



**WOMEN ENTREPRENEURS
FINANCE INITIATIVE (WE-FI)**

**2020 IMPLEMENTATION PROGRESS REPORT
WOMEN ACCELERATING VIBRANT ENTERPRISES IN
SOUTHEAST ASIA AND THE PACIFIC (WAVES)**

ASIAN DEVELOPMENT BANK

2020 IMPLEMENTATION PROGRESS REPORT WOMEN ENTREPRENEURS FINANCE INITIATIVE (WE-FI)

Reporting Period:

July 1, 2019 – June 30, 2020

Name of Implementing Partner: Asian Development Bank

I. SUMMARY PROJECT INFORMATION

- **PROJECT/PROGRAM NAME**

Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES)

- **PROJECT/PROGRAM TIMELINE**

GC Approval Date	10 April 2019
Project Implementation Start Date	16 September 2019
Mid Term Review Date (if planned)	TBD
Project Closing Date	December 2024

- **GEOGRAPHIC LOCATION(S)**

Viet Nam and the Pacific

- **MOBILIZATION**

Amount in USD. Please do not round figures.

Sources of Financing		Approved Amount (from proposal)	Revised Amount (if applicable) *	Committed Amount**
We-Fi Financing Approved	(A)	20,189,000		1,879,026
Of which IDA				
Of which FCS***		1,269,019		
IP Contribution	(B)	147,000,000		
Public sector contributions	(C)	-		
Private sector financing directly mobilized	(D)	58,500,000		
Additional funds mobilized [specify]	(E)	-		
Total Non-We-Fi Mobilized Funds	(F)= (B+C+D+E)	205,500,000		
Total Program Size	(G)= (F+A)	225,689,000		
Leverage	(F/A)	10.18		

* If the budget has changed, please include details in Annex I: Funding and Budget Update.

** Committed amount - Funding allocated to projects that passed all internal IP approvals/ have signed contracts with clients and partners. This includes funding set aside to cover first loss for risk sharing instruments and performance incentives.

*** Please list in a separate row the total funds allocated to activities in Iraq, Lebanon, Libya, West Bank & Gaza.

● **WE-FI TEAM**

KEY PROGRAM MANAGEMENT CONTACT PERSON(S)

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II. EXECUTIVE SUMMARY

- Overview of Program objective(s).

The Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES) program will build up capacity across the entrepreneurship eco-system in the Pacific and Viet Nam with the objective to foster long-term behavior change among key stakeholders in the private and public sectors, and to strengthen WSME's capacity and skills to run successful businesses. The WAVES Program is built on three components, adapted to each national/regional context. Component 1 focuses on Access to Finance through innovative and ambitious financial approaches including performance-based lending (Viet Nam) and the first gender bond in Southeast Asia and the Pacific, to be issued in Fiji. Integrated targets for on lending to WSMEs, include additional targets for those from underdeveloped regions, ethnic minorities, and rural areas. This will be accompanied by comprehensive capacity development of financial institution partners (FIP) including support to develop gender-responsive products and services tailored for the WSME market. Component 2 addresses the Enabling Environment, which will work with national partners including government agencies, civil society organizations, and women's business associations to develop stronger WSME-focused policies, regulations and action plans. In Viet Nam, WAVES will support the implementation of the gender provisions in the 2017 SME Law. Component 3 will focus on the Capacity development of WSMEs, through financial literacy and business acceleration programs, mentorship and networking opportunities. The WAVES Program will target 5105 growth-oriented women's businesses to enable them to become thriving SMEs. Activities will target particularly disadvantaged groups of women (from ethnic minorities, rural/underdeveloped areas, youth) in recognition of the intersecting discrimination they face.

- Highlights and key achievements during the reporting period.

