



## **Women Entrepreneurs Finance Initiative (We-Fi)**

**THEMATIC FUNDING REQUEST**

**ON A PROPOSED FINANCING**

**TO THE**

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**FOR**

**Stepping Up for Women**

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## I. EXECUTIVE SUMMARY

**Stepping up for Women** (the “Program”) is an **EBRD/We-Fi** Program that seeks to address longstanding barriers affecting women-led small- and medium-sized enterprises (WSMEs) while also seeking to address the disproportionate impact that the COVID-19 pandemic and the ensuing financial and economic crisis is likely to have on women’s entrepreneurship. The Program will deploy innovative financial and non-financial solutions that build the resilience of WSMEs to ongoing and future economic shocks and crises, enhance their competitiveness in local and regional markets, and contribute to the development of more effective public and private sector initiatives on financial inclusion for women. Nearly 90% of We-Fi funds allocated to the Program will be dedicated to serving women in IDA-eligible low-income and low-middle income countries.

The Program is expected to reach approximately **2,841** WSMEs and has three components:

- i. **Component One - Fostering gender intelligent supply chains**: The Program will extend **outcome-based loans** to primarily **local and regional companies in IDA Central Asia (Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan)** that (i) tie financial incentives to incorporating more business from WSMEs into their supply chains; and (ii) come integrated with technical assistance to boost supply chain resilience and improve procurement processes with a view to fostering diversity amongst suppliers. Taking a holistic approach, the Program will work directly and extensively with WSMEs supplying to – or with the potential to supply to – borrowers of outcome-based loans, providing them with advisory and access to know-how to improve their capacity to function competitively as suppliers. This component of the Program comprises an innovative, multi-faceted approach that will contribute to (i) breaking through obstacles preventing WSMEs from accessing the opportunities that complex supply chains offer; (ii) creating a demonstration effect among national and regional champions that outlasts the Program, and (iii) instilling best practices in local and regional supply chains that hasten recovery and build their resilience to crisis events.
- ii. **Component Two - Bridging the digital divide for women in business**: The COVID-19 pandemic has highlighted the need for – and accelerated the implementation of – the EBRD’s broader strategy to facilitate the digital transformation of SMEs in its regions of operation. The Program will feature the **pilot rollout of a digital-by-design advisory product suite in Uzbekistan**. Through the delivery of advisory services and access to know-how on digital matters to WSMEs, the Program will help address the digital gender divide in the country that makes WSMEs less competitive in the 21<sup>st</sup> century marketplace than men-led SMEs, as well as less resilient to physical disruptions to business.
- iii. **Component Three - Leveraging data for women’s financial inclusion**: Data is critical to informing effective financial inclusion regulatory, policy, and private sector interventions that produce tangible benefits for WSMEs and women. The EBRD will work closely with governments in **Egypt** and **Morocco** to establish sex-disaggregated SME databases that (i) document the financing gap that WSMEs face in the relevant markets; and (ii) inform policies and regulations that adequately address barriers to increased financial inclusion of women. These databases are also expected to be particularly valuable in enabling better policymaking during crises and their aftermath, including the design of measures that address the idiosyncratic obstacles that WSMEs face in crises compared to male-led SMEs.

The Program is fully aligned with the following We-Fi priority themes for the Third Call for Proposals and consciously situated within the context of the likely impact of the deepening financial and economic crises on women: (i) *Women-Led SMEs in International Value Chains* and (ii) *Women-Led SMEs Leveraging Disruptive Digital Technologies*. The Program is also aligned with the priorities of the proposed WE Finance Challenge, discussed at the We-Fi MENA Regional Summit 2020, which underscored the importance of sex-disaggregated data to unlocking finance earmarked by impact investors for women.

# Stepping Up for Women

## WE-FI FUNDING PROPOSAL

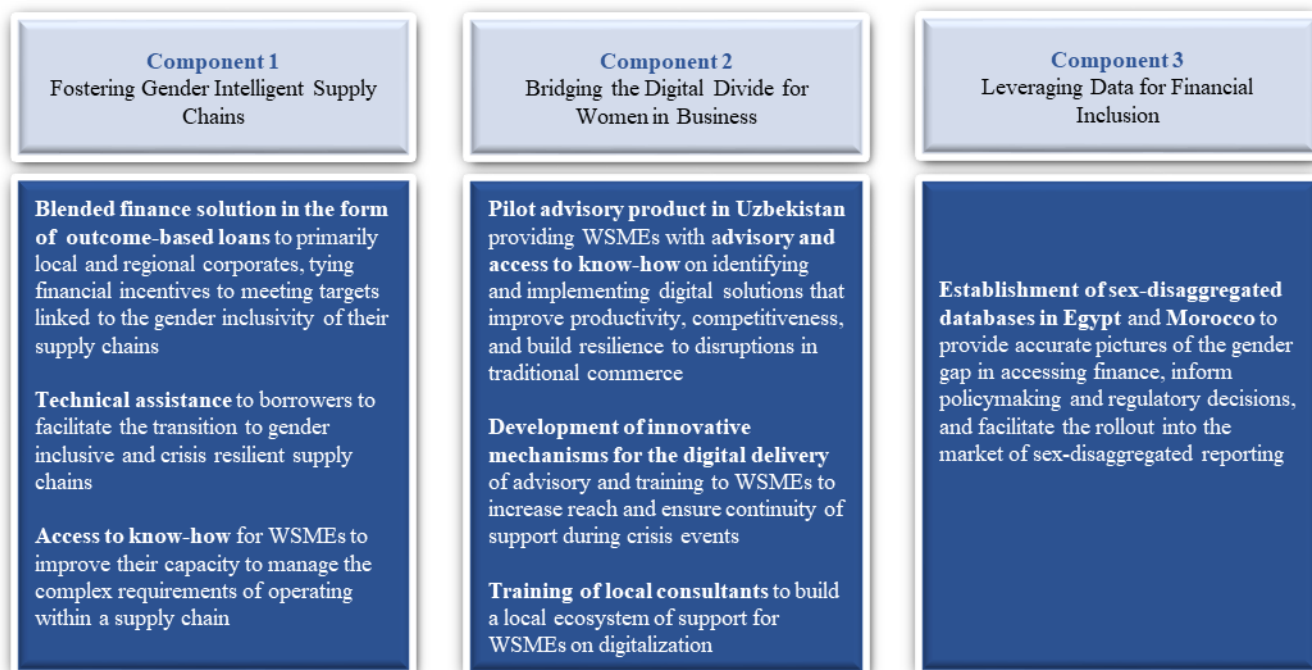
### III. PROGRAM/PROJECT DESCRIPTION

#### A. Program/Project Objectives

The COVID-19 global pandemic and health emergency has and will continue to exert significant restrictions on the movements of people and goods for an uncertain period of time, drastically reducing economic opportunities while also fundamentally changing the business environment in the short to medium term. The impact on the small and medium-size enterprise (SME) sector in particular will be substantive. **However, the negative effect is likely to be disproportionately greater on businesses led by women.** This is because higher proportions of women-led enterprises are in the micro or even sole proprietor segments, and they are more likely to be concentrated in sectors such as trade, tourism and services, making them more vulnerable to external shocks that disrupt local economic activity. Women entrepreneurs are also more likely to be less visible to public authorities and local financial institutions, which means that they are less likely to benefit from emergency stimulus measures.

