



World Bank Group Proposal

Women Entrepreneurs Finance Initiative (We-Fi)

ENHANCING SEED CAPITAL, TECHNOLOGY, AND VALUE CHAIN SOLUTIONS

FOR WSMEs

THEMATIC FUNDING REQUEST

ON A PROPOSED FINANCING

IN THE AMOUNT OF US\$16.02 MILLION

IMPLEMENTED JOINTLY BY

THE WORLD BANK & INTERNATIONAL FINANCE CORPORATION

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PUBLIC VERSION

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I. EXECUTIVE SUMMARY

Under this Third We-Fi Call for Proposals, the World Bank Group (WBG) proposes two programs aligned to two themes:

- i. Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-Led SMEs in the Sahel and Globally;
- ii. Catalyzing Early-Stage Finance for Women-Entrepreneurs Globally, in the Middle East and North Africa (MENA).

The two programs capitalize on disruptive technologies and innovation to create and expand opportunities for WSMEs. In the **Sahel** program, digital solutions will enhance traceability, transparency and accountability in product handling and cash management. Leveraging this technology will help the shea value chain actors, which operate under a manual traceability system and ensure payment transparency and accountability for the direct beneficiaries. IFC will create incentives to help fintechs target WSMEs in the Sahel and globally.

Globally, as well as in MENA , the program creates innovative platforms for learning and early stage investment, where the focus will be on investing with market-leading and market-creating accelerators, incubators, seed funds and similar vehicles to increase the supply of equity financing at the pre-seed and seed stages. Investments will be run through the Global IFC Startup Catalyst program, an IFC investment program, and complemented by advisory and capacity building activities in Iraq and Jordan. This proposal builds on the strengths and synergies of existing WBG operations and leverages the implementation of the existing WBG We-Fi Program. It puts emphasis on women's business growing in challenging markets. Over 50 percent of We-Fi funding will be allocated to activities in International Development Association (IDA)-eligible and/or fragile and conflict-affected states (FCS). The World Bank activities will be concentrated in Burkina Faso, Iraq, Jordan, Mali, and Mauritania. IFC will implement joint or complementary activities with the Bank in these countries and will also undertake innovative demonstration projects in other eligible countries.

The primary beneficiaries under this program are women entrepreneurs across the business lifecycle, including cooperatives that meet ownership criteria and aggregate small female firms, as well as high potential early stage firms that may not yet have staff or lending history. This proposal intends to reach over 6,494 WSMEs directly, and tens of thousands other entities (such as women customers in fintechs) indirectly.

Reaching WSMEs through seed capital, technology and innovative value chain approaches is even more important in the context of COVID-19 when early stage capital becomes even more scarce, when social distancing and lock downs impede mobility, and when supply chains are disrupted. The activities include training on how to build business resilience, how to pivot to new products and markets, and how to leverage e-commerce platforms. Two programs focus on agriculture an especially important sector for longer-term sustainability.

The We-Fi contribution of \$16.02 million will mobilize an additional \$133.5 million in funding through co-investments from IFC and the private sector, and \$24.4 million in additional government and bilateral donor investment and for women entrepreneurs. There will be no duplication in donor funding. World Bank's mobilization numbers come from leveraging WB lending operations and IFC's leverage numbers come from co-investment and direct private sector mobilization. As such, We-Fi resources will be

leveraged an expected 10 times by co-investors in the We-Fi activities. The programs will utilize Results Based Mechanisms (RBM) whenever possible. For instance, at the global level, Startup Catalyst-Gender will use blended finance instruments to achieve the goal of reducing the gender early stage financing gap. At the regional and country levels, implementing partners will be contracted under pay-for-success mechanisms to ensure that each activity works towards the project's objective and awards and prizes will be used to foster competition and new ideas.

The two proposed programs will be executed with over 45 global, regional, and country public and private partners to build market opportunities and expand access to finance for WSMEs. Selected partners are either: (i) private sector companies operating in the targeted competitive value chains that wish to develop business opportunities through the program, (ii) development partners which can provide expertise in the selected value chains, and (iii) trade and industry associations, mentoring and incubation entities which will provide capacity building activities and linkages for women entrepreneurs.

Finally, the two programs place a high premium on learning and sharing knowledge. They have a robust M&E system. The We-Fi Program Management Units will ensure that cross-learning occurs with partners working in the agriculture value chains, and share lessons learned on the potential and challenges of disruptive technology solutions.

II. WE-FI THEMATIC REQUEST – DATA SHEET

BASIC INFORMATION

Program Name:	Enhancing Seed Capital and Technology for WSMEs
IP Name	The World Bank & International Finance Corporation
Thematic Focus Area(s)	Theme 1: Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs Theme 2: Scaling Early Stage Finance for Women-led SMEs
# of WSMEs Benefiting from the Program	6,494
Regions	East Africa, Middle East and North Africa, Sub-Saharan Africa
Countries/Economies (IDA percent; FCS percent)	Burkina Faso, Iraq, Jordan, Mali, Mauritania, and global activities (49.6 percent IDA, ¹ 30.9 percent FCS ²)
Private Sector, Public Sector, or Both	Both
Implementation Start Date	September, 2020
Implementation End Date	June 30, 2025 - Implementation End Date June 30, 2032 - Investment End Date
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¹ The [IDA countries](#) (including IDA Blend as marked but not IDA Gap or Transition) are Burkina Faso, Mali, and Mauritania.

² Burkina Faso, Iraq, and Mali are the FCS countries/economies covered in this proposal. Please note that Burkina Faso and Mali are both IDA and FCS. Full list of FCS countries can be found [here](#).

WE-FI FUNDING REQUEST

USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total	% IDA Estimate	% FCS Estimate
Total requested from We-Fi	2,461,580	3,928,080	4,098,080	3,758,080	1,772,080	16,017,900	49.56%	30.86%

Investment projects are planned over 5 years. WB Advisory projects in MENA and Sahel confirmed they would be able to disburse in 4 years, leveraging digital technologies, existing partnership and program implementation framework to speed up implementation.

TOTAL PROGRAM COST AND LEVERAGE

Sources of Financing	Amount USD
We-Fi financing requested (A)	\$16,017,900
IP Contribution [1] (B)	\$33,000,000
Public-sector contributions [2] (C)	\$24,400,000
Private sector financing directly mobilized [3] (D)	\$100,500,000
Additional funds mobilized [<i>specify</i>] (E)	0
Total Non-We-Fi Mobilized Funds (F)= (B+C+D+E)	\$157,900,000
Total Activity Size (G)= (F+A)	\$173,917,900
Of which percent IDA and percent FCS (IDA+FCS / G)	35.0% IDA 18.6% FCS
Leverage (F/A)	9.86

III. PROGRAM DESCRIPTION SUMMARY

This proposal builds on the strengths and synergies of the World Bank Group (WBG) and provides a joint approach to implementing two programs aligned to two themes of the We-Fi Third Call for Proposals: 1) Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs, and 2) Scaling Early Stage Finance for Women-led SMEs. The two programs will be executed by Bank and IFC teams working together with global, regional, and country public and private partners. Each program has a set of synergized sub-components with one or more activities.

The first program proposed for Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs addresses constraints— such as lack of information on market dynamics, unequal bargaining power, and lack of coordination— faced by women entrepreneurs in the shea butter value chain using digital technology in the Sahel with a focus on Burkina Faso, Mali, and Mauritania. The program will foster market linkages between suppliers and buyers across the three countries and provide services and training to women shea butter cooperatives on know-how, managerial capacities, networks, and tools for marketing products. In addition, the program will help WSMEs increase their sales by digitizing payment systems and product handling and build on global and regional research and partnerships with fintech firms to incentivize them to lend to women customers and expand their operations in the Sahel and globally.

The second program seeks to scale Early Stage Capital for Women-led SMEs globally and in Jordan and Iraq. Globally, the program will work through IFC Startup Catalyst, an IFC investment program to increase the supply of equity financing at the pre-seed and seed stages. It will also work with other partners to provide early stage capital, technical assistance, and mentorships for high-growth women entrepreneurs in the two MENA countries.

The two programs address social norms. The training for WSMEs seeks to help them become role models and mentors that can change community mindsets. Second, the approaches to be used build on the latest evidence on what works to change social norms. For example, programs utilize Personal Initiative Training, which shows strong results for women entrepreneurs when combined with the traditional training methods, helping them develop self-starting, future-oriented, and persistent proactive mindsets, key to entrepreneurial success. This will elevate women entrepreneurs' profile and promote their role in a wider community and business ecosystem.

The activities of the proposed programs are even more relevant in the current COVID-19 context. To respond to the COVID-19 pandemic, teams will design interventions at four different levels: i) accelerate implementation of digital financial services/technologies, ii) maximize the leverage of WBG emergency lending operations currently under development in targeted markets, iii) leverage diagnostic work to gather data on the impact of COVID-19 on WSMEs, and iv) facilitate beneficiaries' access to critical information and networks that may support the survival and growth of their activities. Specific risks and mitigation measures are further explained in Section IV. While it is currently difficult to assess fully the pandemic impacts, all programs that receive funding under the Third Call will go through an additional assessment and quality review at the beginning of implementation to see whether and how the context has changed and to promote leverage of any relevant emergency operations.

The remainder of this section is organized as follows. Under each theme, we describe each program's objectives; country, regional, and global context; thematic context; activities; strategic partnerships; program beneficiaries; rationale for We-Fi funding; and implementation arrangements. Each program's use of results-based financing, theory of change, results framework, and monitoring and evaluation (M&E) arrangements are aggregated in Section IV.