- Viet Nam

The first year of implementation of the WAVES program in Viet Nam has focused on a) policy dialogue with government counterparts to foster ownership; b) engaging financial institutions on different blended finance models to increase onlending to women entrepreneurs; and c) establishing the implementation framework and agreements between ADB and the Government of Viet Nam. Milestones of the first year of implementation include the approval of the technical assistant component by the Government of Viet Nam, signed by the Prime Minister (1 April 2020), and the procurement of firms to undertake the technical assistance activities (capacity development, policy support) A firm has been mobilized in June 2020 to conduct TA activities related to gender gap assessments of financial institutions, supporting the SME Law's focus on women's entrepreneurship with the Ministry for Planning and Investment (MPI) , and working with the State Bank of Viet Nam (SBV) to collect sex-disaggregated data from financial institutions.

- Pacific

The first year of implementation of the WAVES program in the Pacific has focused on identifying a financial institution to partner for the issuance of a gender bond. Consultations in Fiji with a potential

partner were stopped following the institution's request to not pursue further given the COVID-19 pandemic context. Since May, ADB has had strong engagement with financial institutions in Papua

New Guinea (PNG), which are ongoing. ADB has engaged with government ministries and stakeholders in the Pacific on research on women's entrepreneurship in the region, with a focus on graduation challenges, COVID-19 and regional cooperation.

- Topline results for client engagements and women reached
 - No women beneficiaries reached nor approved transactions to date.
- Forward looking priorities and focus areas.
 - Viet Nam
 - COVID-19 response: In July 2020, ADB management approved a COVID-19 response project using We-Fi funds which will support at least 500 women-owned/led SMEs in Viet Nam to overcome the COVID-19 pandemic. Principal activities include restructuring of loans and loan holidays, complemented by a specialized business counseling program to enable these entrepreneurs to receive dedicated one-on-one business counselling. It is expected that the grant will be signed by the Government of Viet Nam in Q4 2020. The counselling program is set to begin in Q1 2021.
 - Business acceleration and capacity training: Procurement will be finalized for the business acceleration and capacity training for 530 WSMEs in Q4 2020, with mobilization of consultants expected by Q2 2021.
 - Randomized Control Trial (RCT): A consultant team has been mobilized (August 2020) and design of the RCT on incentives for banks to lend to WSMEs initiated in Q3 2020.
 - Blending of We-Fi grant with ADB loans: At least three transactions foreseen.
 - Gender-gap assessment of SBV and four financial institutions from Q4 2020 through Q2 2022
 - Data: Inclusion of WSMEs-related indicators into the Economic Census 2021
 - Pacific
 - Research and knowledge: Systematic regional review on women MSMEs with a focus on graduation challenges from micro to small businesses; links between women's economic empowerment and gender-based violence; and impact of COVID-19. Based on this review, 2 research studies will be undertaken, in coordination with government partners.
 - Blending of We-Fi grant with ADB loans: At least one transaction foreseen, complemented by support to partner financial institution on digital finance solutions for women, and capacity development. Request to We-Fi Governing committee to implement a transaction in PNG instead of Fiji will be submitted.

III. IMPLEMENTATION PROGRESS

- The first year of the WAVES Program in both the Pacific and Viet Nam have focused on program development, including setting up agreements with government counterparts, dialogue with financial institutions, and procurement and mobilization of consultants. Unforeseen delays in setting up the technical assistance program in Viet Nam and the inability to pursue a gender bond

in Fiji has meant that there are no beneficiaries in the first year, which represents a change to the original expected projections submitted under the proposal.