In this respect, the European Bank for Reconstruction and Development (EBRD) has designed **Stepping up for Women** (the “**Program**”) to address the **persistent structural gender barriers** women entrepreneurs face in accessing market opportunities, which have been **exacerbated by the COVID-19 pandemic** and the global economic crisis it has provoked. The primary objectives of the Program are therefore to (i) rapidly respond to the disproportionate pressures WSMEs face in the context of the ongoing crisis that, if unaddressed, can reinforce and deepen structural barriers, and (ii) contribute to the economic empowerment and resilience of WSMEs in the context of the large-scale restructuring of the global economy. The Program will deploy innovative solutions for WSMEs that will contribute to (a) **improving access to markets through more inclusive supply chains**; (b) **enhancing competitiveness, growth potential, and access to finance by strengthening their ability to leverage digital technologies for their businesses**, and (c) **leveraging sex-disaggregated data to inform more effective public and private sector interventions**. The Program, which comprises three components as illustrated below (Figure 3.1), is expected to create strong demonstration effects and provide learning for any necessary refinements and scaling up.

Figure 3.1: Program outline



The Program is fully aligned with the following We-Fi priority themes for the Third Call for Proposals and consciously situated within the context of the COVID-19 pandemic: (i) *Women-Led SMEs in International Value Chains* and (ii) *Women-Led SMEs Leveraging Disruptive Digital Technologies*. The Program is also aligned with

We-Fi's strategic focus on facilitating improved sex-disaggregated data to drive effective policy and unlock financing for WSMEs.

## B. Country/Regional/Global Context

Consistent with the We-Fi strategic goal of allocating more of its resources to activities in IDA countries and/or fragile and conflict affected countries/territories, activities under the Program will be nearly 90% dedicated to serving women in IDA-eligible low- and low-middle income countries. The remaining portion will target countries that, though not IDA, nevertheless have very substantial gender gaps in relation to entrepreneurship and access to economic opportunity

**IDA Central Asia.** Despite improving legal gender parity in most countries in IDA Central Asia (e.g. Uzbekistan recently abolished its list of about 450 professions that were off-limits to women<sup>1</sup>), socio-cultural norms, traditional practices, and economic conditions have historically limited the development of a robust environment for women's entrepreneurship. This is particularly reflected in the gender gaps in (i) labor force participation rates, with the differential between male and female participation rates registering at 31, 22, and 26 percentage points in the Kyrgyz Republic, Tajikistan, and Uzbekistan, respectively,<sup>2</sup> and (ii) firm management, where 22.7% of firms and 23.4% of SMEs in the region are led by a female top manager (CEO or equivalent).<sup>3</sup> Gender-based discrimination by traditional financial institutions plays a large role in reinforcing low levels of women's entrepreneurship. Women are less likely than men to have ownership of physical and financial assets owing to traditional customs and fewer property rights, and are therefore less able to post the required collateral to secure loans that could otherwise contribute to scaling up a business. As a result, WSMEs in the region are often small in scale and concentrated in low productive sectors (such as trade, garment manufacturing, personal services, et al). WSMEs are also less likely than their male-led counterparts to have internationally recognized quality certifications, which disadvantage them in accessing global value chains that often have strict product/service requirements.

**Middle East and North Africa.** Countries in the Middle East and North Africa, including Morocco and Egypt, consistently rank near the bottom on measures of gender equality. The World Economic Forum's (WEF) Global Gender Gap Index (the "Index"), which measures gender-based gaps in access to resource and opportunities, ranks Egypt and Morocco 134<sup>th</sup> and 143<sup>rd</sup>, respectively, out of 153 countries. Both countries rank low on factors that have a strong influence on entrepreneurship such as 'economic participation and opportunity' (Morocco, 146<sup>th</sup>; Egypt, 140<sup>th</sup>) and 'educational attainment' (Morocco, 115<sup>th</sup>; Egypt, 102<sup>nd</sup>).<sup>4</sup> Significant gender gaps also persist when it comes to legal rights. Women in the region only have about half of the rights afforded to men – compared to 75% worldwide – with rights related to ownership of property/assets often the most lacking.<sup>5</sup> With fewer property rights, securing a bank loan is exceedingly difficult for women, thereby preventing them from accessing finance to the same degree as men. All of this contributes to an exceptionally low level of women's entrepreneurship in the region, and in Egypt and Morocco firms with a female top manager comprise only 4.9% and 4% of all firms, respectively.<sup>6</sup>

**COVID-19 context.** It is likely that women and women entrepreneurs globally and especially within the Program's target countries will be disproportionately negatively impacted by the COVID-19 global pandemic. Women are often the primary caregivers for both children and the elderly across the countries targeted for this Program. Given that an individual entrepreneur's resources (time, energy, attention) are finite, women often face the double pressure of increased care and household responsibilities and heightened stress and work to manage a small business through an economic and financial crisis.<sup>7</sup> This tension between familial and/or cultural expectations and the requirements of entrepreneurship will likely be most pronounced in rural regions where women bear a higher burden of unpaid, domestic household responsibilities. In Uzbekistan, for example, economically active women in rural areas spend 45.9% of their free time on unpaid domestic labor, compared with 16.6% of rural men's free time.<sup>8</sup> Further, entrepreneurship can be viewed as a flexible alternative income stream for women particularly in the context of the COVID-19 pandemic, either being increasingly home-based, or enabling more freedom to structure schedules around limited and changing childcare such as school closures or the reduction in summer activities for children.

<sup>1</sup> Women, Business and the Law. World Bank Group. 2020. <https://openknowledge.worldbank.org/bitstream/handle/10986/32639/9781464815324.pdf>

<sup>2</sup> World Bank. Data from 2019.

<sup>3</sup> Business Environment and Enterprise Performance Survey (BEEPs). EBRD. 2019.

<sup>4</sup> Global Gender Gap Report 2020. World Economic Forum. [http://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](http://www3.weforum.org/docs/WEF_GGGR_2020.pdf)

<sup>5</sup> Women, Business and the Law 2020 Index. World Bank.

<sup>6</sup> World Bank. Latest data for Egypt and Morocco is from 2016.

<sup>7</sup> It's Always a Woman's Problem! Micro-Entrepreneurs, Work-Family Balance and Economic Crisis. Cesaroni, Pediconi & Sentuti. 2018.

<sup>8</sup> Gender, Agriculture and Rural Development in Uzbekistan. FAO. 2019. <http://www.fao.org/3/ca4628en/ca4628en.pdf>

WSMEs in ordinary times operate at a comparative disadvantage to their male counterparts due to a number of gender-specific barriers they face in the market. The survival rate of WSMEs through the economic and financial crises provoked by the pandemic is also likely to be disproportionately lower than those of male-led SMEs. WSMEs, which tend to operate locally and on a smaller scale, are far less likely to have the requisite capital and cash to survive a prolonged market shutdown. Furthermore, WSMEs tend to be concentrated in sectors such as trade, tourism and services, which have been amongst the most impacted by the pandemic. As such, with the widespread disruptions to economic activity, the gender gap in entrepreneurship runs a risk of expanding rather than reducing.

### C. Thematic Context

**Women-led SMEs in Value Chains.** Global and regional value chains, which represented 52% of global trade at their peak in 2007, are powerful potential drivers for job creation, economic growth, and modernization. Aggregators are larger national or international companies which source a substantive volume of goods and services within a particular good's value chain. SMEs that are incorporated into the supply chains of aggregators by way of being part of the value chain of a particular good or service benefit in a variety of ways. These include (i) access to larger, more predictable cash flows that may be secured through long-term contracts, and (ii) increased market competitiveness by virtue of adhering to strict product standards and other forms of regulation or quality control.<sup>9</sup> However, WSMEs, including and especially those in Central Asia, currently have very limited access to aggregator supply chains and to the opportunities that global and regional value chains provide. WSMEs lack experience fulfilling regular purchase orders from aggregators, which limits their exposure to more complex markets. This then prevents them from accumulating the experience and sophistication they need to better compete against other businesses for supplier contracts. Similarly, the complex and large scale procurement functions of aggregators are often not well-suited to reaching out to WSMEs, whether because of large minimum order sizes, high quality, insurance or other thresholds or over-reliance on existing business networks and limited information sharing.