III.A. Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs in the Sahel and Globally

Objectives

This program's activities address constraints faced by WSMEs in the shea, cosmetic, and agri-food value chains in the Sahel with a focus on Burkina Faso, Mali, and Mauritania using digital technology. Despite representing nearly half of the agricultural labor force in the Sahel region and contributing to a significant share of value creation and income generation, WSMEs still face significant obstacles, including access to timely information on market dynamics and quality and production process requirements, access to new technologies, and limited resources to engage in upstream activities, which results in their inability to fetch higher prices and capture higher value addition. Due to their small size, as well as social norms and customary law, WSMEs struggle to access the funds to facilitate their access to wider markets and global value chains, because there is generally no designated financing mechanism for women producers other than the revenue generated from product sales. Pre-harvest financing to individual women producers can be provided by local NGOs and public institutions, including Ministries for Women and/or Agriculture, but the most common source is local transporters sourcing from local village markets. These transporters are pre-financed by wholesalers and exporters, leaving the WSMEs supplying the raw material in a poor bargaining position.

To address these constraints, WSMEs have formed cooperatives that share productive capacities, distribute risks, and rely on community-based financing. Women-led cooperatives are the most common form of entrepreneurial endeavors in the shea, gum arabic, and non-timber forest products (NTFPs), such as dates and jujube. However, these cooperatives often operate in silos without connections to larger traders who could transport their products and/or industrial processors who could transform products on an industrial scale and ensure regular buy-in.

The program proposes activities to foster market linkages and help women cooperatives access digital finance. The market linkages activities will help women cooperatives meet the standards of value chain actors, including buyers and suppliers, on volume, quantity, and product quality, and increase their know-how, managerial capacities, networks and tools for marketing products. In addition, the program aims to help WSMEs increase their sales by digitizing payment systems and product handling, which will also help enhance traceability, transparency, and accountability in the chain. Finally, it will build on global and regional research and partnerships with fintech firms to incentivize them to lend to WSMEs and women customers and expand their operations in the Sahel and globally.

Country, Regional, and Global Context

Components under this theme include global and regional activities with a focus on Burkina Faso, Mali, and Mauritania. The agriculture sector and the global shea butter market, specifically, have high potential for WSMEs. The global market for shea has experienced significant growth in recent years, driven by rising

demand for chocolate and bakery products and natural cosmetics. In 2018, the global shea butter market was valued at \$1.12 billion and is expected to increase by 10 percent in the next three years.³

Burkina Faso and Mali are among seven countries in the world naturally endowed in shea trees. Shea exports from Burkina Faso and Mali are largely geared towards European markets, where the butter is transformed for cosmetics and bakery goods. Export-wise, Burkina Faso's shea sector is more competitive than Mali's and represented close to 1 percent of GDP generating 114 billion FCFA (\$228 million) in 2014. Its contribution to reducing the trade deficit is significant, valued at FCFA 25.5 billion (\$51 million). Shea is therefore among the top-10 priority value chains identified by the governments of Burkina Faso and Mali.⁴ Though not a direct shea producer, Mauritanian SMEs in the cosmetics and agri-food sectors source shea as an input for their products.

All three countries depend on women in the value chain. In Burkina Faso, nearly 630,000 households are active in the shea chain and the sector employs 238,000 persons, a majority of whom are women. In Mali, more than 150,000 women generate revenue from shea.⁵ Mauritania depends on women-led cooperatives in the country to provide other inputs in addition to shea, namely gum arabic and non-timber forestry products, desert date, and jujube for the same final products (soap, shampoo, balm, essential oil).

In each country, the program will support women producer and processor cooperatives. The women-led cooperatives in the three selected countries meet the WSME eligibility criteria (see Program Beneficiaries section, below). Women's cooperatives in these sectors vary in size and scale of production. The smallest cooperatives in Mali have about 100 members and the largest have close to 3,000 members. In Burkina Faso, shea sector cooperatives range from less than 1,000 members to up to 10,000 members.⁶ Based on a recent assessment of three important women-led cooperatives, annual shea nut and butter sales ranged from \$900,000 to \$1,800,000.⁷ In Mauritania, cooperatives are the most common form of organization among women economic actors, ranging from small memberships to larger unions of cooperatives including thousands of women, though precise data is lacking.

Thematic Context

As noted earlier, women entrepreneurs in the shea, cosmetic, and agri-food sectors face many common challenges, including (i) poor mastery of the shea nut circuit, with a large share sent to neighboring countries by processing and exporting companies, (ii) the absence of traceability/monitoring of the product (nuts, butter) and absence of quality assurance to guarantee compliance with organic certification and global standards, (iii) the lack of environmental awareness/education among local communities and populations to preserve their critical shea tree resource, (iv) local operators' low capacity in techniques to collect and produce nuts, as well as process them into butter and by-products, (v) limited access to commercial information on the nut market, because of high price volatility and poor availability of raw materials. These obstacles result in a value chain that benefits distributors and traders to the detriment

³Shea Butter Market Size, Share & Trends Analysis Report by Application (Personal Care & Cosmetics, Food & Beverage), By Region (APAC, Europe, North America, Central & South America, MEA), and Segment Forecasts, 2019 – 2025. Grand View Research, 2020. <https://www.grandviewresearch.com/industry-analysis/shea-butter-market>.

⁴ "Analyse des opportunités de Digitalisation dans la Chaîne de Valeur Karité au Burkina Faso," Rapport Final, Programme d'Appui à la Résilience économique et climatique des populations du Burkina Faso à travers les Innovations financières et digitales, UNCDF, Forthcoming.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

of women producers and artisan processors. The shea value chain is plagued by inefficiency and leakages. Currently, shea value chain actors operate under a manual traceability system that is not reliable and is difficult to manage, especially given high levels of illiteracy among women entrepreneurs. Moreover, payments received by cooperatives take several weeks to reach the final beneficiaries and are mostly in cash, which is risky. The payments are transmitted through intermediaries, who visit the villages to pay, often in front of the whole community, increasing the likelihood of embezzlement, theft, and mismanagement. Developing a digital payment system to process WSMEs' payments will help to ensure payment transparency and frequency and reduce the risk of cash payments.

The financial sector, including banks, non-bank financial institutions, and digital financial service providers extend less financing to women entrepreneurs than men entrepreneurs. The approval processes, collateral requirements, branding and marketing, as well as financial products and solutions on offer, often fail to consider the needs of WSMEs. As a result, women are not considered a viable segment to target and serve, which in turn discourages women from seeking formal financial services. The financial institutions interested in serving WSMEs and women customers often lack the necessary evidence and data to understand the business case for doing so, and they do not collect sex-disaggregated data that would help them data analyze their portfolios and set appropriate targets. In sub-Saharan Africa, the estimated credit demand for formal WSMEs is \$41 billion.⁸ Women also lag behind men in access to and utilization of digital assets such as the Internet and mobile phones, limiting their economic opportunities.

Activity Description

The program has three components.

Component 1: Fostering linkages between women's shea butter cooperatives and the market. Under this component, the program will support the following activities: (1) diagnostics to map and assess cooperative capacity development needs (and in Mauritania, also to map existing cooperatives); (2) training and capacity-building support (including management of production, storing of nuts, and so on), financial and business management, and best practices on local and international trade standards, and (3) coaching to strengthen WSMEs' negotiation skills in buyer-supplier agreements, to enhance transparency of price-fixing, and to optimize supply quality and coordination. The team will partner with the Global Shea Alliance regionally and with other private companies and donor institutions in each country.

Component 2: Digitalizing supply chain processes. Activities under this component will draw on technology and digital solutions to enhance traceability, transparency, and accountability in product handling and cash management in the three countries. The team will work closely with value chain actors to provide technical assistance to establish payment platforms in the shea and NTFP value chains and training to strengthen the digital capacity of WSMEs in the cooperatives and enhance their uptake of new technology. Potential partners that have been identified include local banks, microfinance institutions, and telecom companies.

Component 3: Improving access to finance for WSMEs and women customers through global digital financial services, including fintechs. The program also seeks to provide tailored financial services to WSMEs and women customers through fintech companies and other financial intermediaries that are IFC clients. The program will support these companies in collecting data to help them better track WSME activities and will use blended finance, including performance incentives and other instruments, to help

⁸ IFC MSME Finance Gap Report 2017.

them extend their risk appetite for providing financial solutions to WSMEs. Financial intermediaries will implement a gender lens approach in their data collection, decision-making processes and business KPIs which can shift the mindset in the fintech players and encourage them to target and track data of women customers and WSMEs as a viable market segment.

While activities under this component will be global, there will be a strong focus on identifying investments in the Sahel. To crowd in global fintech players, the team will work with fintech companies across the globe with the aim to incentivize at least one potential client fintech to pilot operations in Burkina Faso, Mali, and Mauritania. This global engagement will then be expanded to other regions, including MENA, and to other countries in sub-Saharan Africa.

Alongside these digital financial services, research, knowledge sharing, and market building are critical parts of the program that will strengthen the evidence base for fintechs and financial intermediaries to target and track WSME data. The research and market-building piece will focus on evidence to support the business case, case studies and lessons of experience from fintechs, and market-moving data and evidence.

To enhance learning across countries, the program will follow a consistent approach in country-level implementation that will be captured in regular meetings of program teams. To enhance sharing of lessons learned, the program will also support stronger WSME participation at regional and global trade shows, supplier-buyer events, and other forums for knowledge exchange. Finally, as feasible, the program will conduct a rigorous impact evaluation on the impact of digitalizing payments and traceability on MSMEs' business outcomes.

