-run sustainability of WeForLAC by promoting an ongoing flow of diverse investor capital.

All components include funding to strengthen the capacity of entrepreneurial ecosystem actors to implement quality programs for WSMEs, including the institutions delivering BDS training and those conducting the *VozMujer* Honduras analysis.

The M&E activities specifically seek to ensure that lessons learned are shared with key stakeholders in the region. The IDBG's ongoing commitment to gender equality will be demonstrated by its scaling of the initiatives embedded in WeForLAC through initiatives and platforms such as Fund Mujer, Ciudad Mujer, WeXchange [and ConnectAmericas for Women](#) (a one-stop online solution to unleash WSMEs business potential and growth in LAC).⁵⁵

⁵⁵ The results so far include: 485,000 women entrepreneurs used the platform since its launch; over 15,000 women have been trained through the ConnectAmericas Academy which offers free online courses and webinars on internationalization and strategic planning.

V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

WeForLAC Program Risk Template

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
Program/Project Design and Implementation Arrangements					
Risks that the design and implementation of Programs/ Projects financed by We-Fi will not be implemented as planned and program outcomes will not be achieved.	Low	Medium	Low-Medium	1) The program has been designed taking into account impact evaluations, including RCTs as well as lessons learned outlined in multiple IDBG Sector Framework Documents related to Gender and Diversity, SME finance, Agriculture & Natural resource Management, and Innovation Science & technology. 2) IDB and IDB Invest have a long experience of executing SME and WSME public and private sector support programs. Invest H, the executing agency of the Government of Honduras, was created specifically to implement multidisciplinary international donor funded programs like WeForLAC. 3) WeForLAC will use IDBG procurement guidelines and will not require irregular procurement for the IDBG or for the government of Honduras. 4) During the development of the WeForLAC proposal, the IDBG team consulted with key partners in the project, such as the Government of Honduras, the GBA, and WeConnect International; however there is a risk that IDB Invest’s clients are not interested in pursuing this type of financing operations or that there is no interest in training WSMEs, facilitating their access to markets and networks, or integrating a gender component aiming to diversifying client’s supply chain in the context of an IDB Invest financing operation. This reluctance may stem from weak commitment from top management of IDB Invest clients, a limited track record among niche FIs and	1) A WeForLAC coordinator will be hired by the IDBG and will be based in Honduras to ensure the timely implementation of program activities and to coordinate between actors. 2) To ensure Government of Honduras buy-in, a WeHonduras steering committee will be set up with public and private sector actors in the country. Similarly, GBA was chosen as a key partner because it represents the needs and perspectives of FIs and helps the IDBG better understand the WSME demand and FI capacity to serve this market. 3) No irregular procurement is anticipated. 4) The WeForLAC program has been specifically designed to ensure lessons are shared with public and private sector actors in WeForLAC priority countries in LAC in general through policy dialogues, knowledge dissemination, etc. The VozMujer Honduras and policy dialogue activities (Component 4) have been specifically designed to ensure women are consulted and that their opinions inform programming developed in WeForLAC. In order to generate clients’ interest in incorporating WSME activities in a project, IDB Invest will provide advisory services to build capacity, innovative financial structures, and blended financial incentives that reward effective results in integrating women-owned/led SMEs. Further, IDB Invest will take care to measure results, both at client and WSME beneficiary level, to further develop the business case for corporates and FIs to invest in and serve WSMEs.