Aggregators stand to benefit from incorporating more WSMEs into supply chains with respect to diversification and sustainability. However, identifying WSME suppliers with the capacity and ability to fulfill orders reliably is difficult given the obstacles listed above. Women producers are thus often trapped at the very bottom of the value chains as unpaid agricultural workers or in the lowest value-added and most vulnerable aspects of the production level. It is a major struggle from these levels for WSMEs to develop their businesses to achieve scale and sophistication. The COVID-19 global pandemic has had severe impacts on the viability of global and regional value chains. However, the pandemic has also highlighted the importance of having more diversified and localized supply chains. Aggregators dependent on suppliers shipping across national borders are now the most exposed to the disruption caused by the pandemic. The emerging emphasis on sourcing locally to build resilience to external shocks may open up opportunities for WSMEs – which tend to operate and source locally themselves – to tap into the supply chains of aggregators. However, WSMEs are not currently well-placed to seize these opportunities.

**Leveraging Disruptive Technologies for WSMEs.** There is ample evidence that WSMEs are not able to access the opportunities of digitalization on an equal basis, resulting in a 'digital gender divide.' This digital gender divide is widely present globally, whereby women tend to be slower adopters of new technologies, under-represented amongst STEM graduates (negatively impacting their digital literacy) and lack access to the initial capital or information required for implementing digital solutions. Before COVID-19, digitalization was already happening, driven by the evolution of industry and customer preferences. However, with COVID-19, there has been an acceleration of this trend as the survival of small businesses increasingly depend on their ability to effectively utilize digital tools to gain production efficiencies, keep staff safe and continue to operate in a context where conventional business practices are no longer viable.

For **Uzbekistan**, economic and social isolation from the international sphere until recently had left the country lagging behind in incorporating digital solutions into business practices and particularly exposed to the disruption to physical commerce caused by the pandemic. Internet usage as a percentage of total population, which is a useful, albeit imperfect, indicator of a country's capacity to incorporate digital solutions into everyday life, stands at 51% in 2020<sup>10</sup>, up from approximately 27% in 2013.<sup>11</sup> These figures, although aligned with the global average of 52.3%, trail far behind its northern neighbor Kazakhstan's average of 79%. Despite notable progress in recent years in improving the

<sup>9</sup> Enhancing the Role of SMEs in Global Value Chains. OECD, 2008. [https://www.ecb.europa.eu/home/pdf/research/compnet/Enhancing\\_the\\_role\\_of\\_SMEs.pdf?9235c9ba9b76a6a403bc10723d6dd11e](https://www.ecb.europa.eu/home/pdf/research/compnet/Enhancing_the_role_of_SMEs.pdf?9235c9ba9b76a6a403bc10723d6dd11e)

<sup>10</sup> Inclusive Internet Index. The Economist, commissioned by Facebook, 2020. <https://theinclusiveinternet.eu.com/explore/countries/performance>

<sup>11</sup> World Bank data



country's connectivity, there is nevertheless a significant gender gap in key metrics of digitalization, including access/usage of internet services (46% of the male population versus 34% of the female population) and mobile phones (90% of the male population versus 67% of the female population).<sup>12</sup> WSMEs in rural areas face even more limited access to digital technologies, including technical limitations (reduced or unreliable internet bandwidth), limitations to movement and logistics that hinder e-commerce and more limited technical education.

The gender divide in digitalization in Uzbekistan also extends to education and the workforce. Women comprise only 16-22% of the total number of university students in ICT subjects<sup>13</sup>, and make up approximately 30% of the country's ICT sector workforce.<sup>14</sup> With limited formal education and workplace experience on ICT matters, women entrepreneurs in Uzbekistan are disadvantaged in their capacity to identify and implement digital solutions that can modernize and make more competitive their businesses, as well as build resilience to physical disruptions affecting normal operating activity. The priority is well recognized by the government of Uzbekistan, which, even before the current crisis, had declared 2020 to be a year of "science, education and the digital economy", and was in the process of developing a 10-year strategy – **Digital Uzbekistan, 2030** – for digitalizing the economy and building the requisite infrastructure.<sup>15</sup> However, it will also be critical to build up local technical and business skills on digital matters to enable WSMEs to effectively take this step.

**Leveraging Data for Financial Inclusion of WSMEs.** Globally, a lack of sex-disaggregated data presents a challenge for national stakeholders to assess the economic returns of financial inclusion for women, as well as design solutions that are gender intelligent and effective at addressing factors that limit women's access to credit. Furthermore, the inability of local financial institutions to track and report on lending and other services to WSMEs and women generally has potentially stymied billions in dollars in funding that would otherwise be available to them from gender-focused impact investors.

Sex-disaggregated data can also contribute to the development and implementation of more effective policy and emergency measures addressing the economic and financial pressures that are disproportionately affecting WSMEs. Governments across the world, including in Egypt and Morocco, are rolling out emergency measures to help businesses, including and especially SMEs (which account for the majority of employment), to remain afloat during the ongoing economic shutdown. However, there is a risk that the impact of these measures may be limited for WSMEs, who are less visible as a group to national authorities than male-led SMEs. Sex-disaggregated data SMEs will allow governments to craft policy responses and measures that take into account the position of WSMEs in local economies and address the additional obstacles in recovering from the crisis they face compared to male-led SMEs.

## D. Program Description

### i. Key Components

The Program represents a comprehensive, market-based approach to promoting near-term crisis response and economic recovery and building medium-term resilience and economic opportunities for women entrepreneurs. The interventions envisaged under the Program have been designed to incentivize key market and policy stakeholders to adopt sustainable, equitable practices that will enable WSMEs to close the gap.

#### Component 1: Fostering gender intelligent supply chains

##### Sub-component 1.1: Outcome-based loans to regional and local aggregators with gender-linked targets - IDA Central Asia

The core aim of this sub-component of the Program is to break the cycle that makes it exceedingly difficult for WSMEs in IDA Central Asia to access value chains through the supply chains of aggregators. The EBRD will extend **outcome-based loans** to primarily local and regional aggregators of any size (which may be larger SMEs under the EU definition), linking more favorable loan conditions or incentive payments to the aggregator's ability to achieve pre-agreed 'milestones' related to making quantifiable improvements in the gender inclusivity of their supply chains, **such as volume (measured in the local currency) of goods/services received from WSME suppliers**. By providing financial incentives for instituting and implementing gender inclusive processes in selecting suppliers, the Program

<sup>12</sup> Inclusive Internet Index. The Economist, commissioned by Facebook. 2020. <https://theinclusiveinternet.eiu.com/explore/countries/performance>

<sup>13</sup> Are young women a key to the growth of Uzbekistan's ICT industry? UNDP. 2017. <https://wpr.net/global-voices/uzbekistan-womens-work>

<sup>14</sup> The role of women in the development of the ICT Sector in Uzbekistan (RUS). 31 May 2017. <http://infocom.uz/2017/05/31/rol-zhenshin-v-razviti-ikt-v-uzbekistane/>

<sup>15</sup> Draft Declaration of President of Uzbekistan confirming the national strategy "Digital Uzbekistan – 2030". December 2019. <https://regulation.gov.uz/document/10574>

is adopting an innovative approach that aims to (i) create a critical mass of WSMEs experienced in operating and fulfilling diversified orders within complex supply chains; (ii) build the business case internally within aggregators for more gender intelligent and diversified supplier approaches (a concept not widely known or recognized in the target countries); and (iii) demonstrate to other aggregators and large procurers operating locally and regionally the positive impact of a gender-diverse supply chain strategy on supply chain resilience and quality. In the context of the medium-term challenges of the ongoing COVID-19 pandemic, Component 1 will help create new and higher-value opportunities for WSMEs, seek to ensure that aggregators' redistribution and diversification opportunities along the supply chain are not missed by SMEs and build their resilience to the current and future economic crises.