Strategic Partnerships

The World Bank Group intends to work with strategic partners at the global, regional, and country levels. Selected partners are either (i) private sector companies operating in the targeted competitive value chains that are interested in developing business opportunities through the program, or (ii) development partners that will support the effective implementation of the program and provide expertise in the selected agricultural value chains. For global and regional activities, the IFC team will also leverage its own network of fintech partners from its diversified portfolio in fintech. IFC portfolio companies offer fintech solutions ranging from payments to lending and receivables financing in developed countries and emerging markets. Since none of these fintechs currently have a gender lens, target women as a distinct segment, or collect sex-disaggregated portfolio information, the program will issue performance incentives to motivate them to target WSMEs in the Sahel region and globally. At the country level, the program will explore synergies with the African Development Bank's Empowerment of Women in the Shea Butter (PAEFFK) project in the Sikasso region and coordination with other development agencies.

The program will also complement and leverage ongoing country-level government initiatives financed by the World Bank Group. In Mali, the program leverages the Mali Support to Agro-industrial Competitiveness and Drylands Development Program, which supports competitive agricultural value chains. In Burkina Faso, the program leverages the Financial Inclusion Support Program, which increases access to digital financial services and credit for women, youth, and SMEs. And finally, in Mauritania, the program leverages the Integrated Agriculture and Livestock in Drylands Areas, which seeks to improve the livelihoods of the rural population. The team will work with the WB Finance, Competitiveness and Innovation (FCI) and WB CGAP teams on solutions to remove remaining legal and regulatory barriers against digital finance in targeted markets.

Program Beneficiaries

The project will target women producer and processor cooperatives in the shea, gum Arabic and non-timber forestry products (NTFPs) sectors. Cooperatives are one form of Small and Medium-sized Enterprises (SMEs) in the Sahel countries. The program has chosen to target commercial cooperatives given their potential to bring a large number of women beneficiaries into lucrative global, regional, and domestic markets. A total of 40,000 women represented in the agriculture cooperatives are expected to benefit from the program. The cooperatives are in rural areas in Mali, Burkina Faso and Mauritania, which are greatly underserved by public institutions, infrastructure and development programs, compared to urban centers.

In Mali, the program will target WSMEs in the region of Sikasso which is considered the green belt of Mali where cotton production is particularly prolific. Yet, official statistics on poverty suggest that the region of Sikasso is among the poorest in the country (“The Sikasso Paradox”). In Burkina Faso, the program will target WSMEs and commercial buyers operating in/around the Bobo Dioulasso region, in the heart of the Shea country. In Mauritania, the program will target WSMEs in the southern regions of the country where gum Arabic and NTFPs are produced.

Cooperatives vary in size and scale of production. The smallest cooperatives in Mali have about 100 members and the largest have close to 3,000 members; a 2018 study found that women shea collectors received \$0.2 to \$0.3 FCFA per kg of kernels for a fixed price; one woman could supply up to 3.8 tons of shea over a year,⁹ resulting in maximum revenue of \$1076 per woman; and a small cooperative of 100 members could receive \$120,000.¹⁰ In Burkina Faso, shea sector cooperatives range from less than 1,000 members to up to 10,000 members. Based on a recent assessment of three important women-led cooperatives, annual shea nut and butter sales ranged from \$900,000 to \$1,800,000.¹¹ In Mauritania, cooperatives are the most common form of organization among women economic actors, ranging from small memberships to larger unions of cooperatives including thousands of women, though precise data is lacking. Project activities in Mauritania will therefore begin with diagnostics of the target sectors, including better documenting and characterizing beneficiaries, using partners already active on the ground, including FAO with two projects in the target sectors. The data collected for shea cooperatives indicate sales over \$50,000 which corresponds to the We-Fi proxy requirement (minimum \$50,000) and therefore qualifies them as Small and Medium-sized Enterprises (SMEs).

Cooperatives are constituted in the form of partnerships, comprising a minimum number of owner members, most of which are women. All cooperatives to be targeted in the three countries are more than 51 percent owned by women and the governance is fully led by women members.

Intervention region and team	Number of beneficiary SMEs
Mali	200 WSMEs (women cooperatives)
Burkina Faso	150 WSMEs (women cooperatives)
Mauritania	50 WSMEs (women cooperatives)
IFC Global	1,600 loans to and equity investments in WSMEs

⁹ “Etude pour le renforcement des chaines de valeur de la filière karité au Mali”, Al Noor Advisory Services (ANAS) report commissioned by the World Bank Group, February 2019.

¹⁰ Estimation provided by MaliShi management.

¹¹ “Analyse des opportunités de Digitalisation dans la Chaîne de Valeur Karité au Burkina Faso,” Rapport Final, Programme d’Appui à la Résilience économique et climatique des populations du Burkina Faso à travers les Innovations financières et digitales, UNCDF, Forthcoming.

The project's direct beneficiaries are the number of WSME cooperatives (not the individual women members). Moreover, indirect beneficiaries also do not include the women members; rather indirect beneficiaries only include other women producers and women cooperatives and women customers that are not targeted in the project. As the project overall will support the professionalization of this node of the value chain by creating a formal framework for trade and production practices, it will demonstrate the benefits of cooperative approaches to help for women farmers gain market power in rural areas.

Rationale for Use of We-Fi Financing

This proposal complements existing World Bank Group operations in the Sahel. The We-Fi funds will be catalytic to reach scale and further connect the women cooperatives to international markets and crowd in fintechs that might be interested in expanding to the Sahel region. Taking a regional approach will give WSMEs the opportunity to enhance their skills, increase their production opportunities, and connect with international buyers. The program will demonstrate additionality by (i) expanding the reach of existing initiatives, (ii) better connecting each part of the value chain and cost effectively organizing it using the power of digital tools, (iii) bringing new ways of financing beyond what is available in the market for WSMEs and helping women customers build credit history, and (iv) setting industry standards for women producers to qualify for export and financing, thereby moving them from the informal to the formal sector.

Implementation Arrangements

The World Bank Group will be the main implementor of the program, responsible for the overall design, implementation and supervision of activities, and partnerships for the regional, global and country-level activities. No WBG We-Fi funds will go to government entities and will involve contracting private sector partners, NGOs, third party suppliers and trainers. The program will be implemented jointly by the World Bank (Finance, Competitiveness and Innovation [FCI], Africa West) and IFC (FIG) teams and implementation arrangements will follow the World Bank and IFC We-Fi Trust Fund implementation structure. In the case of blended finance, all activities will be approved under processes established by the Blended Finance Department (BF).

The team will be composed on the World Bank side of FCI staff and consultants (gender and value chain experts) based in the country offices of Burkina Faso, Mali, and Mauritania, to ensure close monitoring of activities on the ground. Global IFC experts will coordinate the global activities on access to finance. Given the global, regional, and country-level nature of the program, this team composition will ensure a holistic approach.

The team will also assess the feasibility of an impact evaluation, which will leverage cross-support and the global expertise of the Gender Innovation Lab and FCI's Firms, Entrepreneurship and Innovation Global unit.

III.B. Catalyzing Early Stage Finance for Women Entrepreneurs Globally and in the Middle East and North Africa (MENA)

Objectives

Activities under this third theme seek to create an inclusive entrepreneurial ecosystem at three levels (country, regional, and global). It will address the early stage financing gap for women entrepreneurs by increasing capital to invest, increasing high-growth entrepreneurs' access to equity and venture capital, and enhancing their skills and networks. The financing gender gap is a global problem that starts from the

pre-seed stage and widens across subsequent stages. The starting point to address this inequity in a commercially sustainable manner is through angel and seed funding (pre-seed funding comes primarily from friends and family). The first objective of this program, therefore, is to address the financing gap by investing with market-leading and market-creating seed-stage funding mechanisms (SSFMs) such as accelerators, incubators, seed funds, and similar vehicles. The second objective is to strengthen the pipeline of investment-ready women-led and women-owned startups by addressing their access to mentorship networks and helping them build entrepreneurial skills.

Country, Regional, and Global Context

The program proposes activities at the global, regional, and country levels with country activities to take place in Iraq and Jordan.

Despite evidence that gender-diverse teams lead to stronger business outcomes in emerging markets, women-led companies struggle to access equity financing (compared to male peers) with only 11 to 13 percent of seed stage-funded companies led by women.¹² In the MENA region, 55 percent of women-led MSMEs report limited or no access to credit, and only 4 percent report being well-served by financial institutions to create, develop, and grow their businesses.¹³ Moreover, venture capital funding relative to GDP (the penetration rate) is 0.003 percent,¹⁴ of which only 6 percent of total private equity and venture capital funding goes to female-led businesses.¹⁵ Although several African countries have emerged in the last decade as centers for tech activity and entrepreneurship, led by South Africa, Nigeria, and Kenya, the level of venture capital available in these markets remains very low, with a penetration rate of only 0.012 percent.¹⁶ Of this amount, only 6 percent goes to female-led businesses.¹⁷

Thematic Description

Access to affordable and appropriate finance, mentorship, and capacity building continues to be challenging for women entrepreneurs, adversely affecting the growth prospects of women-owned enterprises. Across emerging markets, only 18 percent of equity and venture capital was raised by startups.¹⁸ Only 11 to 13 percent of companies funded at the seed and acceleration stage are women-led, implying that access to equity financing is a problem that starts early.¹⁹ Furthermore, while accelerator programs globally accept women-led and male-led startups equally into their programs, this is not translating into access to equity financing at those pre-seed and seed stages. Not only do female-led startups enter accelerators with on average 50 percent²⁰ less funding than male-led startups, but also female-led startups post acceleration receive half as much equity financing as male-led startups, so the gender gap grows in magnitude across financing stages. Rigorous evaluations show that, while support and training alone have low to mixed results on growth of women's businesses, when coupled with finance, they can play a significant role in making women's businesses larger and increasing sales.