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
				corporates, or from factors associated to the business environment. There is a risk that even after demonstrating the business case and value proposition that the corporates and FIs may not invest in these new financial and non-financial products and services.	
Political, Social and Governance Risks					
Risks relating to the political and social environment where the program/project(s) will be implemented	Medium	Medium	Medium	During the development of the WeForLAC proposal, the IDBG team consulted with key partners in the project such as the Government of Honduras, however there is a risk that changes in government may shift government priorities.	<p>In the case of Honduras, the country in which most resources will be deployed, the initiatives will harness the political power of the Secretariat of General Coordination of Government—strongly committed to the WeHonduras initiative—to align government ministries with the initiative.</p> <p>In addition, the proposal includes funds (see component 4) to finance technical assistance and a series of policy dialogues and workshops to disseminate best practices and sensitize policymakers, companies, and FIs from Honduras and Central America on the challenges and opportunities present in the WSME market.</p> <p>The IDBG will work closely with high-level executives of client companies and host governments to ensure their active participation from the start of all projects. It will leverage its in-country field presence and relationships on the ground to ensure effective design, implementation and course-correcting. In Honduras, WeHonduras envisions a Steering Committee made up of public sector agencies and private sector companies in order to guide the activities in WeHonduras and elicit high-level buy in for the initiative. Invest H was specifically selected in this regard because it is already implementing IDBG loan operations linked to the WeHonduras program. To reduce risk of over-reliance on a selection of partners in-country, entities that serve and/or recruit WSMEs will be mapped at the local level (e.g.</p>

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
					chambers of commerce, IDBG's Connect Americas for Women), to facilitate the connection between trained WSMEs and IDBG clients across the priority eight WeForLAC countries.
Macroeconomic and issuer risk	Medium	Low	Low	The successful issuance of these debt instruments requires appetite from investors, which is not only driven by country-specific economic environments, but also by the type of investor the instrument is targeting. There is a risk that the proposed gender bonds will not be subscribed if the country or issuer risk is above the investors risk appetite.	The gender bonds that We-Fi funds would help to structure would target impact investors, who are interested not only in financial but also social returns. Also, IDB Invest would structure bonds with issuers who have an acceptable credit risk profile. IDB Invest will also leverage its many years of experience issuing green bonds to inform the investor relations strategy and structuring with investors.
Fiduciary Risks					
Risk that project/program funds will not be used to achieve value for money with integrity in delivering project's intended outcomes	Low	High	Medium	It is possible that executing agencies do not use the money with integrity or for their intended outcomes, but this is a rare occurrence within the IDBG, given the strict implementation of procurement policies.	1) All executing agencies will be subject to the IDBG's Procurement Guidelines and Integrity Frameworks. 2) A WeHonduras public and private sector Steering Committee will be set up (see above) to help ensure project goals are implemented and, through the private sector, IDBG, and Invest H participants ensure continuity of activities and goals.
Environment and Social Safeguards/Standards					
Risk that the IPs' safeguards/standards are not properly applied in project design, and that their implementation may not achieve their objectives	Low	Low	Low	There is a low risk of the safeguards policies not being applied. The IDBG demonstrates a strong commitment to sustainability through its environmental and social safeguard policies, standards, and guidelines. Each IDBG project enhances positive outcomes by mainstreaming environmental and social concerns, an approach that promotes environmental and social aspects as central considerations for all project activities; and each project minimizes negative impacts by applying safeguards, including identification,	1) As per IDBG guidance, all WeForLAC projects will undergo an environmental and social review process to identify, mitigate and address risks. This includes a review for gender-based risk safeguards that are included in the Operational Policy on Gender Equality in Development and Indigenous People's Policy. Should a project require it (typically in Category A, high risk projects), a social impact assessment will be developed to assess risks and create a mitigation plan. In situations where We-Fi funds will accompany lending to FIs with the purpose of on-lending to WSMEs, all FIs will be required to comply with our policy in developing and