- **KEY ACTIVITIES DURING THE REPORTING PERIOD.**

- Viet Nam
 - Program development: The technical assistance component of the We-Fi program was formally endorsed by the Government of Viet Nam on April 1, 2020.
 - Design of COVID-19 response: In the wake of the COVID-19 pandemic, ADB adapted its planned We-Fi transactions and training component to provide emergency response. An unpublished survey of 54 women-led small- and medium-sized enterprises (SMEs) conducted by the Vietnam Women Entrepreneurs Council in April 2020 found that 78% expected to face bankruptcy within the next 1 to 12 months without external support. In response to this COVID impact, this project will work with partnering banks to restructure existing loans or extend new loans to at least 500 women-led enterprises through various mechanisms - either deferring payment on principal for at least six months, or offsetting fees for new WSME clients for up to 2 years. Specialized business training services for the 500 WSMEs to provide them will skills and new business strategies to overcome the crisis. This COVID-19 response was not foreseen in the proposal and indicates ADB's way of responding to the crisis. *The change does not require revision of budget.*
 - Blended Finance Transactions: Negotiations are ongoing with 3 banks on blending a We-Fi grant (each \$750,000 or less) with an ADB loan. All blended finance transactions require the partnering bank to agree to additional gender activities which are in line with the We-Fi indicators
 - Policy support: Procurement and mobilization of experts to implement the policy component of the TA program was achieved. International and local consultants have been mobilized and are working closely with ADB and government agencies. Their main outputs include (a) strengthening financial institutions' gender-responsive capacity; (b) supporting the Ministry of Planning and Investment on the implementation of the gender provisions of SME Law policies, and (c) supporting the State Bank of Viet Nam on sex-disaggregated data collection.
 - Research: Recruitment of consultants for the randomized control trial study on incentives for banks to lend to WSMEs was undertaken, and finalized in August 2020. The design of the RCT will be undertaken in Q2 2021, and will focus on incentives for loan officers to lend to women entrepreneurs.
- Pacific
 - COVID-19 has had devastating consequences for the economies in the Pacific. The Fijian economy is expected to contract by 21.7% in 2020 mainly due to poor tourism activity and its knock-on effects to the rest of the economy. Due to its large dependence on tourism, Fiji is expected to be the most affected country in the Pacific region. Banks in Fiji are currently focusing efforts in portfolio management dealing with large amounts of non-performing loans. The issuance of a gender bond in Fiji is very unlikely to happen in the next two years

until the economy recovers. In this context, the efforts by ADB made during 4Q19 and 1Q20 towards the issuance of the gender bond stalled in 2Q20. These efforts included:

- Reconnaissance mission in October 2019;
 - Alignment of interests among key stakeholders (Reserve Bank of Fiji, partner financial institution, legal counsel, brokers and potential investors, etc.);

 - Agreement of terms of reference for a market study with the partner financial institution and the Ministry of Women, Children and Poverty Alleviation (MWCPA). The study aimed to provide a business-oriented market research on WMSMEs market in Fiji with four main objectives: i) quantify the market size (number of WMSMEs, type and volume of their financing need) in Fiji; ii) identify the characteristics of WMSMEs to design a business plan to effectively serve this segment by financial institutions in Fiji; iii) use this information to contribute to policy dialogues to integrate concerns and priorities across the Government's relevant policies and strategies; and iv) provide comprehensive recommendations for Ministry of Women Children and Poverty Alleviation, other line ministries and the private sector, specifically financial institutions, to deepen the collective efforts for promoting women entrepreneurship and access to finance by women entrepreneurs;
 - Production of a legal opinion by a Fijian legal counsel on the legal challenges to be overcome for the issuance of a gender bond.
 - Once the devastating consequences of COVID-19 in Fiji became apparent in May 2020, the partner financial institution requested ADB to cancel the plans for the gender bond issuance until the economy would recover. As a consequence, ADB and the MWCPA also agreed to cancel the market study. MWCPA had new priorities in the new economic context and they agreed that the cancellation of the study was the most sensible approach.
 - Following the decision to cancel the gender bond issuance project in Fiji, ADB's project team immediately initiated discussions with a partner financial institution in Papua New Guinea (PNG) to explore the potential issuance of a gender bond in PNG or an alternative project.
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- **PLANS FOR THE NEXT YEAR.**

 - Viet Nam
 - Viet Nam's economy has suffered less from the COVID-19 pandemic than other developing Asian economies; it is one of three developing Asian countries still projected to have positive growth in 2020. However, the decline in regional trade is expected to contribute to further contracting of the economy in 2021.
 - ADB's priority areas for the next year will be to pursue four transactions, support the Government of Viet Nam in strengthening and implementing the gender provisions of the SME Law, undertaking gender-gap assessments,
 - Implementation of COVID-19 response grant and complementary training
 - Blended finance transactions: 3 transactions cumulatively signed by Q4 2021. At least one of these transactions is expected to close in 2020 and the other transaction(s) in 2021.
 - Gender-gap assessment of SBV and financial institutions: a) Assess information SBV already collects on WSMEs; b) Assess of FIs' ability to report