¹² *Moving Toward Gender Balance in Private Equity and Venture Capital Report*, 2019.

¹³ SME Finance Forum. <https://www.smefinanceforum.org/data-sites/msme-finance-gap>.

¹⁴ PitchBook database. VC Penetration Rate = the ratio of average VC funding over the past five years to equivalent market/country GDP.

¹⁵ *Moving Toward Gender Balance in Private Equity and Venture Capital Report*, 2019.

¹⁶ PitchBook database. VC Penetration Rate = the ratio of average VC funding over the past five years to equivalent market/country GDP

¹⁷ *Moving Toward Gender Balance in Private Equity and Venture Capital Report*, 2019.

¹⁸ *Venture Capital and the Gender Financing Gap: The Role of Accelerators*, February 2020.

¹⁹ Ibid.

²⁰ *Moving Toward Gender Balance in Private Equity and Venture Capital Report*, 2019.

Program Description

The program has two components.

Component 1: Startup Catalyst-Gender (Global Activities)

Increased access to pre-seed and seed stage equity for women-led startups and an increased ability for these startups to scale operations and receive follow-on funding will be the key focus under this component.

The global program will be run through Global IFC Startup Catalyst, an IFC investment program established to increase the supply of equity financing at the pre-seed and seed stages. Through the program, IFC invests in a portfolio of SSFMs that make investments through equity and quasi-equity instruments to support entrepreneurs and their early-stage companies. Since 2016, Startup Catalyst has invested in nine SSFMs in four regions (including We-Fi co-funded investments in Flat6Labs Tunis and Sarmayacar) and is currently processing two more investments in Kenya/Tanzania and Jordan. Based on initial indicators of success, IFC is currently processing an expansion of Startup Catalyst, including in IDA Private Sector Window markets. IFC seeks to increase the focus on women through this program and increase the flow of capital to women-led startups at the very early stages.

The global activities consist of investment and advisory services.

- Startup Catalyst-Gender will invest between \$0.5 million and \$1 million in SSFMs across emerging markets. These investments will leverage and expand the experience with similar investments such as Tide Africa (see Annex 2). The program expects to support 5-6 SSFMs through blended finance instruments, such as fee subsidies, incentive programs, target structures, and the adoption of principles for finance such as gender balance in the board and senior management, and a strong work-family policy framework.
- Advisory activities will support the investment program with additional support to women entrepreneurs. With financing from the Government of Canada, IFC has already piloted a gender lens training for fund managers in Nairobi and Mumbai and is currently combining this training with the master class developed by CDC (the development finance institution of the United Kingdom) to produce a gender lens framework that will be published in Q3 2020. The We-Fi program will use this framework to train the SSFMs supported through Startup Catalyst –Gender.

Component 2: Scaling Early-Stage Finance for Women-led SMEs in MENA (Country Activities)

Country activities will focus on early stage finance for women’s SMEs in Iraq (FCS country) and Jordan. This component has two subcomponents.

- First, activities will support women entrepreneurs across the two countries/economies via mentorships, access to networks, targeted skills, personal initiative training, access to markets, investment-readiness training, and support to help improve business models. These activities will take advantage of the current World Bank Group pipeline in the target countries, and through existing intermediaries in the ecosystem, many of which are already engaged in our programs. The activities will leverage approaches that have had impact evaluations and outputs from other We-Fi funded programs, such as the IFC skills platform, content for personal initiative training, and learning modules from We-Fi partners. The objective is to serve many women, and to make the most promising businesses ready to raise early-stage investment. These activities also aim to tackle broader gender norms as activities will be complementary to initiatives in place under other World Bank programs such as the Jordan Program for Results on Economic Opportunities for Jordanians and Syrian Refugees, and also through Women, Business and the Law engagements. Some of the norm-changing

dimensions will also be built into the details of implementation, such as in the outreach strategies to reach women entrepreneurs, training content for fund managers, etc.

- Second, support will be provided to intermediaries to develop a pipeline of investible women-led SMEs that can avail themselves of early-stage finance. Such support benefits from We-Fi funded activities in other countries (such as Pakistan) on investment readiness, work with Village Capital to accelerate the growth of women entrepreneurs and using incentive payments to accelerators provided under IFC's ScaleX program. The World Bank Group is engaging with international and regional partners to help local intermediaries in MENA become more focused and equipped to support women in raising finance. Examples of partners that the program intends to involve are described below under Strategic Partnerships.

Strategic Partnerships

The program will work with over 26 existing strategic partners at the global, regional, and country levels. These partners are current program advisors, co-implementors, contractors, and grant recipients. Discussions are ongoing with 9 potential partners that have also expressed interest.

Program Beneficiaries

The Start-Up Catalyst Program will directly benefit 5-6 SSFMs and 30 WSMEs globally. In MENA, the program will directly benefit 264 WSMEs. The program will reach underserved women entrepreneurs across the region and will leverage existing partnerships to help create employment and entrepreneurship opportunities for host and refugee communities in MENA.

Rationale for Use of We-Fi Financing

The program additionality is providing equity capital not available in the market as most SSFMs in emerging markets are regarded as higher risk than early stage venture capital funds and thus lack institutional commercial capital. We-Fi support will help absorb some of the costs required to implement a gender action plan to demonstrate the viability of investments in women-led tech startups and thus address: information asymmetries on the part of fund managers, which include limited access to knowledge, networks, and business opportunities, and low institutional capacity, that is, the costs of running relatively smaller funds (~\$25M) tend to be higher than larger funds due to lack of scale. Without financial support, small funds are unlikely to pursue additional mandates. We-Fi funding will also be used to support intermediaries and entrepreneurs in building a pipeline of investible women entrepreneurs that can raise private investment.

Implementation Arrangements

The proposed activities are fully bank executed and will involve contracting with private sector partners, NGOs, third party suppliers and trainers. The activities under the Catalyzing Early State Finance program will be supported by field-based Bank and IFC staff living and working in the focus countries with technical specializations in entrepreneurship, SME and firm support, early-stage financing, private equity and funds, women's economic empowerment, and monitoring and evaluation, as well as deep experience with the political economy and context in each country. They will be supported by global specialists in World Bank and IFC headquarters. Some team members will work across multiple countries, which will enable them to cross-fertilize approaches and learning.

IV. IP TRACK RECORD, SME DEFINITIONS, THEORY OF CHANGE, RESULTS FRAMEWORK, AND RISK ASSESSMENT

This section describes the World Bank Group track record, emphasizing the accomplishments under the First Call for Proposals, the modifications to the SME definitions that are being requested, the theory of change, and the risk assessment.

IV.A. Track Record of the IP

The World Bank Group has long been effective in delivering women’s entrepreneurship programs, piloting interventions for women and systematically reporting on results. This proposal not only builds on the strengths and synergies of the WBG, but also leverages the implementation of the existing We-Fi Program. The integrated approach for implementing We-Fi proposed will enable the WBG to leverage an extensive and complementary network of public sector (WB) and private sector (IFC) clients in more than 140 developing countries to expand opportunities for women entrepreneurs.

Box 1: Joint WBG Strategies

The framework for working together as one WBG is rooted in a series of strategies recently adopted by the WBG, including:

- The “Maximizing Finance for Development” (MFD or “the Cascade”), approach, which ensures the World Bank Group looks to private sector solutions first and asks how public-sector interventions can crowd in the private sector. From a practical perspective, this means that WB projects going forward will be seeking IFC’s input as to what solutions might be available in the private sector before turning to public sector solutions.
- IFC’s Creating Markets strategy, endorsed in 2017, is designed to address inherent investment constraints by promoting upstream policy reforms and introducing new instruments to reduce risks. This is expected to lead to a wider integration with the WB across diverse activities, and a closer alignment between Bank and IFC operations.
- The WBG adopted a joint public and private sector gender strategy in 2015. Since then, it has been drawing on its expertise in both sectors to implement the strategy, with a special focus on closing access to jobs and asset gaps and enhancing women’s voice and agency. The WBG engages through policy dialogue, lending and direct investment in the private sector, joint research on what works and what doesn’t, aligned resource mobilization, and global convening of key stakeholders.

The proposal will also leverage the implementation of the existing We-Fi Program. The World Bank Group We-Fi Program has been advancing access to finance and markets for WSMEs in 24 countries across five regions. The program commenced in June 2018 and has operationalized 50 advisory, investment, and research projects to be implemented over three to seven years. Of these, IFC has a total of 38 investment and advisory projects of which 24 are committed. The World Bank has eight country advisory projects and four global research activities. Public and private sector interventions are jointly implemented by Bank and IFC teams in Bangladesh, Côte d’Ivoire, Nigeria, and Pakistan. Over 50 percent of the \$75 million of WBG We-Fi funding from the first round is committed to IDA-eligible and fragile countries. The program seeks to reach 43,000 women entrepreneurs and catalyze \$870 million in loans to WSMEs. It has established a solid foundation for reaching WBG We-Fi objectives by 2023.

In addition to direct investments and advisory services, the World Bank Group has established successful partnerships with over two dozen governments, companies, non-governmental organizations, and other global partners to build market opportunities for WSMEs. Most recently, the MENA e-commerce project launched a new partnership in February 2020 with UPS Corporate to help women entrepreneurs grow their businesses by accessing e-commerce platforms in the region.