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
				<p>monitoring, and mitigation of sustainability impacts throughout a project's lifecycle.</p> <p>IDB Invest is bound by the following: (a) IDB Invest Environmental and Social Sustainability Policy and guidelines; (b) IDB Environmental and Safeguards Compliance Policy and other IDB safeguard policies and sector guidelines; (c) the Performance Standards on Environmental and Social Sustainability of the IFC; and (d) the World Bank Group/IFC Environmental Health and Safety Guidelines. The IDB is bound by: (a) IDB Environment and Safeguards Compliance Policy; and (b) IDB Operational Policies, including the Policy on Gender Equality.</p>	<p>implementing an Environmental and Social Management System to analyze and screen eligible investments for environmental and social risk. As a contractual requirement, FIs will not be permitted to on-lend to corporates (lending greater than 5 million) or to projects (36-month tenor and greater than US 10 million). As such, there will be no financing of Category A investments per IDB Invest's definition.</p> <p>2) Invest H will be selected as an executing agency because, among other qualities, it has implemented various IDBG, USAID, and Millennium Challenge Corporation projects which have included implementing the social and environmental safeguards processes of all these institutions.</p> <p>3) All IDBG projects will be subject to the Policy Establishing the Independent Consultation and Investigation Mechanism (MICI), the independent accountability mechanism of the IDBG. It receives and investigates complaints from two or more persons who consider themselves to have been harmed by projects financed by the IDB, IDB Lab, or IDB Invest as a result of their potential non-compliance with their relevant operational policies.</p> <p>4) The VozMujer Honduras report will allow for both quantitative and qualitative data collection tools that will help beneficiaries inform WeForLAC projects.</p> <p>5) All IDB Invest investments will follow IDB Invest's policies and will be observant of the IDB Invest's exclusion list for private sector operations. IDB Invest is subject to the IDB Exclusion List for Non-Sovereign Guaranteed Operations.</p>

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
Risk that preferential treatment of women will lead to gender-based violence	High	High	High	Increasing agency of women (both economic and social) in this program can lead to disruption of traditional gender norms in the household, which can lead to increased incidences of violence against women, particularly domestic violence.	The IDBG screens all projects for gender-based risks as part of its Operational Policy on Gender Equality. Further, the WeToolkit will develop GBV attention protocols and prevention modules into soft-skills components of capacity building programs. In the case of Honduras and El Salvador, capacity building programs will be linked to the violence against women prevention and attention modules of Ciudad Mujer. In the case of work with cooperatives, GBV WeToolkit modules will be administered based on IDBG past experiences working with cooperatives on gender issues.

VI. Results Framework

Table: WeForLAC Results Indicators⁵⁶⁵⁷

WeForLAC Results Indicators	Unit of Measure	Base-line 2019	Cumulative Target Values				
			YR 1 2020	YR 2 2021	YR3 2022	YR 4 2023	YR5 2024
Table 1 – WeForLAC Aggregate Indicator							
Total number of women-owned/led SMEs benefiting from the program/project (cumulative)	#	0	2,139	5,110	11,520	17,169	19,252
Honduras	#	0	795	1,742	3,178	7,475	8,693
LMIC	#	0	229	531	3,826	4,057	4,183
UMIC	#	0	1,115	2,836	4,515	5,637	6,376
Table 2 - WeForLAC (We-Fi) Results Indicators							
Indicator 1. Amount of non-We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities	\$	0	N/A	N/A	N/A	N/A	\$248,225,870
Honduras	\$	0	N/A	N/A	N/A	N/A	\$81,736,756
LMIC	\$	0	N/A	N/A	N/A	N/A	\$22,747,818
UMIC	\$	0	N/A	N/A	N/A	N/A	\$142,152,925
Indicator 12. Number of direct jobs, disaggregated by sex, created by WSME	#	0	772	1,944	3,086	3,864	4,355 ⁵⁸
Honduras	#	0	141.52	356.24	566	708	798
LMIC	#	0	96	241	382	478	539
UMIC	#	0	535	1,347	2,138	2,677	3,017.36

⁵⁶ Results indicators in this table are disaggregated for Honduras, LMICs and UMICs. Specific country disaggregations are not feasible given the programmatic nature of IDB Invest's work with its private sector clients. Ex-post reporting will specify country-level results.

⁵⁷ The results matrix submitted includes impact indicators related to employment generated and profits of women-led SMEs and go beyond output indicators. In addition, we included two additional intermediate indicators to capture short or medium-term effects of accessing to financial and non-financial support. The first indicator takes into account the non-performing loans ratio to total loans directed to women-led SMEs. The second indicator considers the % of women-led SMEs that receive training through WeForLAC and that have adopt a new business practice. To obtain this data, baseline and follow-up surveys will be collected from participants in training programs.