The EBRD will target aggregators operating in IDA Central Asia and in sectors where there is a real underrepresentation of WSMEs, and thus a substantive volume of procurement contracts that WSMEs are potentially missing out on due to inequalities in access to information, aggregator processes and their own readiness. The first transaction under this component is likely to take place in one of the larger markets in the region such as Uzbekistan, where the local investment climate has substantially improved over the last several years, evidenced, in part, by a 266% year-on-year increase of foreign direct investment into the country in 2019 (from USD 625 million in 2018 to USD 2.3 billion in 2019).<sup>16</sup> An increasingly open investment climate in Uzbekistan has also coincided with favorable developments in the gender space, including the passage of the country's first ever gender equality law in September 2019.<sup>17</sup>

While not excluding multinational aggregators, the Program will focus primarily on engaging local and regional aggregators where there is strong potential to incorporate WSMEs and create champions. Engagement with aggregators will be demand-driven; the EBRD will target supply chains and sectors where there is a pre-existing presence of WSMEs (i.e. retail, tourism, agribusiness, textile), as well as supply chains and sectors where the EBRD can contribute to building up a more sizable presence of WSMEs supplying goods/services with higher value-add. Prior to extending a loan under this component of the Program, the EBRD will perform assessments of (i) the aggregator's supply chain to ascertain a baseline of volume of goods/services supplied by WSME suppliers; and (ii) general market conditions in the sector of the target aggregator, primarily as they relate to the estimated number/proportion of SME suppliers that are likely women-led and their capacity to provide quality products/services.

### **Box 3.1: Using results-based mechanisms to achieve gender impact**

Component 1 will feature outcome-based loans in which the EBRD, using We-Fi proceeds, will effect incentive payments to borrowers – to whom the EBRD extends financing from its own resources – that meet pre-defined targets measured as the volume of goods/services received from WSMEs (although targets that involve other quantifiable measures of gender inclusiveness may also be considered). The specific thresholds for targets would need to be defined on a case-by-case basis in order to ensure that they are ambitious, yet achievable by borrowers given their local and sectoral contexts.

The maximum amount of incentive payments that a borrower could receive will be determined prior to the EBRD signing a loan agreement with the borrower. Factors that will determine this maximum amount include the size of the loan extended to the borrower by the EBRD and the estimated costs the borrower is likely to incur in implementing a gender-inclusive supplier methodology and meeting the loan's gender-based targets.

### **Sub-component 1.2: Capacity building to sustainably embed inclusive procurement and supply chain management among aggregators – IDA Central Asia**

The Program will provide capacity building and technical assistance to aggregators alongside investment (i.e. sub-component 1.1) to (i) build the internal business case for a diversified and gender inclusive supply chain; (ii) facilitate the implementation of relevant procurement and supplier engagement processes that better enable the aggregator to meet the gender-linked milestones of the outcome-based loans and sustain gender inclusivity in their supply chains for the long-term; and (iii) instill best practices in supply chain management – including and especially as they relate to gender inclusiveness and building resilience – at a time when supply chains globally are undergoing a significant restructuring due to the COVID-19 pandemic.<sup>18</sup> Proceeds under this sub-component will also be utilized to determine

<sup>16</sup> World Investment Report. UNCTAD. 2020. [https://unctad.org/en/PublicationsLibrary/wir2020\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf)

<sup>17</sup> Uzbekistan passes law on gender equality. USAID. 19 December 2019. <https://www.usaid.gov/uzbekistan/program-updates/dec-2019-uzbekistan-passes-law-gender-equality>

<sup>18</sup> Harvard Business Review, 5 March 2020, Coronavirus Is Proving We Need More Resilient Supply Chains; <https://hbr.org/2020/03/coronavirus-is-proving-that-we-need-more-resilient-supply-chains>



baseline firm and market conditions to assist in developing realistic milestone targets for outcome-based loans extended under sub-component 1.1, as well as for retaining independent verification agents to monitor borrower progress towards achieving these targets.

This dedicated support is essential given that local and regional aggregators, especially in sectors where there is little precedent of WSMEs acting as reliable suppliers, often have limited experience working with WSME suppliers and do not yet have the internal business case for how gender inclusive supply chains will positively impact core metrics to their businesses such as revenue and profitability. Aggregators will therefore require external support to instill gender sensitivity good practices into how they manage their supply chains. Different value chains are also anticipated to have differing needs and expectations from their suppliers, therefore a tailored and flexible approach will be taken by the technical assistance components to begin with a diagnostic and needs analysis phase and subsequently design a bespoke set of activities to support each engaged value chain.

Furthermore, aggregators are facing unprecedented and major disruptions to their supply chains due to the COVID-19 pandemic. While these disruptions sharply curtail global commerce in the short- to medium-term, they do present opportunities for aggregators to restructure their supply chains to align with modern and international best practice (including as it relates to sourcing locally and diversifying suppliers), which can be facilitated by advice and guidance from international experts that also have experience operating under crisis conditions.

### **Sub-component 1.3: Access to know-how to strengthen women entrepreneurs' capacity to be effective suppliers – IDA Central Asia**

In order to improve opportunities for WSMEs to be part of regional and local supply chains, addressing the demand-side constraints is vital. The EBRD will engage its unique model of direct SME support, leveraging its offices in each IDA Central Asian country to provide WSMEs with the know-how they need to improve entrepreneurial skills, quality control, and capacity to manage the nuances of being part of a multinational or regional supply chain, such as fulfilling larger and diversified orders and managing working capital. Activities will include (i) advisory services provided through the EBRD's network of local consultants to introduce relevant quality, process or Human Resources changes; and (ii) training, confidence-building and awareness-building activities to better equip women entrepreneurs to engage with and negotiate aggregator supply chains, as well as activities to improve their overall competitiveness and performance.

The Program will seek to engage WSMEs all along the value chain. Ecosystem enablers are vital, such as women in business associations, industry and sector associations, rural Chambers of Commerce, as well as technology platforms, e-commerce platforms and online marketplaces, and will be engaged to build their capacities, create greater mutual understanding of opportunities and needs and stronger linkages that will support WSMEs for the long term.

### **Component 2: Bridging the digital divide for women in business - Pilot advisory product on digital solutions for WSMEs - Uzbekistan**

The EBRD proposes to develop and adapt a range of advisory tools for digital delivery and to support women entrepreneurs in Uzbekistan to better leverage digital technologies, piloting new activities that, where successful, can be rolled out across other countries and regions.