World Bank Group We-Fi funding is being leveraged to crowd in additional finance from private and public actors and results-based mechanisms are deployed to ensure delivery. IFC provided We-Fi funded performance incentives alongside IFC investments to several financing institutions, including OCB Bank in Vietnam, NTB Bank in Sri Lanka, and NSIA in Côte d'Ivoire, to motivate a higher rate of lending to WSMEs (see Box 2, below). World Bank projects have used various results-based mechanisms to ensure leverage and delivery, including pay for success contracts, outcome-based pricing, and awards and prizes.

Box 2. Performance Based Incentives to Expand Lending to WSMEs

Under We-Fi implementation, IFC has focused on promoting the use of performance-based incentives alongside IFC investments with financial institutions (FIs) to motivate a higher rate of lending to WSMEs. Typically, performance incentives alongside IFC loans are structured so that incentives are paid out if the FIs expand lending to women entrepreneurs beyond their historical growth rate and/or beyond the level of funding that IFC is providing. This requires that FIs use their own balance sheets to finance the growth of the WSME portfolio, which significantly increases the number of women entrepreneurs having access to finance. IFC also includes performance incentives in its Risk-Sharing Facilities, which are instruments that enable the FIs to gain more comfort in engaging with customer segments perceived to be riskier, such as WSMEs.

The World Bank Group We-Fi has prioritized knowledge sharing and policy advocacy to promote the formulation of evidence-based WSME policy interventions and sustainable business models. The teams have consistently monitored and communicated the results with the We-Fi Governing Committee as well as Bank Group senior management. Globally, as well as in individual projects, the Bank Group has contributed to We-Fi in collecting data to strengthen the information base on women entrepreneurship. IFC also produced research with global partners, including on how to link WSMEs to corporate value chains jointly with WEConnect International, and on women and business startups with Village Capital. The WBG contributed to the regional We-Fi Summit in Dubai, organized several industry-specific workshops in Africa and Asia, and shared best practices with We-Fi implementing partners.

The World Bank Group principles guide the design of each program to ensure sustainability and long-term impact after its completion.

- **In the Sahel**, the goal is to help WSMEs develop long-lasting commercial ties with industrial-scale processors and exporters to guarantee buy-in of their agricultural production for upcoming harvests. This will be done by formalizing partnership arrangements and developing efficient and functional supply processes. The program will also use its visibility to lobby for regulatory reform and public sector assistance programs at the ecosystem level to reinforce project gains on the private sector side. Lastly, ongoing efforts in target countries to support women's entrepreneurship and Shea industry development will help ensure sustainability over the long run. For example, in Burkina Faso, the World Bank is supporting government to open access to finance for women entrepreneurs through a partial credit guarantee scheme.

- Similarly, in **MENA**, every We-Fi country has complementary World Bank large-scale programs for the country which have clear targets for improving the entrepreneurial ecosystem, and for institutionalizing public sector support for entrepreneurship.

Because IFC works through the private sector, all projects require, first, the identification of suitable partners which can deliver results sought under We-Fi, and second, comprehensive due diligence to ensure they can execute and meet IFC's social, environmental, and integrity standards. Therefore, specific client-facing investment will be considered on a rolling basis as the choice of appropriate partners and sponsors is finalized. IFC will follow its standard investment and advisory processes to approve these projects. In the case of blended finance, all projects will also be approved by the Blended Finance Committee (BFC), which is responsible for ensuring donor funds used alongside IFC's investments are being prudently used based on IFC's blended finance principles.

Implementation of the We-Fi initiative will be the responsibility of several departments in IFC. IFC's regional teams, with support from global departments, will lead business development, market development activities and partnerships with the WB country teams and the implementation of the investment and advisory work. In addition to the regional teams, the Financial Institutions Group (FIG) and the Disruptive Technologies & Funds (CDF) department will be accountable for delivering on the We-Fi objectives. As with the existing program, the Blended Finance Department will provide compliance, oversight and governance over the use of We-Fi funds. It will manage the We-Fi Trust Fund allocations and ensure funding is channeled to the highest priority activities. There is a small team dedicated to (i) coordinating across the various implementing departments; (ii) approving the use of We-Fi funding on specific investment projects through the BFC and supervision of those funds; (iii) coordinating approvals for We-Fi funding of advisory projects based on IFC's standard advisory processes; (iv) oversight of M&E work to ensure high-quality and consistent data gathering is taking place; and (v) working with the implementing teams to deliver reports and other communications to the We-Fi Secretariat and other stakeholders.

IV.B. Results-Based Instruments and IFC Investment with Blended Finance

As an overarching principle, the implementing team will aim to utilize Results-Based Mechanisms (RBMs) whenever possible.

At the global level, Startup Catalyst-Gender will use **blended finance instruments** and mechanisms (Box 3) to achieve the goal of reducing the gender early-stage financing gap. Blending has been used in different forms for IFC's existing investments (see Annex 2) to achieve a stronger focus on women-owned/-led firms and cover the associated costs where needed to ensure that the blended finance principles were upheld. Blended finance can be used as performance incentives, first loss, local currency risk, and different terms, always within the parameters of the blended finance principles.²¹

At the regional and country levels, implementing partners will be contracted under a **pay-for-success contracting** mechanism to ensure that each activity works toward the project's objective. Under the arrangement, service providers will receive some funding from the payor to operate the project or program and receive reimbursement for costs and/or additional performance payments if they achieve agreed-upon outcomes in the Sahel as well as MENA countries.

²¹ Blended Finance Principles Summary report, October 2017.

Box 3: IFC Investment with Blended Finance model

Clients often have direct financing from IFC via various investment instruments including debt, equity, and guarantees, and capital markets investments such as bonds; where IFC's managed We-Fi funding would be used to de-risk those investments or provide incentives for the clients to reach their women entrepreneur stretch targets – this is how we “blend” finance for the maximum impact. Different blended finance products can be used, in line with the [blended finance principles](#).

- Performance-based incentives (PBI). The PBI provide clients with a financial incentive to reach stretch targets, helping offset up front extra costs in rolling out the business proposition for women. and the PBI would be paid directly by We-Fi funding managed by IFC when a client reaches pre-agreed stretch targets (often on both the number of WSMES served and or value of financing/ investments in women-led firms.
- First loss. First loss enables clients and IFC to do projects that cannot be done within their existing risk/reward frameworks. Typically, IFC would share risk of (provide partial guarantee on) a portfolio with a financial institution to facilitate the growth of its women's loan portfolio, with the first loss on the guarantee covered by We-Fi.
- Local currency risk. This instrument addresses constraints in markets where local currency funding is needed for women but cannot be sourced price effectively by IFC or the client. While IFC provides direct funding, We-Fi funding could be used to reduce swap costs in inefficient currency markets.
- Co-investment with different terms. Along with IFC's direct investment, We-Fi's co-investment could be at different commercial terms to make the “blended” terms bankable to clients and IFC. We-Fi's co-investment can be subordinated, have longer tenors, or other structures that enable projects to happen.

Awards and prizes to foster competition will be used to help surface existing solutions and ideas to support innovation and project implementation across MENA.

IV.C. Definitions of Firms to Be Supported by the Programs Described in This Proposal

The primary beneficiaries under this program are women-owned/led enterprises, no matter where they are in the business lifecycle.²²

All three programs will follow the We-Fi definition of SMEs for non-finance projects and will use one of the following proxy indicators for investment.

- a. Financing: between \$5,000 and \$1 million (\$2 million in selected large economies);
- b. Employees: between 5 and 300;
- c. Sales: between \$50,000 and \$15 million;
- d. Assets: between \$50,000 and \$15 million.

Ownership requirement as follows:

- *≥ 51% owned by a woman/woman; or*

²²Individual women will be considered as indirect beneficiaries per individual program beneficiary section.

- *≥ 20% owned by a woman/women and ≥ 1 woman as CEO/COO (President/Vice-President);-and have ≥ 30% of the board of directors comprised of women, where a board exists.*

As noted in Section III, women cooperatives will be counted as WSMEs. All cooperatives that are targeted through the program are more than 51 percent owned by women, and the governance is fully led by women members and meet the We-Fi criteria. Moreover, the data collected for the shea cooperatives indicate they have sales over \$50,000 and therefore qualify as an SME. Individual cooperative members will be counted as indirect beneficiaries.