⁵⁸ The target value is calculated using an estimated elasticity of employment and access to credit of 4% (Stucchi and Figal, 2017). This means that SMEs that gain access to credit would see an increase of 4% of their total number of employees. We then use data from the Enterprise Surveys from the World Bank and calculate the median number of permanent workers for women-led SMEs in Honduras that do not have access to finance as a reference point (n=12). Using these figures, we assume that firms gaining access to finance would, on average, see an increase of 0.48 workers per firm (12*0.04). Using this multiplier and knowing that the total number of WSMEs that will have access to finance through WeForLAC is 9,702, we obtain the total number of workers employment that we expect to add (9,072*0.48=4,355). We believe this is a conservative estimate since we are assuming that only 4,355 jobs will be created out of a total of 19,252 WMSMEs supported.

WeForLAC Results Indicators	Unit of Measure	Base-line 2019	Cumulative Target Values				
			YR 1 2020	YR 2 2021	YR3 2022	YR 4 2023	YR5 2024
Indicator 11. Number of WSMEs on entrepreneurship support programs in We-Fi served institutions that report increase in profits/sales	#	0	792	1,943	3,732	5,194	5,835 ⁵⁹
Honduras	#	0	222	509	887	1,774	2,051
LMIC	#	0	91	221	918	1,010	1,064
UMIC	#	0	479	1,212	1,927	2,410	2,720
Indicator 10. Number of WSMEs on entrepreneurship support programs in We-Fi supported institutions	#	0	530	1,060	5,090	9,120	10,180 ⁶⁰
Honduras	#	0	500	1,000	2,000	6,000	7,030
LMIC	#	0	30	30	3,030	3,060	3,060
UMIC	#	0	0	30	60	60	90
Indicator 5. Number of institutions supported by We-Fi that have updated or put in place non-financial products/supported services for WSMEs	#	0	1	2	3	4	5
Honduras	#	0	0	0	0	1	1
LMIC	#	0	0	1	2	2	2
UMIC	#	0	1	1	1	1	2
Indicator 2. Amount of new financing given to WSMEs by Wefi supported institutions (cumulative)	\$US	0	40,567,420	103,884,939	166,194,719	206,894,237	233,346,007
Honduras	\$	0	9,580,765	25,171,835	40,713,944	50,276,134	56,758,245
LMIC	\$	0	4,058,356	10,928,333	17,856,362	21,886,104	24,729,849
UMIC	\$	0	26,928,298	67,784,771	107,624,413	134,731,999	151,857,913
Number of WSMEs financed through We-Fi supported institutions	#	0	4,050	6,430	8,049	4,050	9,072 ⁶¹
Honduras	#	0	295	742	1,178	1,475	1,663
LMIC	#	0	199	501	796	997	1,123
UMIC	#	0	1,115	2,806	4,455	5,577	6,286

⁵⁹ The target value is approximated using data from the World Bank Enterprise Surveys. For women entrepreneurs with access to finance we consider the proportion of WSMEs in LAC that have access to finance and that report and increase in sales over the past three years (43%). Thus, we multiply the number of women receiving access to finance (n=9,702) by 0.43 (3,901). For women entrepreneurs with access to training, we consider the proportion of WSMEs in LAC that have access to training and that report and increase in sales over the past three years (19%). Thus, we multiply the number of women receiving training (n=10,180) by 0.19 (1,934). We add up both values to get to the total indicator of 5,835.

⁶⁰ This target value assumes an average number of women trained per FI of 3,000 and uses the number of FIs that will be supported through Advisory Services during WeForLAC implementation (2). It also considers an average number of 30 WSME trained per corporation (6). It also includes 4,000 women entrepreneurs in Honduras from the WeHonduras business development services.

⁶¹ This target value was constructed using an average loan size of US\$48,315 and an average tenor of 2.5 years, WeForLAC will directly finance 17,958 women-owned-led SMEs.