The Program will fund a pilot rollout of a digital-by-design advisory product in Uzbekistan and would be implemented alongside the We-Fi funded **Women of the Steppe program**<sup>19</sup> in the country. In the near term in particular, the EBRD will develop and deploy digital tools to flexibly deliver advisory services, training and mentoring to strengthen the economic resilience and recovery of WSMEs in the context of the COVID-19 pandemic, whereby the capacity to leverage digital technologies for marketing, e-commerce or product innovation can often make a definitive difference to firm survival. These activities will be targeted to supporting women entrepreneurs to implement the new ways of working, such as through online crisis mentors and e-training in vital areas like managing remote teams, forecasting shifts in consumer demand and inventory/supply chain management. In parallel, activities will also be undertaken

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<sup>19</sup> One hundred percent dedicated to IDA Central Asia, including Uzbekistan, the EBRD's Women of the Steppe program, to which We-Fi allocated USD 22.9 million in 2019, extends finance to local financial institutions for on-lending to WSMEs and supports WSMEs with access to know-how in the form of training, networking, and bespoke advisory projects on a range of business subjects. Component 2 would complement ongoing access to know-how activities in Uzbekistan under the Women of the Steppe program, targeting a broader range of WSMEs in the country with a pilot advisory product that supports their digital transformation.

focused on the following areas to boost sustainable growth: (i) helping WSMEs introduce digital solutions that make their businesses more competitive; (ii) supporting the digital transformation of WSMEs, including as it relates to accessing finance (i.e. mobile banking, cashless payments, using digitally-recorded transaction history as a proxy for credit history, etc.) and tapping into new markets (i.e. e-commerce); (iii) supporting the development of early stage and start-up digital businesses managed and/or owned by women; and (iv) building the capacity of local consultants to deliver advice – with a focus on women – on tech and digital subject matters.

### **Component 3: Leveraging data for financial inclusion for women: Establishment of sex-disaggregated national databases – *Egypt and Morocco***

Under this component of the Program, the EBRD will first undertake a study to document and analyze efforts to establish sex-disaggregated reporting for the financial sector in **Egypt**, including documenting lessons learnt and best practices. The EBRD aims to use the results from the study to support further efforts by the Egyptian authorities to improve and build on their approach, as well as to inform the development of a roadmap for rolling out sex-disaggregated reporting and databases in countries where there is (i) strong commitment from the national authorities, (ii) likely participation from reputable partners (such as the Alliance for Financial Inclusion (AFI)); and (iii) a high level of impact to be achieved by having access to sex-disaggregated data both in terms of informing policy and unleashing investment from gender-focused impact investors. In this respect, in addition to Egypt, the EBRD will aim to develop and establish sex-disaggregated reporting and a database in **Morocco**, which will draw on all available sources of the data (Banking Regulator, Central Bank, Credit Information Bureau, National Statistical Office, Employment Agency, Tax Authorities as relevant for each country). This activity will be complemented by mentoring and capacity building of senior female staff at financial regulatory bodies to enable them to advance into leadership roles and thereby support broader policy impact.

#### **ii. Strategic Partnerships**

In developing and piloting the new tools and approaches proposed under the Program, the EBRD will utilize strategic partnerships to draw on world-leading expertise and share learning to refine the Program activities themselves as they evolve in implementation, as well as identify complementarity and opportunities for synergies. The Program foresees engagement with partners in a number of ways.

**Working with local partner organizations in each country:** The EBRD works very closely with key stakeholders in SME development locally, which provide important feedback to guide the Program’s development, as well as being critical partners in dissemination and awareness-raising and implementation of activities. These include industry and business intermediary organizations, Chambers of Commerce, Women in Business associations, UN Women and other development agencies. Key partnerships have been developed and will be refined through the complementary We-Fi funded **Women of the Steppe program** with the Ministry of Economy, Women’s Committee and UNDP in Uzbekistan, as well as UN Women and public sector agencies in Central Asia. This close coordination and joint implementation seeks to create a robust infrastructure of support for women’s entrepreneurship for the long-term, as organizations continue initiatives such as mentoring independently after the Program’s end. Funds are rarely directly granted to these organizations; rather the Program cost-shares on initiatives that are implemented jointly.

**Partnering around technology, digitalization and data expertise:** The EBRD has established effective partnerships with private sector leaders in the digital field, particularly those with online learning and virtual training experience. Under Component 2 in particular, these partnerships provide a strong basis for determining key areas of cross-over, such as in providing learning content (through a contractual or licensing arrangement) or developing new tools.

**E-commerce and digital sales channels** can be extremely important for WSME development, as they offer geographic flexibility, reward social selling, provide access to a broad client base and potential to deliver to smaller order sizes. The Program, in particular through Component 2, enabling WSMEs to better leverage digital technologies, will include a strong focus on better preparing WSMEs to trade via e-commerce platforms and utilize other digital sales channels, such as social media, to reach a wider client base. Training and development, including individual-level planning for effective e-commerce activities, is designed and adapted at the local level to be concrete with regards to opportunities relevant for the most-used local platforms.

**Policy engagement and knowledge-building:** Component 3 of the Program will work closely with policymakers in Egypt and Morocco, which have identified women’s economic empowerment as a policy priority. The EBRD will leverage its position and experience in bringing together the voice of the private sector, including its network of over 800 financial institutions with organizations experienced and uniquely placed to lead capacity building at the governmental and regulatory level to effectively engage public sector partners.

### iii. Results Based Mechanisms (RBMs)

All components of the Program feature results-based approaches so that the appropriate incentives are aligned for all parties, enabling the deployed funds to achieve their intended impact.

It is acknowledged that there are efficiency and other associated costs that dis-incentivize firms from making real changes to the ways in which they procure goods and services and prioritizing gender inclusiveness when selecting suppliers. Overall, Component 1 of the Program has been designed to align with blended finance principles for DFI private sector operations, as outlined in Table 3.1 below.<sup>20</sup>

**Table 3.1: Alignment with Blended Concessional Finance Principles for DFI Private Sector Operations**

Principle	EBRD justification
<b>Rationale for using blended concessional finance</b> <i>DFI support should make a contribution beyond what is available and should not crowd out the private sector.</i>	Achieving gender outcomes is generally overlooked by most of the private sector in target countries and there is limited or no track record of incentives to achieve gender impact being integrated into financial products being offered by local investors and financial institutions in the target countries. There is unlikely to be any initiative arising organically from the private sector in the target countries to close the gender gap in supply chains, especially during and in the aftermath of the COVID-19 pandemic. Inducing long-term behavioral change amongst aggregators that benefit WSMEs will require a strong demonstration effect that the Program hopes to achieve through a combination of financial incentives and technical assistance (i.e. to both aggregators and WSME suppliers).
<b>Crowding-in and minimum concessionalality</b> <i>DFI support should contribute to mobilizing private sector resources and minimize use of concessional resources.</i>	Outcome-based loans will be priced to address the estimated costs to borrowers associated with transitioning to a gender-inclusive supply chain strategy and incorporating WSMEs into their respective supply chains, which can be considerable given that WSMEs often have less experience supplying to aggregators and may initially be limited in the quantity and quality of services/goods they are able to supply.  EBRD financing to aggregators, supported by We-Fi, is expected to have a catalytic effect in mobilizing private sector resources. For aggregators, a gender diverse and more resilient supply chain is likely to improve their ability to attract affordable financing, including from local and international private sector ESG investors. For WSME suppliers, inclusion into the supply chains of aggregators provides steady, formalized revenue streams and improves their capacity to access finance from local financial institutions.
<b>Commercial sustainability</b> <i>DFI support for the private sector and the impact achieved by each operation should aim to be sustainable, with support contributing towards the commercial viability of their clients.</i>	Borrowers of outcome-based loans will be subject to EBRD’s regular screening process, which, among other things, involves an assessment of their financial health and an analysis of the impact of additional debt on their balance sheets and sustainability of their businesses. Only projects that are investment-grade or that are sufficiently collateralized or credit-enhanced to reach investment grade will be greenlit for investment.
<b>Reinforcing markets</b> <i>DFI support should be structured to effectively and efficiently address market failures and minimize risk of distorting markets or crowding out private finance.</i>	Support from We-Fi will address the top-down (through outcome-based loans and TA to aggregators) and bottom-up (through TA/advisory to WSME suppliers) market-failures that have prevented the development of more gender inclusive supply chains in the target countries. EBRD’s interventions will be instructive to the market and will encourage further replication by local and regional investors.
<b>Promoting High Standards</b>	The outcome-based nature of the envisaged interventions under the supply chain component of the Program means that beneficiaries – whether they are receiving

<sup>20</sup> Report by the Development Finance Institutions (DFI) Working Group on Blended Concessional Finance for Private Sector Project, October 2017.