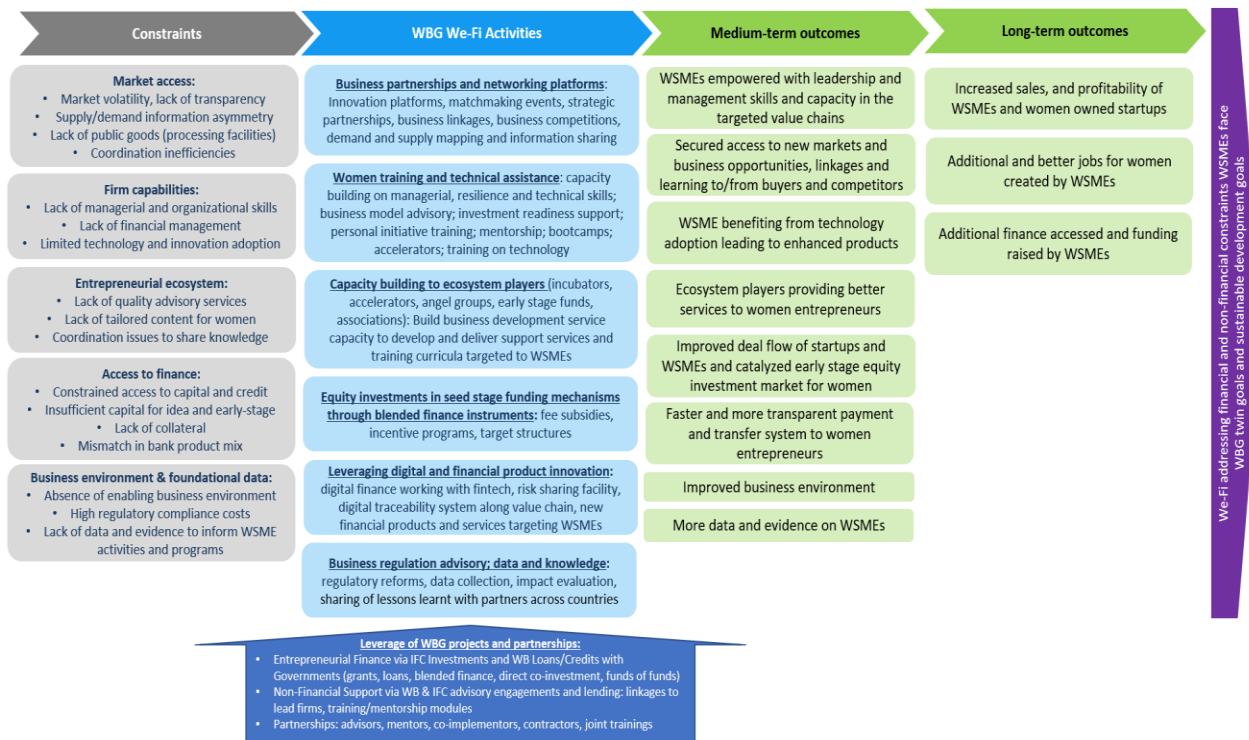
We would like to note that similar to our current arrangements under the existing World Bank Group We-Fi Program, firms in the Catalyzing Early Stage Finance Program will have a slightly more flexible definition. Examples include:

- Seed-stage work with women entrepreneurs means working with women who have no staff or sales, and no lending history, but a good idea with a strong growth potential. These women would normally fall into WBG “microenterprise” definition but because they have high potential for rapid growth, they have unique needs beyond what typical microenterprise clients would need.
- IFC’s direct investment in women-led firms will focus on more established women entrepreneurs who can be role models and mentors for less experienced women.
- For funds and disruptive tech companies such as fintechs, edu-techs, health-techs, and insure-techs, the WBG will work to create role models and women in leadership to enable a virtuous cycle, since more women in these roles can lead to increased numbers of women pursuing entrepreneurial careers. Women in leadership might not fit the percentage ownership thresholds detailed in the definitions, but they are key staff in decision-making processes or C-level officers. For these investments, we would only use a women-in-leadership filter.

The program will also work with a range of intermediary beneficiaries to reach WSMEs as customers, clients, and suppliers to build the supportive entrepreneurial ecosystem that is fundamental to the success of individual industries and firms. Examples include public sector entities, financial institutions, business associations, technology firms, and platforms and NGOs.

IV.D. World Bank Group Theory of Change

The World Bank Group Theory of Change demonstrates how the program activities with clients and partners respond to WSME constraints and contribute to the We-Fi objectives, and beyond that, how these activities will lead to anticipated development impacts at both the firm and market levels.



IV.E. Monitoring and Evaluation Plan and Timeline

The World Bank and IFC monitoring and evaluation teams will use the results framework presented in Section VI below to monitor and assess the development impact of each engagement. The framework flows from the theory of change described above in Section IV.D. Activities under the program must demonstrate specific outcome targets and are expected to report on results indicators per World Bank and IFC governance standards. The World Bank and IFC will aggregate the results from the programs described in Section III.

Monitoring and Evaluation Plan

The World Bank Group monitoring and evaluation framework includes: (1) ongoing monitoring and data collection, (2) program-level data collection, and (3) possible impact evaluation as described above. Each program will have an M&E plan and all activities will include systematic monitoring in line with the indicators in the results framework. This framework was established and discussed as part of the first WBG We-Fi proposal.

Targets will be set, and baselines will be established/confirmed. Planning and coordinating data collection from multiple clients with different business models presents complex challenges, including timelines for data collection, lack of sex-disaggregated data, lack of baseline data, and poor data-recording practices at client level. Establishing baselines can be particularly challenging when there are gaps in available sex-disaggregated data. In those cases, the teams will document the data gap and conduct a baseline analysis for evaluation of program results. Once the baseline analysis is completed, the teams will work closely with relevant stakeholders and/or counterparts to map out and recommend steps to improve ongoing data reporting. For financial institution clients, IFC faces specific challenges in data collection, including needing extended timeframes to collect audited portfolio data from its clients, and defining consistent

indicators across institutions defining SMEs and WSMEs in different ways. These challenges were addressed, and solutions agreed as part of the first WBG We-Fi proposal.

The World Bank Group M&E and program teams engage from the program onset to design rapid assessments and ongoing studies that provide feedback on the program's ability to achieve outcomes and overall impact. These studies will be conducted on a sample of programs and will be integrated in the program design. All the data compiled by the WBG, as well as its methodologies and findings, will be shared with the consultants conducting the mid-term review and the final evaluation commissioned by the We-Fi Secretariat. By providing the final evaluators with a comprehensive set of data on WSMEs, value chains, financial institutions, technology companies, and so on, the final evaluation can focus less on data collection and instead emphasize testing the hypotheses in the theory of change and assessing We-Fi overall impact.

While the M&E plan will be carefully laid out for each program, a competitive process has been put in place for conducting impact evaluations, as impact evaluation research is costly, context specific, and requires specialized skills. Each program goes through a rigorous technical review for selection. Only after a careful consideration of the proposed methodology are the selected proposals allocated funding. In the first round, teams submitted anonymized preliminary IE designs, which were assessed by two external reviewers and a World Bank technical committee. At least \$3.6 million is now being allocated to five proposals based on the technical committee recommendations and proportionally to individual costs. Funding will be disbursed sequentially at different milestones (e.g. baseline data collection, implementation report, follow-up, etc.). As evaluations are being implemented, the technical WB team plans to conduct quality reviews, organize a series of country workshops to facilitate dialogue with country officials around the design, implementation and findings of impact evaluations, and publish a series of policy briefs and a synthesis report.

This same process will be used for this proposal. While impact evaluations usually take 3-4 years to complete, the findings from impact evaluations are expected to inform the design of other programs.

Timeline

World Bank Group regional and country-level commitments will be made at the start of the program, and implementation will start immediately. IFC will commit its investment and advisory funding on a rolling basis to be responsive to private sector clients. Some activities will also start immediately. We-Fi funds will be considered as committed based on investment mandates and approved concept notes for advisory services. Advocacy, research, and evaluation activities across the World Bank and IFC will also be committed on a rolling basis throughout the duration of the program.

The World Bank Group programs will be implemented over a period of four to five years. However, the implementation activities as well as monitoring and supervision of programs will continue for a period of up to seven years, with the program and all expenditures terminating in December 2032. IFC proposes to use investment reflows on a revolving basis as needed until December 2032.

Milestones	Expected Dates
Start of implementation	September 1, 2020
Mid-term review	September 2023
End World Bank implementation and IFC initial investment period	June 30, 2025
Program closing	June 30, 2032
End/completion evaluation	June 30, 2027 (After End of Implementation) June 30, 2033 (After Program Closing)

V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

The proposed program entails several potential institutional, political, fiduciary and other risks, which are outlined below. These risks are deemed to be moderate in most cases. The World Bank Group has a well-developed and tested approach to incorporating risk management into its programs and advisory services, including attention to vulnerable populations and the environment. The Environmental and Social Framework (ESF) enables the World Bank to manage environmental and social risks of programs, covering a broad range of issues and making advances in areas such as transparency, non-discrimination, public participation, and accountability to improve development outcomes. IFC also has several mechanisms to identify risks and flag issues, including IFC Risk Assessment systems – Investment Reporting Platform (IRP), Environmental Social Risk Rating (ESRR), Integrity Due Diligence (IDD), and Development Outcome Tracking Systems (DOTS, ASOP).

All programs are required to develop risk identification and mitigation strategies as part of program preparation and implementation. The risks are assessed on an annual basis and monitored through standard systems of the WBG. COVID-19 risks are highlighted below.

COVID-19 Risks.

While the unfolding economic crisis affects almost everyone, emerging evidence suggests that women are disproportionately impacted with regards to livelihoods and work. Supporting women’s entrepreneurship is more crucial than ever for recovery and post-COVID-19 scenario given women entrepreneurs.

The impact of COVID-19 on program implementation will largely depend on the spread of the virus across the countries in the portfolio and the length and scope of policy measures being adopted by the respective governments. Some possible risks across the countries in this proposal are:

- The **liquidity risks** are high due to repercussions of the COVID-19 outbreak. Reduced liquidity amid rising uncertainty and higher volatility in financial markets could impact SMEs’ access to working capital, potentially delay investments, and cause increasing bankruptcy/default risk in the short term and weaker growth projections over the long term. Angel financing may contract as a result of the economic downturn brought on by the outbreak. However, the program also comes at a crucial time to boost this asset class.
- **Exports and supply chains** may be disrupted (for example, Sahel shea butter value chain) as economies slide into recession due to public health measures.

- Some program partners may have **limited implementation capacity** due to increased demands to address COVID related emergencies. Governments and banks may be overwhelmed by emergency response.
- **Uncertainty** can cause lower appetite for risk associated with innovation and entrepreneurship.
- In the case of Sahel, cooperatives are dependent on social networks and community-based financing and are likely to be more exposed to the **negative impacts of public health measures that restrict movement**. Social distancing measures could also prevent our teams from traveling and meeting counterparts, necessitating adjustments in program implementation. Where possible, the teams will begin all diagnostic work remotely, starting with literature reviews and conducting virtual interviews and via text messages. Given that beneficiaries may be worse off as a result of the pandemic, the teams may recalibrate the capacity-building program to reflect and attempt to mitigate the negative impacts of the crisis. Teams might also develop virtual trainings.