- Inclusion of WSMEs-related indicators into the Economic Census 2021: a) Review existing databases and survey questionnaires and make recommendations; b) Advocate to GSO to include those indicators into the Economic Census design.
- Accelerator and capacity building for WSMEs: Procurement for consultants should finalize by Q4 2020 and implementation commence by Q2 2021.
- Pacific
 - PNG's economy is expected to be less hardly hit by COVID-19 than the Fijian economy. However, challenges remain.
 - ADB is currently in discussions with the partner financial institution and other stakeholders in PNG on the most efficient and effective use of We-Fi funding. This might either include the issuance of a gender bond, an equity investment in the partner financial institution or the structuring of outcome-based financing.
 - In Q4, following further consultation with the potential partner financial institution, ADB will approach We-Fi's Governing Committee (GC) with the proposed revised use of funds, including shift in country from Fiji to PNG.
- Milestones for the next year are:
 - Viet Nam
 1. Policy component - TA inception report and inception workshop (Q4 2020)
 2. Launch of Business Accelerator and Training programs WSMEs (Q1 2021)
 3. Completion a gender-gap assessment of at least one financial institution (Q1 2021)
 4. Launch of Specialized Business Counselling Program Training Services for WSMEs (Q1 2021)
 5. Transactions: 4 grant and loan agreements signed (Q2 2021);
 6. Inputs provided to Viet Nam's Economic Census 2021 (Q2 2021)
 7. Completion of Design of the RCT study (Q2 2021)
 - Pacific
 - Systemic regional review on women MSMEs in the Pacific (Q1 2021)
 - Conduct and finalize research studies identified through regional review (Q2 2021)
- **KEY CHALLENGES AND LESSONS LEARNED:**
 - Viet Nam
 - Government decree on overseas development assistance has introduced lengthy formal processes for securing the government's no objection/concurrence to the We-Fi program. Lessons learnt: development agencies need to incorporate longer approval times for future operations and transactions.
 - Several financial institutions have been hesitant to prioritize WSME lending, particularly because of COVID-19 economic crisis. Lessons learnt: Approach a broad spectrum of financial institutions. For example, for the sovereign grant, only 5 of the 14 approached institutions were willing to participate.

- Pacific
 - In addition to general COVID-19 related challenges, the gender bond issuance in either PNG or Fiji presents major challenges due to the lack of developed capital markets in either of the two countries. These challenges are related to:
 - Lack of legal framework for corporate bonds or market infrastructure. Most of the bonds issued to date in both countries are government bonds. Companies Act inconsistencies about how private companies can issue bonds, plus off-market requirements for potential trustees.
 - Lack of market infrastructure (trustees and registrars). Companies Act requires trustees to be sophisticated. IFC working with the SPX to train their subsidiary CSR to perform these duties.
 - Lack of clear framework for listing rules. They are working on a separate chapter with the SPX to specify such rules.
 - Lack of precedents for legal documents. Info Memos and other legal documents should be developed once the requirements for listing rules become clear.
 - Market liquidity. Lack of active secondary trades. Current prices quoted on the stock exchange website are just for reference.
 - Pricing. Lack of transparency and crowding-out effects. The reference government yield curve is an extrapolation of short-term and long-term bonds issued and does not necessarily reflect the current level of rates.
 - Short-sighted investors market. Buy and hold. Not sophisticated. Looking mainly for yield and not necessarily interested in gender mainstreaming and thematic bonds.
 - The IFC definition of WSME also poses a challenge for the deployment of funds by the partner financial institutions in the Pacific. The number of WSME meeting IFC's definition is scarce. ADB will also approach the GC with an alternative definition adjusted to the Pacific local context.

- **COVID- 19 IMPACT:**

- Scope of work: Vietnam Women Entrepreneurs Council unpublished survey in March 2020 on the impact of Covid-19 to its members indicate that 85 % of the businesses are currently affected and 44.4% of the firms are laying off staff. There is an immediate need to support WSMEs to mitigate the impact of the economic crisis, instead of the original project target increasing revenues and jobs.