WeForLAC Results Indicators	Unit of Measure	Base-line 2019	Cumulative Target Values				
			YR 1 2020	YR 2 2021	YR3 2022	YR 4 2023	YR5 2024
Indicator 3. Number of financial service providers that have updated or implemented: a) new screening procedures b) financial products or services for WSMEs	#	0	1	2	3	4	5
<i>Honduras</i>	#	0	0	0	0	1	1
<i>LMIC</i>	#	0	0	1	2	2	2
<i>UMIC</i>	#	0	1	1	1	1	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	#	0	0	0	1	1	2
<i>Honduras</i>	#	0	0	0	0	0	0
<i>LMIC</i>	#	0	0	0	0	0	1
<i>UMIC</i>	#	0	0	0	1	1	1
Indicator 7. Number of rigorous impact evaluations commissioned by WeFi supported institutions ⁶²	#	0	0	1	2	3	5
<i>Honduras</i>	#	0	0	1	1	1	1
<i>LMIC</i>	#	0	0	0	1	2	2
<i>UMIC</i>	#	0	0	0	0	1	2
Table 3: Additional Results Indicators							
Number of companies that have collected sex disaggregated data on women-owned led SMEs in their value chains and installed a procurement baseline and targets	#	0	0	1	1	2	2
Number of government agencies implementing procurement initiatives to increase sourcing from WSMEs	#	0	0	0	1	1	1
Number of PE/VC funds trained on gender-lens investing	#	0	0	4	8	12	12
# of WSMEs receiving technical assistance on climate smart agriculture and clean energy business models	#	0	0	50	150	225	225
Number of FIs that report sex-disaggregated data in Access to Finance Database supported by We-Fi	#	0	0	30	50	70	100
Percentage of non-performing loans of WSMEs	%	2.9 ⁶³					2.3 ⁶⁴
Table 4: Indicative Output Indicators							
Access to Finance							
Number of FIs supported by Advisory Services to better serve WSMEs through financial services	#	0	1	2	3	4	5 ⁶⁵

⁶² As mentioned in the impact evaluation strategy section, these include both experimental and quasi-experimental impact evaluations and non-causal evaluations.

⁶³ This baseline value was constructed using the total non-performing loan rate for GBA banks' women customers (<http://www.gbaforwomen.org/the-opportunity>). This value would be reassessed once we collect data at baseline.

⁶⁴ This target value is equal to the average between 2013-2017 of the Bank nonperforming loans to total gross loans of Latin America & Caribbean (excluding high income) countries (International Monetary Fund, Global Financial Stability Report). For example: (i) accounting practices, (ii) inventory management, among others.

⁶⁵ All FIs receiving blended finance will also receive advisory services support.

WeForLAC Results Indicators	Unit of Measure	Base-line 2019	Cumulative Target Values				
			YR 1 2020	YR 2 2021	YR3 2022	YR 4 2023	YR5 2024
Number of FIs supported through Blended Finance products to finance WSMEs	#	0	1	2	3	4	5 ⁶⁶
Number of FIs or corporates supported to structure gender bonds	#	0	1	2	3	4	5
Access to Markets							
Number of FIs and corporates supported through Advisory Services to integrate WSMEs in their supply chains	#	0	1	2	3	4	6
Number of FIs or corporates supported with blended finance to source or offer supply chain finance to WSMEs	#	0	0	1	2	2	3
Number of Fintech firms supported through Advisory Services to develop sex-disaggregation capacities	#	0	0	1	1	2	3
Number of WSME procurement and gender best practice workshops for FIs and corporates implemented	#	0	0	1	2	2	3
Number of workshops and meet the member events for WSMEs on public and private sector procurement	#	0	2	4	6	8	9
Access to Skills							
WeHonduras “best in class” business development service model designed	Binary (0/1)	0					1
Number of FIs or corporates supported through Advisory Services to provide training to WSMEs	#	0	1	2	4	6	8 ⁶⁷
Number of FIs or corporates supported through Blended Finance products to provide training to WSMEs	#	0	0	0	1	2	2
Number of Week-Long Entrepreneurship Bootcamps for women entrepreneurs completed	#	0	1	2	3	4	5
Number of WeXchange Meetups/Workshops/events completed	#	0	6	18	32	44	50
WeXchange Forum Central America completed	Binary (0/1)	0					1
Improved Enabling Environment							
Financial Access Survey, including sex-disaggregated information, completed	Binary (0/1)	0	0	0	1	0	1
“Supply Side” access to finance database including sex-Disaggregated information, completed	Binary (0/1)	0	0	1	1	1	1
Number of WeGrow & WSME Ecosystem Assessment reports completed	Binary (0/1)	0	1	0	0	1	2
VozMujer Honduras report created	Binary (0/1)	0					1
Number of Workshops for Investors and Fund Managers implemented	#	0	0	1	2	3	3

⁶⁶ All FIs receiving blended finance will also receive advisory services support.