<i>DFI private sector operations should seek to promote adherence to high standards of conducts in their clients.</i>	finance or TA – are paid out only when they meet specific milestones or achievements that align with the objectives of the Program.
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On Component 2, in general alignment with how the EBRD executes advisory projects for SMEs, grant proceeds covering the costs of advisory on digital matters will be paid out once the relevant advisory service is confirmed and verified as completed.

### **E. Program/Project Beneficiaries**

**The ultimate beneficiaries of the Program across all of its components are WSMEs.** Intermediary beneficiaries will also include local and regional aggregators, firms that are generally larger than SME size. These entities, which will be acting as borrowers of outcome-based loans under sub-component 1.1, must demonstrate a commitment to receiving the technical assistance offered under the Program (sub-component 1.2) and meeting the gender-linked milestones of the outcome-based loan.

On Component 2, the EBRD intends to focus the proposed intervention on the micro- to small segment (i.e. between 1-50 employees) of WSMEs in Uzbekistan. This segment represents the vast majority of WSMEs in the country, as women-led businesses face considerable constraints to scale, including very limited access to finance. This activity will serve as a deepening of the existing activities supported by We-Fi for women entrepreneurs in Central Asia (under the EBRD’s *Women of the Steppe* program), including promoting synergies with the access to finance activities through local financial institutions. Prior to implementing this component of the Program, the EBRD will continue its comprehensive in-country diagnostic to (i) identify the priority digital needs of target WSMEs in different segments and sectors, (ii) determine a baseline in terms of technical capacity of WSMEs in the country; and (iii) ascertain the local capacity for providing the advisory required under the Program, with the objective of improving any gaps thereof with targeted activities to strengthen the local provision of advisory in this area. Leveraging its local network, the EBRD will organize focus groups, fora, and other events in which to gather and hear from stakeholders in this component of the Program and ensure it is responsive to local needs.

### **F. Rationale for Use of We-Fi Financing**

We-Fi funding will be vital to support the Program’s holistic, multi-pronged approach to addressing the gender gap in local and regional value and supply chains, particularly in a time of crisis. Integrated solutions that combine (i) innovative outcome-based financial solutions to aggregators with (ii) technical assistance and advisory to the local ecosystem of market participants are critical to breaking the embedded market biases failures that limit opportunities for WSME suppliers yet are largely absent from the target markets. These solutions can have an outsized market effect in instilling a higher level of gender inclusivity in local and regional supply chains that is sustainable in the long-term, building up market sensitivity to the value of gender diversity amongst suppliers, while simultaneously exposing WSMEs to the requirements and demands of aggregator supply chains and global value chains, and building up their capacity to operate within them. The disruption and imminent restructuring in supply chains occurring as a result of the COVID-19 pandemic will likely present aggregators with an opportunity to rethink their supplier selection processes, with an emphasis on sourcing locally. The Program’s approach will help to ensure that WSMEs are beneficiaries of the imminent restructuring of global value chains that is already taking form but is also likely to accelerate in the aftermath of the pandemic.

Similarly, We-Fi support is critical to implementing a dedicated advisory product in Uzbekistan focused on upskilling WSMEs and women entrepreneurs and improving their capacity to exploit digital solutions. Longstanding obstacles have prevented women in Uzbekistan from developing technical skills in professional settings and exacerbated the gender divide as it relates to the digitalization of SMEs in the country. Partially as a result, WSMEs in Uzbekistan are amongst the most vulnerable to the economic fallout of the ongoing pandemic, which has demonstrated that enterprises that have ‘digitalized’ are amongst the most resilient to shocks disrupting physical commerce. To overcome these access gaps – particularly for those WSMEs on the smaller end and that are more capital deficient – calls for access to the know-how they require to effectively implement digital solutions that transform how they conduct business.

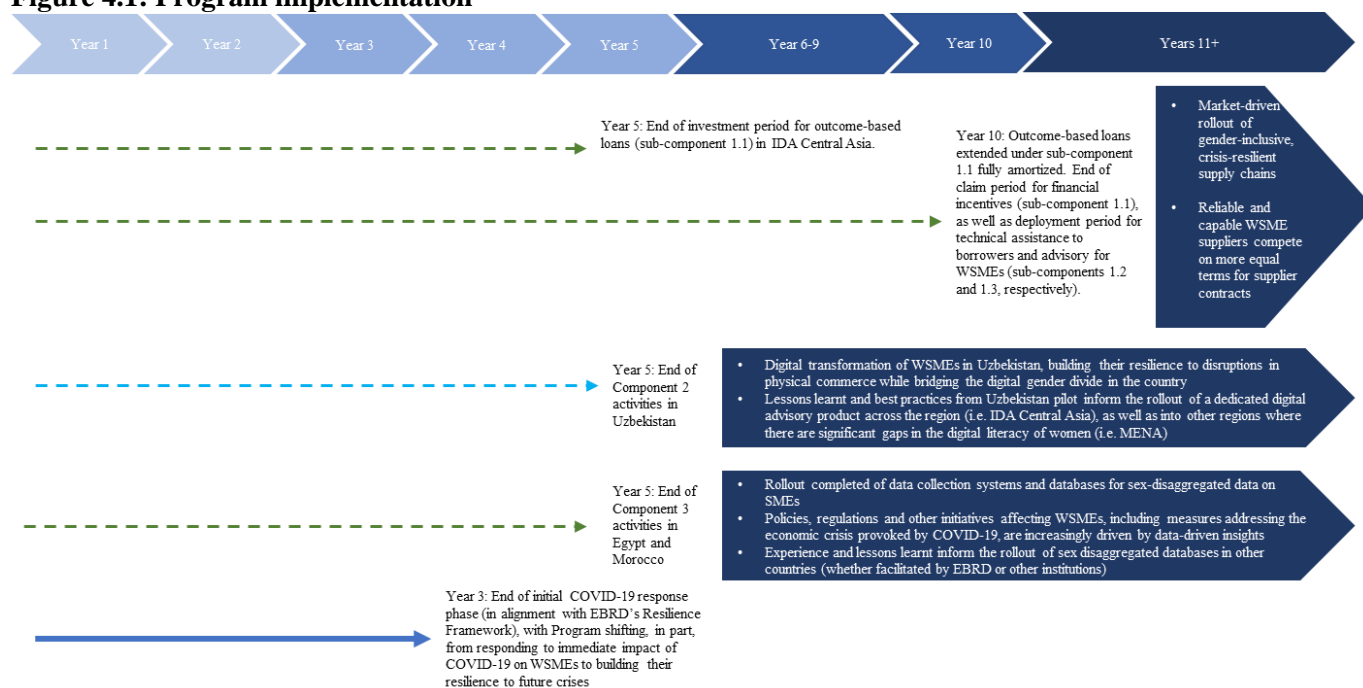
Finally, We-Fi support is exceptionally important to increasing the limited amount of available data capturing a range of indicators measuring the financial inclusion of women (and effects thereof), as well as to supporting initiatives that embed the responsibility of collecting and reporting sex-disaggregated data across all relevant national stakeholders, including financial institutions and Central Banks. Over time, this is expected to unlock the billions in dollars in funding that have been earmarked by impact investors with a gender focus to support financial institutions in their outreach to women, as well as improve the effectiveness of public and private sector interventions that aim to increase women's financial inclusion.