The teams will adhere to World Bank guidance note about COVID impact on SMEs that analyzes the current crisis in two phases: response (6 months) and recovery (18 months). While maintaining access to finance for firms is the priority to face the initial shock, it is noted that creating SME support programs, promoting firm growth, and reactivating trade flows and value chain participation will be key to SMEs weathering the storm. Tools to be considered for SMEs include fintech (mobile payments, factoring), public procurement, and legal and regulatory reform. This proposal especially focuses on fintech as a mitigation technique for COVID's impact on financing and business advisory support, and on the provision of technical assistance which is in even more demand now than pre-crisis.

To respond to the COVID-19 pandemic, the teams will design interventions at four different levels:

1. Accelerate implementation of digital financial services/technologies: the COVID-19 pandemic clearly demonstrates the importance of digital services, including digital payments. Simplified loan application processes and use of alternative data for credit decision-making could be leveraged to reduce turnaround times for loans to beneficiaries. Customer data on mobile banking transactions can also help to more effectively target payments and design relief strategies for beneficiaries impacted by the pandemic. These could include measures such as facilitating online systems for account enrollment, lifting restrictions on mobile money and e-wallet transactions, facilitating partnerships between banks and mobile network operators and reinforcing community-based financing, upon which women's cooperatives typically operate, by ensuring they stay open and directing financial flows through these channels. The 'Central Bank of West African States COVID-19 Measures' place great emphasis on strengthening financial services through digital channels and digital payments, which is a core component of the Sahel program. Based on discussions with UNCDF, this initiative could be fast tracked.
2. Leverage synergies with WBG Emergency response: all program activities will complement the emergency measures supported by World Bank emergency projects that focus on supporting SMEs, households and food security in the wake of the COVID-19.
3. Leverage diagnostic work to gather data on the impact of COVID-19 on WSMEs: The programs will conduct initial diagnostics to tailor trainings on management and production best practices for beneficiary WSMEs and cooperatives to boost their overall performance and bankability. The WBG team will also use this diagnostic work to analyze the specific impact of COVID-19 on beneficiaries and the target sectors, including availability of raw materials, trade restrictions, productivity and access to markets and finance.

4. Facilitate beneficiaries' access to critical information and networks: timely and accessible information is vital for both affected communities and the businesses serving them, and it is especially important that smaller firms be aware of public and other support programs that they may be eligible for. The project could therefore facilitate beneficiaries' access to information by leveraging and reinforcing existing information channels and networks used by women and/or women entrepreneurs or where they do not exist. Existing channels may include mobile technology and tailored social media accounts such as WhatsApp and Facebook, etc. A stronger network among beneficiaries could also foster more formal partnerships and collaborations with other actors along the value chain, not only to ensure for both survival and eventual growth. Information and network activities can also be used to combat misinformation surrounding the virus or to build awareness of other issues affecting women that may impair their ability to pursue economic activity such as gender-based violence.

Covid-19 Impact on the Implementation Timeline. The timeline for implementing this proposal is not expected to be severely impacted by COVID-19, although there is a likelihood that activities might slow down, and results could be more limited during the first year of implementation. These changes are already accounted for in our results framework.

The first quarter of implementation will be used to conduct diagnostic work, further define the scope of the work with selected partners, tailor training programs, and launch implementation of the digital finance services. The teams are confident that all these activities can be done virtually. Various mitigating factors are already in place as part of the program: 1) The proposal will be fully Bank-executed, which mitigates some of potential delay factors; 2) Working with local partners that have a strong operational presence in each country and can physically move to target locations to implement initial capacity-building support will be important. 3) At project inception, the team will conduct a baseline scenario to confirm targeted WSMEs and look for vulnerable yet viable firms that may need to be restructured or require support in transforming their business.

For Startup Catalyst, the outbreak is not expected to affect the timeline of the proposed expansion but has implications for the existing program. Startup Catalyst SSFMs (seed stage funding mechanisms such as seed funds, accelerators, etc.) invest in companies at a very early stage, and COVID-19 is likely to impact Startup Catalyst supported startups in their fund-raising for the next round for companies with limited runway (i.e., less than 18 months). Some startups might be forced to close doors prematurely, which has less to do with the success and viability of these businesses, but more with where in their fundraising cycle the startups happen to be and where they are in their revenue journey. In such situations, a cash cushion can help the startup to weather 12 months of the crisis and preserve some upside for investors. Startups in the portfolio are taking rationalization measures, ranging from slowing down growth expenditures to reducing headcount, but even with such measures, around 30 percent of underlying business will experience cash needs in the next 12 months. Funds early in their investment period are still rich in undrawn capital and limited in terms of portfolio impact, so the need is more pressing for SSFMs that are half-way or more through their investment period. IFC is currently conducting conversations and checks with the fund managers and putting together a proposal for a \$6M facility to be available for top-ups to existing Startup Catalyst SSFMs in order to support the companies in their portfolio with additional runway. Such runway has already been provided directly by IFC into TradeDepot, with additional We-Fi support increasing from US\$500,000 to US\$900,000. Although this was not a Startup Catalyst investment, it shows the impact that We-Fi funding can have in companies with strong fundamentals that are nonetheless affected by the crisis. In this case, TradeDepot has experienced solid growth as demand for

grocery items has increased during the pandemic but needed cash due to delayed/increased uncertainty in the company's Series B round.

VI. RESULTS FRAMEWORK AND INDICATOR TABLES

We-Fi funding will enable the World Bank Group to work with an estimated 45 financial providers (including angel investors) and corporate clients globally to raise awareness of the opportunities the women's entrepreneurship market represents, help companies better finance women entrepreneurs, and provide access to larger markets. The investments and advisory programs enabled by We-Fi will unlock an additional \$41.5 million in financing for women entrepreneurs. We-Fi will have a long-lasting impact by directly reaching over 6,494 WSMEs and tens of thousands more indirectly, and by generating global knowledge and applied solutions through the ambitious research, learning, and policy agenda.

The We-Fi contribution of \$16.02 million will mobilize \$133.5 million in funding through co-investments from IFC and the private sector, and \$24.4 million in additional government and bilateral donor investment for women entrepreneurs. As such, We-Fi will be leveraged 10 times by co-investors in the We-Fi activities.

There is no duplication in donor funding. The public sector leverage comes from adding to/building on WB lending operations with advisory projects. Our leverage assumptions are conservative and followed strictly the public sector leverage guidelines shared by the Secretariat during the first round of proposals. The World Bank counts only the portion of World Bank loans to governments, which can be influenced to support We-Fi activities in each country. Where projects might indirectly mobilize private sector funds, World Bank counts it as indirect mobilization and reported it as additional financing in Indicator 2 of the Results Framework.

IFC reported leverage under IP contribution and direct private sector mobilization. When calculating the IP contribution, it counted its own contribution in the amount of \$15 million to prepare investment activities as part of the Digitalizing Supply Chain Processes component (Theme 1). In terms of the direct private sector mobilization, the Startup Catalyst Program component (Theme 2) will catalyze 99 million by private investors most of whom tend to be High Net Worth Individuals.

We-Fi Standard Indicators and WBG Targets

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit Of Measure	Baseline	Cumulative Target Values ²³					Total WBG	Total WB	Total IFC
						Y1	Y2	Y3	Y4	Y5			
Address financial constraints faced by women-owned/led small and medium enterprises	Improved Access to Finance	Mobilization of at least \$800 million from commercial institutions and IFIs	Indicator 1: Amount of non-We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries. ²⁴	USD mil.	0	7.9	15.8	31.6	47.4	55.3	157.9	25.9	132
			Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS countries.	USD mil.	0	2	4	8	12	14	40	0	40
		Strengthened capacity of the financial sector to serve women	Indicator 3: Number of financial service providers that have updated or implemented a) new screening procedures or b) financial products and services for women-owned/led SMEs, disaggregated by IDA/FCS countries. ²⁵	#	0	1	2	5	7	8	24	16	8
			Indicator 4: Number of financial service institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS countries	#	0	0	0	0	0	0	0	0	0
Address non-financial constraints faced by women-owned/led small and medium firms	Reduced non-financial barriers faced by women-owned/led SMEs	Strengthened capacity of public and private sector institutions to serve women-owned/led SMEs	Indicator 5: Number of institutions supported by We-Fi that have updated or put in place non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS countries	#	0	1	2	4	5	6	18	18	-
			Indicator 6: Number of public sector institutions supported by We-Fi that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS.	#	0	0	0	0	1	1	2	2	2

²³ The yearly allocations are approximate targets to be further refined during implementation. The current estimates are based on the assumption that the WBG will set up the foundation of the program during Year 1 with fewer results for WSMEs, but each year the targets to be achieved targets will increase, reaching the maximum in Year 4 and 5. Teams will firm up all result targets as part of the project preparation and quality reviews and assessment by end of Year 1. Note several projects are likely to be delivered in shorter period of 3-4 years.

²⁴ This indicator includes the IP contribution, public sector contribution (i.e. WB loans to governments mobilized) and direct private sector mobilization.

²⁵ This indicator includes the angel investors.