Actions taken:

- Sovereign grant project is designed to support restructuring of WSME loans to mitigate COVID-19 impact on business and jobs.
- Capacity building services have been redesigned to provide specialized business counselling for at least 500 WSMEs to help their businesses provide to COVID-19.
- The scope of the business accelerator and training programs was revised to support WSMEs to mitigate impacts of the economic downturn and fast-track business growth.

- There have been travel restrictions for business and other operations due to COVID-19. International consultants are not able to travel to Vietnam or the Pacific. National consultant's travel to provinces for project implementation is also affected.

Actions taken:

- International consultants are providing inputs online through biweekly video conferences, supporting local consultants who can work and travel in country.
- Lack of coordination in Pacific island countries leading to survey/research fatigue with women entrepreneurs especially on COVID-19 impact

Action taken:

- Ensure close coordination with all development partners and explore collaboration on knowledge products where possible. At the request of Government partners, focus is on medium to longer term impact and recovery rather than rapid assessments of the immediate impacts of COVID-19 on SMEs (where many others in the Pacific are carrying out this work).
- COVID-19 responses by governments risking leaving women entrepreneurs behind
 - In addition to We-Fi, ADB has also integrated gender targets into its COVID-19 emergency response packages for the Pacific. ADB approved in July 2020 a Policy-Based Loan (PBL) for the government of Fiji to sustain private sector-led growth reforms, with strong gender targets. The PBL includes policy actions that are expected to have a transformational impact on gender equality, women's economic empowerment, and women's access to resources and services. To address the immediate impacts of COVID-19, actions included: (i) support for SMEs owned or led by women; (ii) direct cash transfers to informal workers, including for microenterprises owned by women (such as hawkers); and (iii) a guidance note on the gendered impacts of COVID-19 in Fiji presented to Cabinet, and the establishment of a COVID-19 Gender Working Group to act on the recommendations from the paper.
- **IMPLEMENTATION PROGRESS ASSESSMENT:**
 - *The project is likely to achieve the majority of its major outcomes/outputs efficiently with moderate shortcoming*

IV. WE-FI IMPACT

- **OVERVIEW OF OVERALL IMPACT TARGETED.**

- As this is the first year of implementation, progress towards the overall impact has been limited to setting up the program, policy dialogue and sensitization of the We-Fi program with private sector stakeholders. Delays have been caused by unforeseen lengthy approval process from the Government of Viet Nam on the technical assistance program, COVID-19 and lengthy loan negotiations. Annual targets as listed in the proposal have not been met. However, ADB is confident that the original targets remain relevant and that ADB will be able to accelerate progress, ramping up activities significantly in years 2 and 3 of implementation.

- **CHALLENGES MEASURING IMPACT:** Describe any challenges in measuring the program’s impact and provide details on how the IP is mitigating these challenges.
 - Viet Nam
 - Monitoring systems are in place to measure the impact of We-Fi program resources on certain We-Fi indicators. In addition, ADB is working to strengthen the data systems of its partner financial institutions; for example, in the proposed project (to be approved) for COVID-19 response, the banks have already conducted a gender audit of their portfolio in order to establish their baselines and targets. However, it has proven harder to track data on job creations and revenues since partner financial institutions are not able to collect employment data. ADB is however collecting this data through the training program, wherein the metrics will be assessed 12 months after the end of training of the WSMEs by the training firm.
 - Pacific
 - Partner financial institutions lack the information technology systems to measure the impact of the training programs on job creations and revenues. ADB will be providing financial institutions with technical support to strengthen MIS and other IT systems, as well as to introduce digital financial solutions to outreach to female clients.
- **RESEARCH AND EVALUATIONS:**
 - Viet Nam
 - ADB has recruited researchers to implement a randomized control trial (RCT) on incentives for banks to lend to WSMEs. The RCT will:
 - Broadly test how different inputs (e.g., access to a special credit line, employee bonuses, corporate targets, training, etc.) affect how branches extend loans to WSMEs.
 - Conduct survey activities through computer-assisted personal interview (CAPI) techniques, using tablet-based data collection and survey programming applications
 - Be implemented between Q3 2020 and Q4 2023.