## IV. IMPLEMENTATION ARRANGEMENTS

### A. Institutional and Implementation Arrangements

The implementation period of the Program is approximately 10 years (120 months). The EBRD will seek a rapid rollout of the Program as a targeted response to the economic challenges exacerbated by the COVID-19 pandemic. Components 2 and 3 will be implemented within years 1-5, and will build on existing relationships between the EBRD and the target country governments and the EBRD's established in-country infrastructure, including via the implementation of the Women of the Steppe Program in Uzbekistan. The roll-out and implementation of Component 1 and its sub-components will be driven by pipeline development and market factors in target countries, with most investments under Component 1 taking place within years 1-3 in order to address immediate liquidity and capacity issues affecting WSME suppliers in the midst and direct aftermath of the COVID-19 pandemic; however, investments will continue to be made up until Year 5 subject to availability of funds. The tenors of the outcome-based loans extended to borrowers under Component 1 of the Program may vary in length, but are unlikely to exceed 5-7 years; the associated technical assistance will therefore take place during the repayment period of the investments.

**Figure 4.1: Program implementation**



A Program Team housed within the EBRD will be responsible for the successful execution of the Program.

### B. Role and Track Record of the IP

The EBRD will be responsible for the successful delivery of all components of the Program, working with partners, consultants, and other stakeholders as necessary. The EBRD is well positioned to bring innovative approaches to market given its (i) significant insight into the complex requirements of – and challenges faced by – WSMEs in the target countries, (ii) role as a key investor in each of the target countries, and (iii) timely implementation of its SME digital strategy.



**Extensive experience supporting SMEs.** In implementing the Program, the EBRD will leverage the infrastructure in place under the **Small Business Initiative (SBI)**, a strategic initiative integrating the tools that the EBRD offers to support SMEs across the EBRD's countries of operation. The SBI includes the provision of loans and investments through financial institutions and risk-sharing facilities, as well as direct finance to small businesses. Within the framework of the SBI, the EBRD also connects beneficiary enterprises to local and international consultants, providing them the know-how they need to improve their competitiveness in local, regional and international markets. Through the SBI, the EBRD **invests approximately EUR 1.1 billion per year in SMEs** and provides more than **2,000 business annually with access to advisory services.**

**Significant insight on addressing the gender gap in business.** As it relates to supporting WSMEs in particular, the EBRD will leverage the experience it has obtained in implementing **Women in Business (WiB) programs** across **23 countries** in its regions of operation, including in **North Africa, Eastern Europe, the Western Balkans, Central Asia, the Caucasus, and Turkey.** Over **EUR 500 million** in cumulative credit lines have been extended to **45 partner financial institutions** for on-lending to WSMEs under WiB programs, with more than **70,000 women** impacted to-date by way of **access to finance, employment, and capacity building** delivered through EBRD's ASB framework. The Program will build off of the lessons learned from implementing WiB programs, including the institutional knowledge that the EBRD has gained on the particular issues impacting WSMEs across a variety of markets/sectors and the bespoke solutions required to address them. In certain cases, including in Central Asia, the Program will complement ongoing WiB Programs, leveraging the pre-existing delivery infrastructure (including networks of advisors, program staff in-place, etc.) that will enable the Program to deploy quickly (which is of increasing importance given the disproportionately negative impact that the COVID-19 pandemic and the ensuing economic shutdown are likely to have on women entrepreneurship).

**Role as a key investor.** The EBRD is a key – and often even the largest – investor in the countries in which it operates, investing in the full range of enterprises from SMEs to large local, regional and international corporates (as well as state-owned enterprises). In the target countries alone, the **EBRD has invested a cumulative amount of nearly EUR 25 billion.** As a development finance institution, the EBRD aims to achieve impact with its investments, often leveraging the financing it avails to **achieve ESG-related objectives**, which, in many cases, have backward linkages to SMEs. Moreover, given its private sector focus, status and position within its countries of operation, the EBRD is also well-positioned to inform policy and regulatory initiatives.

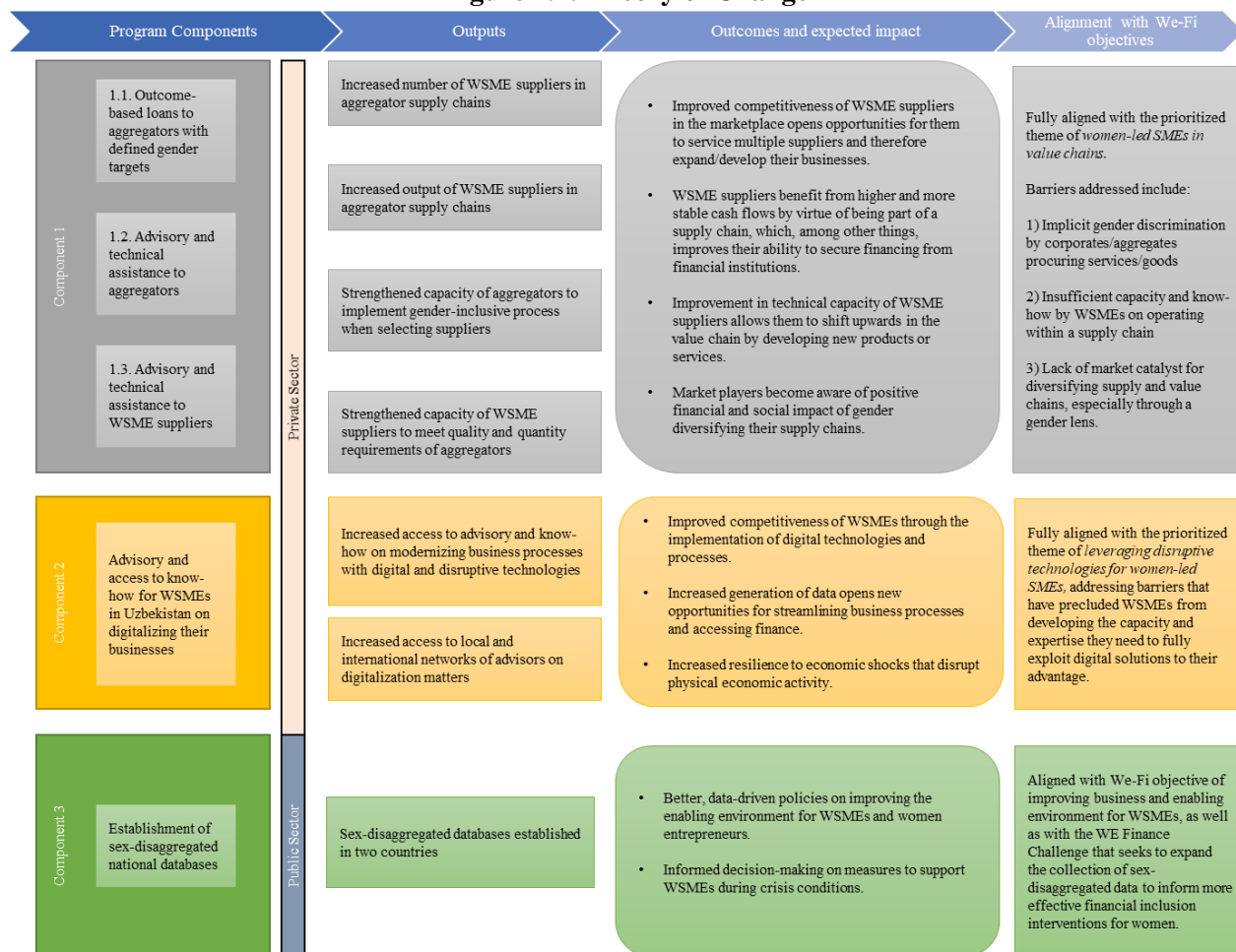
**SME Digital Strategy:** The pilot digital advisory product envisaged Component 2 of the Program will leverage the EBRD's ongoing work under its digital strategy for SMEs, which calls for (i) facilitating the digital transformation of SMEs in EBRD's countries of operations, and (ii) utilizing digital solutions to deliver advisory and training to SMEs at an increased scale and with reduced costs. The implementation of this strategy has been accelerated due to the COVID-19 pandemic, which has, among other things, demonstrated the integral role that digital solutions have to play in ensuring business continuity in times of crises. The pandemic has effectively required the EBRD to conduct nearly the entirety of its operations remotely, including its delivery of advisory, training, and know-how for SMEs. As part of its recently activated Crisis Response Program for Advice – first deployed during the 2009 financial crisis – the EBRD is also delivering emergency advice to SMEs around crisis and financial management completely remotely.