⁶⁷ Assumes 2 FIs and 6 corporates will provide training over the 5 years. The same FI could be supported through skills, markets, access to finance simultaneously.

WeForLAC Results Indicators	Unit of Measure	Base-line 2019	Cumulative Target Values				
			YR 1 2020	YR 2 2021	YR3 2022	YR 4 2023	YR5 2024
All Stars Academy Symposium held	Binary (0/1)	0	0	1	0	0	0
WeForLAC Policy Dialogues in Honduras completed	Binary (0/1)	0	1	0	0	0	2

ANNEXES

Annex 1: Implementing Partner Track Record

The IDBG has extensive private and public sector experience in promoting WSME access to: (i) **Finance**; (ii) **Markets**, and (iii) **Skills and Networks**. Through its public and private sector work promoting women's entrepreneurship, the IDBG has learned that narrow solutions are rarely effective to promote WSMEs' business growth; multidimensional approaches are more likely to succeed than finance alone.

Access to Finance: The IDBG brings 30 years of supporting MSMEs, and it is committed to expand its reach and to foster a strong MSME sector in LAC. In 2012 the IDBG launched the **weB initiative** and over the past six years, weB partner FIs have invested over \$800 million to address the main barriers for WSMEs and innovated with new products and services to tap a large potential market. To better serve its client banks and catalyze its weB programming, in 2013 the IDBG partnered with the GBA.

Other access to finance areas relevant for WeForLAC are: (i) **PE/VC**. the IDBG has invested in more than 130 PE and VC funds in the region through the IDB Lab and IDB Invest and over the last year has been encouraging these funds to use the Women's Empowerment Principles (WEP's) Gap Analysis tool to identify areas for the promotion of gender equality;⁶⁸ (ii) **Fintech**. The IDBG has extensive experience supporting companies that use technology to provide financial services directly to MSMEs and individuals or to provide services to FIs from its private and public-sector windows;⁶⁹ (iii) **Data generation**. The IDB is currently executing a regional TC program that has defined a set of key sex-disaggregated indicators that financial regulators should collect and monitor, developed guidelines for financial inclusion demand survey sex-disaggregation and analysis, and is providing technical assistance to Mexico to incorporate these recommendations.

Access to Markets: The IDBG has supported WSME access to markets by: partnering with companies to open up their value chain to WSMEs, opening opportunities in public procurement (i.e. support new WSME public procurement programs in Chile and the Dominican Republic), [and ConnectAmericas for Women](#).⁷⁰ In addition, the IDB has been leading international efforts to promote the participation of women in public procurement. This includes the creation in 2015 of a working group on the promotion of women in public procurement under the umbrella of the Inter-American Network on Government Procurement (INGP).

Access to Skills and Networks: WeXchange. In just four years, WeXchange (described above) has brought together nearly 1,000 women entrepreneurs, mentors, and investors from 24 countries.

⁶⁸ Since 1996 the IDB Lab has invested over US\$300 million in 80+ VC & seed funds that are active in more than 20 countries in the region, leveraging more than US\$1.1 billion in co-investment by other parties

⁶⁹ In 2018 the IDB published the *Fintech in Latin America 2018: Growth and Consolidation* report with specific data on the presence of women entrepreneurs in the space and sex-disaggregated data on access

⁷⁰ The results so far include: 485,000 women entrepreneurs used the platform since its launch; over 15,000 women have been trained through the ConnectAmericas Academy which offers free online courses and webinars on internationalization and strategic planning.