Objectives	Outcomes	Outputs	Facility Results Indicators	Unit Of Measure	Baseline	Cumulative Target Values ²³					Total WBG	Total WB	Total IFC
						Y1	Y2	Y3	Y4	Y5			
			Indicator 7: Number of rigorous impact evaluations commissioned by We-Fi supported institutions.	#	0	0	0	0	0	1	1	1	-
			Indicator 8: 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, disaggregated by IDA/FCS countries	#	0	0	0	1	2	2	5	5	-
Increase in number and capacity of women-owned/led SMEs to access markets and financial services	Improved enabling environment	Reduced gender biases in laws and policies	Indicator 9: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support women's entrepreneurship, disaggregated by IDA/FCS countries	#	0	0	0	0	0	0	0	0	-
	More female owned/led SMEs	Increase in number of female owned/led SMEs in entrepreneurship support programs supported by the We-Fi	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries.	#	0	24	48	95	143	166	475	445	30
	Improvements in firm performance	Women-owned firms show increased sales and profits	Indicator 11: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi served institutions that report increased sales or profits, disaggregated by IDA/FCS.	#	0	18	36	72	108	126	360	360	-
Overall We-Fi Impact	SME contribution to economic growth	Jobs created by female-owned/led SMEs	Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs. ²⁶	#	0								

²⁶ The World Bank Group is in the process of revising the methodologies that have been in place to estimate job creation numbers for interventions to support SMEs. This proposal also includes activities – such as investing in Funds and SME ecosystem support projects - for which there is no agreed upon methodology for estimating. The Bank and IFC are in the process of developing and piloting various methodologies for the types of projects proposed here; that process is expected to be completed in 2021. Given these factors, the job creation targets will be confirmed by the end of project preparation period, typically year 1 when the targets will be shared with the Governing Committee. If the methodology is finalized sooner, the World Bank Group will develop estimates for jobs created by the activities in this proposal and share the targets with the Governing Committee (and at the latest, the first annual reporting in September 2021).

WBG We-Fi Custom Indicators and Targets

Objectives	Outcomes	Outputs	Facility Results Indicators	Base line	Unit	Cumulative Targets					Total WBG	Total WB	Total IFC
						Y1	Y2	Y3	Y4	Y5			
Address access to finance constraints faced by women-owned/led small and medium enterprises	Improved Access to Finance	Women-owned firms with improved access to financial services	WBG Custom Indicator 1: Number of loans, equity investments and insurance policies provided to women-owned SMEs by financial intermediaries.	0	#	80	160	320	480	560	1600	-	1600
			WBG Custom Indicator 2: The number of potential investee clients (FIs/FinTech's) identified globally	0	#	0	0	1	1	1	3	-	3
			WBG Custom Indicator 3²⁷: Number of women owned/led SMEs with access to digital services	0	#	245	490	980	1470	1715	4900	400	4500
Address access to market constraints faced by women-owned/led small and medium enterprises	WSMEs market integration strengthened	Increased number of WSMEs integrated in regional and global value chains	WBG Custom Indicator 4: Number of women-owned/led SMEs with improved access to markets via linkages with other firms.	0	#	32	62	125	187	218	624	624	-
			WBG Custom Indicator 5: Total number of supported cooperatives members and rural women supported (farmers)	0	#	2000	4000	8000	12000	14000	40000	40000	-
			WBG Custom Indicator 6: Total number of women-owned SMEs benefiting from the We-Fi program ²⁸	0	#	325	649	1299	1948	2273	6494	664	5830
Overall We-Fi Impact		Additional overall impact indicators											
Address financial constraints faced by	Improved Access to Finance	Indicators that will be tracked	WBG Custom Indicator 7: Follow-on \$ raised by women-led startups funded.	0	USD						-	-	Will be tracked

²⁷ Please note that this indicator includes women entrepreneurs receiving loans, fintech services and insurance policies.

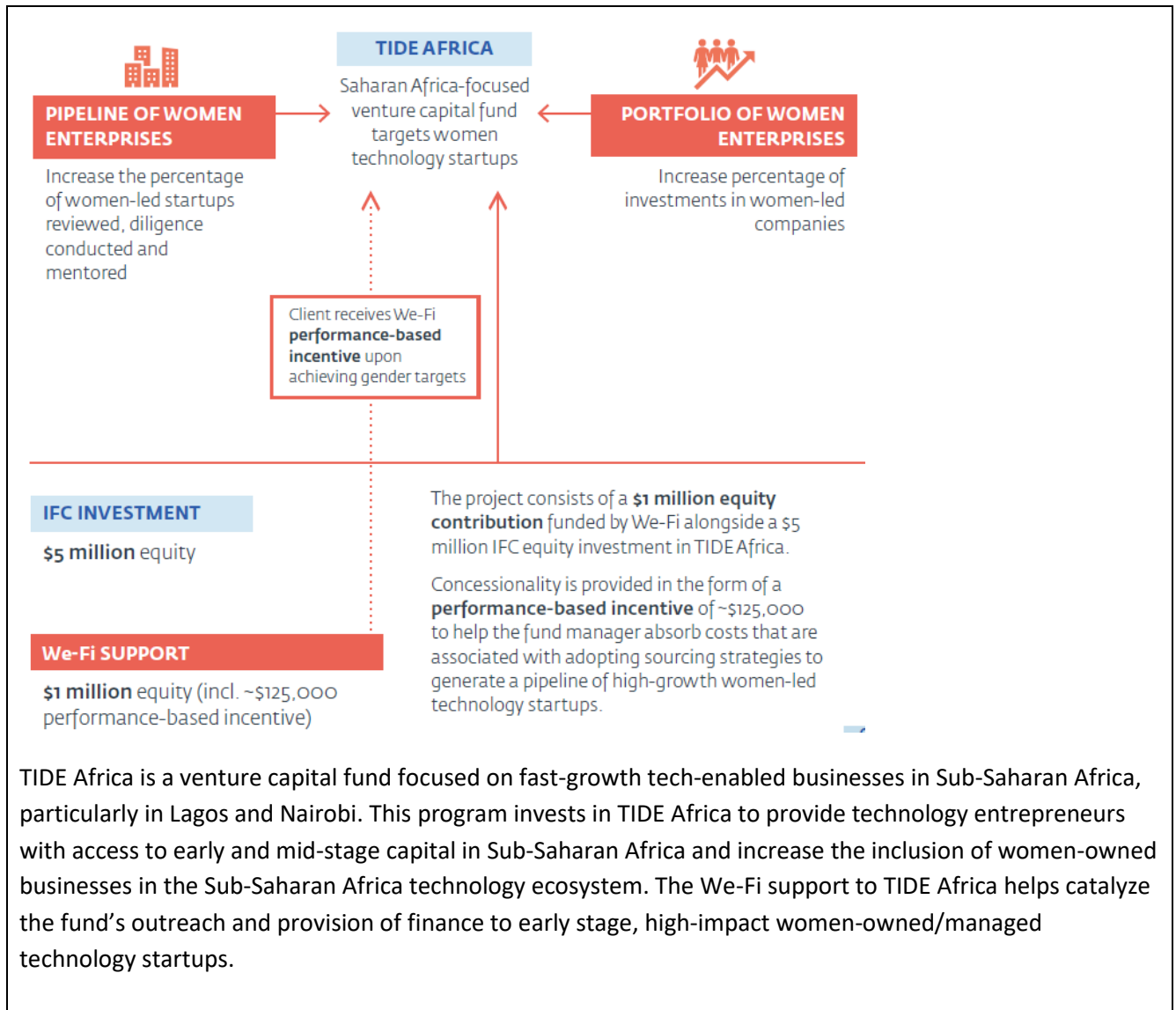
²⁸ Please note that this indicator includes women entrepreneurs receiving loans, fintech services and insurance policies.

Objectives	Outcomes	Outputs	Facility Results Indicators	Base line	Unit	Cumulative Targets					Total WBG	Total WB	Total IFC
						Y1	Y2	Y3	Y4	Y5			
women-owned/led small and medium enterprises			WBG Custom Indicator 8: Investment performance of women-led startups vs. that of men-led startups	0	MOI C						-	-	Will be tracked
			WBG Custom Indicator 9: Percentage of women-led startups that receive follow-on funding from external investors	0	%							-	-

Annex 1: Cost and Financing Plan

Program Components	Sub-components	IFC	World Bank	Total
III.A. Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs in the Sahel and Globally	Investment Services	\$3,600,000	\$0	\$3,600,000
	WB Activities (as specified above) <i>Sahel</i>	\$0	\$5,400,000	\$5,400,000
	Total	\$3,600,000	\$5,400,000	\$9,000,000
III.B. Catalyzing Early Stage Finance for Women Entrepreneurs Globally and in the Middle East and North Africa (MENA),	Investment Services	\$4,000,000	\$0	\$4,000,000
	WB Activities (as specified above)	\$0	\$870,000	\$870,000
	Total	\$4,000,000	\$870,000	\$4,870,000
Subtotal for Project Level Activities		\$7,600,000	\$6,270,000	\$13,870,000
Advocacy, Data Collection & Research Business Development	<i>Advocacy, Research, Data Collection, Monitoring & Evaluations</i>	\$500,000	\$500,000	\$1,000,000
		\$100,000	\$0	\$100,000
Program Management		\$574,000	\$473,900	\$1,047,900
Total Budget		\$8,774,000	\$7,243,900	\$16,017,900

Annex 2: Blended Finance Structure: Example of Tide Africa



TIDE Africa is a venture capital fund focused on fast-growth tech-enabled businesses in Sub-Saharan Africa, particularly in Lagos and Nairobi. This program invests in TIDE Africa to provide technology entrepreneurs with access to early and mid-stage capital in Sub-Saharan Africa and increase the inclusion of women-owned businesses in the Sub-Saharan Africa technology ecosystem. The We-Fi support to TIDE Africa helps catalyze the fund’s outreach and provision of finance to early stage, high-impact women-owned/managed technology startups.