**COVID-19 Response:** The Program will complement the rapid response of the EBRD to the deteriorating economic situation in its 38 emerging market economies. As of April 2020, the EBRD has approved EUR 21 billion over 24 months as part of its Resilience Framework to meet the short-term liquidity constraints of new and existing clients, including WSMEs.

### **C. Theory of Change and Results Chain**

As the **Theory of Change** diagram in Figure 4.2 below demonstrates, the Program represents a multi-faceted, primarily private sector-led approach to addressing the technical and non-technical constraints that WSMEs and women entrepreneurs face in the target countries to developing and scaling up their businesses, as well as to modernizing and acclimating to the realities of the 21<sup>st</sup> century global marketplace and building resilience during and in the aftermath of the COVID-19 pandemic.

**Figure 4.2: Theory of Change**



**Ensuring sustainable development impact.** Instilling systemic change at the firm and market-level is a fundamental aim of the Program and is embedded into the Program’s design across all three components. **Component 1** of the Program seeks to take a holistic, innovative, and private sector-led approach to improving the ecosystem for WSME suppliers in the target countries. Local and regional corporates (or ‘aggregators’), including those that supply onwards or that form part of global supply/value chains, represent under-utilized entry points for WSMEs to enter into more formal and sophisticated markets. Furthermore, the supply chains of aggregators can also provide WSMEs with the experience, access to networks, and reliable cash flows that can facilitate their sustainable development/expansion, as well as improve their ability to better tap into local financial and capital markets. To overcome the market failures that inhibit aggregators from including more WSMEs into a supply chain, the Program provides non-distortive financial (**sub-component 1.1**) and non-financial (**sub-component 1.2**) results-based mechanisms to participating aggregators that implement gender-inclusive supplier selection methods with demonstrable effect (i.e. number of new WSME suppliers in the supply chain and/or volume of goods/services received from new/current WSME suppliers). Once incorporated within aggregator supply chains and after receiving the advisory and access to know-how through the Program (**sub-component 1.3**), WSME suppliers are expected to demonstrate the added value they provide to aggregators, thereby removing over time the market need for attaching financial incentives to adopting gender-inclusive supplier selection methods. Moreover, as WSMEs become more experienced as suppliers and competitive generally in the market, they will become more competitive candidates as suppliers into the supply chains of other aggregators, including those operating at an international level.

Under **Component 2** of the Program, the EBRD seeks to catalyze a paradigm shift amongst WSMEs in Uzbekistan – first at the firm-level and then more widely through the market – in using digital solutions to (i) bypass traditional/institutional biases to developing a business, (ii) streamline and reduce internal costs to running a business, (iii) access traditional and innovative types of finance, and (iv) tap into new local, regional, and international markets through e-commerce. The advisory and access to know-how provided to WSMEs and women entrepreneurs in

Uzbekistan under Component 2 of the Program will focus on building the technical capacity of individual WSMEs to leverage digital solutions and approaches for their businesses, with the intent of building up a strong contingent of women entrepreneurs in Uzbekistan that have the capacity and confidence to sufficiently identify the value-add of digitalizing aspects of their respective businesses and helping close the digital divide for women entrepreneurs in the country. As has been the case for EBRD’s Women in Business Programs both in the region and beyond, beneficiaries of advisory, networking events, and other access to know-how support often go on to become mentors to other WSMEs, thereby creating a strong circle of support for WSMEs within the market.

Through **Component 3** of the Program, the EBRD aims to contribute to the generation of robust and sex-disaggregated data to inform the development of effective public and private sector solutions to addressing financial inclusion for women. Amongst the chief obstacles preventing women from accessing finance are perceptions held by market participants that they lack creditworthiness, as well as the inflexibility of lending terms to accommodate the special circumstances affecting women borrowers compared to men. Objective data that can demonstrate to key stakeholders the gender gaps in their strategies, business development, policymaking or regulation can contribute significantly to sustainably increasing financial inclusion rates of women globally.

#### D. Monitoring and Evaluation Plan and Timeline

The Program timeline is provided below:

**Table 4.1: Program timeline**

Milestones	Expected Dates
Start of Program implementation	1 September 2020
Close of commitment period for Components 1.1 and 2-3	30 August 2025
Close of commitment period for Components 1.2-1.3	31 December 2030
End of Program implementation period (i.e. outcome-based loans fully amortized)	No later than 31 December 2030

The EBRD will apply its internal monitoring and evaluation methodology throughout the implementation period of the Program. The EBRD Program Team, with support from local country offices, will be responsible for monitoring overall Program delivery, which will be reported upon on an annual basis.

1. **Outcome-based financing to aggregators (Component 1.1)**: The key data point that will be reported are the number of WSMEs affected by the outcome-based loans extended to aggregators. This data point, including secondary data collected on WSME suppliers, such as their sector activity, company size, and geographic distribution, will be aggregated and reported to We-Fi and other relevant Program donors/stakeholders on an annual basis throughout the implementation period of the Program.
2. **Technical assistance to aggregators (Component 1.2)**: Technical assistance extended to an aggregator to facilitate its implementation of an inclusive supply chain management system and achievement of the milestones set forth by the outcome-based loan will be monitored by the relevant EBRD team managing the financing relationship with the aggregator. As the technical assistance will be directly linked to the financing (component 1.1), the quality and effectiveness of the technical assistance will be measured by its impact as measured by new WSME suppliers incorporated into the aggregator’s supply chain or increase in volume from current WSME suppliers in the subsequent 12-month period following the end of the relevant assignment. Indicators in this regard will be contained in annual reports to We-Fi, when applicable.

**Advisory and access to know-how to WSMEs (Components 1.3 and 2)**: Monitoring data for the WSME advisory and access to know-how components will be collected through the EBRD’s dedicated Monitoring Information System (MIS) in place for advisory projects. Each project will include an evaluation assessment, measuring whether the beneficiary (i.e. the WSME receiving the advisory service) registered any increases in turnover or employment figures within a 12-month period following the completion of the advisory service. Secondary data on WSME beneficiaries of advisory services such as sector of activity, size of company, geographic distribution (including whether urban or rural), baseline turnover and employment figures, will also be collected and reported. All data will be aggregated and contained/summarized in the Program annual reports to We-Fi.

3. **Policy- and knowledge-related work (Component 3):** Progress on policy- and knowledge-related work will be monitored by the implementing teams supported by the Gender and Economic Inclusion Team's specialists as per set outcomes and output indicators outlined for the intervention. They will be reported upon annually as per EBRD policy monitoring requirements.

**Evaluation.** The Program will be monitored and evaluated against the objectives and indicators provided in the results framework on an ongoing basis, according to the EBRD's wider Economic Transition methodology. The methodology used for evaluating individual advisory projects is based on the OECD Development Assistance Committee (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability. The findings of the research studies will be disseminated to EBRD staff and donors involved in the implementation of the Program (including We-Fi), and will also be used to generate knowledge products for public dissemination and presentations to policymakers and financial institutions.