

**Women Entrepreneurs Finance Initiative (We-Fi)
Governing Committee Meeting**

Washington, DC, October 28, 2020 (virtual)

MEETING SUMMARY

1. Trustee Financial Status Report

The Trustee presented the latest We-Fi financial status report, which stated that as of September 30, 2020, the value of signed contribution donor agreements to We-Fi totaled USDeq. 352.73M. Of this, the Trustee had received USD 299.66M. Based on Governing Committee (GC) decisions, the Trustee had committed USD 307.54M for Projects, fees and administrative budget from inception of the We-Fi trust fund to September 30, 2020. Of this, USD 158.37M had been transferred out of the We-Fi Trust Fund. Net of the We-Fi operational reserve (USD 2 million), funds available to support additional Governing Committee decisions as of September 30, 2020 totaled USD 2.73M.

By June 30 2022, based on the value of outstanding donor instalments due from We-Fi's donors, a total of USD 55.79M is expected to become available for new project allocations, fees and admin budget. The GC asked for clarification of the financial provisions of the FIF, and whether it is possible for the GC to allocate and the Trustee to commit funds that haven't yet been received by the Trustee. The Trustee clarified that the We-Fi FIF operates on a cash basis of commitment, and that the Trustee can only commit funds on behalf of the Governing Committee once they have been received.

The Trustee clarified that the World Bank Group's Trust Fund Single Audit Report for FY20 had been provided to the Governing Committee for information and does not require a formal approval.

2. Expanding We-Fi Contributors to include Foundations

Following the discussion of the proposed fundraising roadmap for We-Fi during the last GC meeting on April 2020, the Trustee and the Secretariat were asked by the GC to conduct further work on the options available should the GC agree to bring foundation and similar not-for-profit non-sovereign entities as donors into the FIF, including how to approach the risks. The paper presented to the GC by the Trustee, in consultation with the Secretariat, on Options for Expanding We-Fi Contributors to include Foundations reviewed the experience in other FIFs and presented options for governance in connection with the possible admission of foundations as contributors to the FIF, which could include foundations that are linked to corporate entities in the financial sector.

The Trustee noted that this would be the first time that foundations associated with corporations, including those potentially operating in the same sector as the FIF, might be considered as possible donors into a FIF hosted by the World Bank. Given the precedent that this would set, and the possibility other FIFs may in the future be interested in a similar approach, the Trustee and the Secretariat have looked very carefully at the implications of such contributions, including from the perspective of World Bank trust fund policy, and in particular the potential risks related to unfair advantage and conflict of

interest. The Trustee highlighted that the discussion and decision note circulated looks at the options for broadening We-Fi contributors, including as to their role in governance, in this context.

Governance experience in other FIFs

The Trustee noted that there is as yet no experience in the hosted World Bank FIF portfolio of corporate foundations contributing directly to a FIF, and consequently there are no governance models that have been tested with this group. Among the World Bank hosted FIFs that permit contributions from non-sovereign donors, there are a number of different governance approaches: in some cases, for example, non-sovereigns and sovereigns both participate on a “one-member, one seat” basis, while in other cases all donors participate through a constituency-based structure.

However, since We-Fi is considering contributors that could have links to entities with downstream corporate interests, a new approach for We-Fi is proposed which would address potential conflicts or perception of conflicts.

Risks for Corporate Foundations

The Trustee highlighted the following risks related to contributors with linkages to corporate entities:

Upstream risks: Upstream risk includes a donor’s ability (or perceived ability) to influence We-Fi’s strategic direction and funding decisions to benefit their parent/sponsor corporation and/or its affiliates. The Trustee highlighted that upstream risks can be mitigated by restricting the governance role of foundations contributing to We-Fi. Two options were put forward for GC consideration:

- 1) Observer role: Foundations contributing at least \$10M participate only as Observers to the GC; those contributing less than \$10 million have no governance role.
- 2) No governance role: Foundations have no governance role irrespective of contribution size.

If the GC decides to extend We-Fi beyond its initial 5-year pilot term, a more substantial governance restructuring can be considered, including the possibility of a constituency-based governance approach.

Downstream risks. Downstream risk includes the potential for “roundtripping” and “pay to play” concerns. “Roundtripping” refers to the donor’s parent/sponsor/affiliate benefiting from a contract financed by the FIF to which they have contributed (in the case of We-Fi this would involve the donor’s parent/sponsor/affiliate benefitting from a We-Fi contract received from a We-Fi IP). Such practice is prohibited by World Bank Trust Fund Policy. “Pay to play” refers to concerns about perceptions of favorable treatment of a donor’s parent/sponsor/affiliate in corporate or operational procurement of the We-Fi Implementing Partners, due to the donor’s contribution to We-Fi.

The Trustee noted that, should the GC agree in principle to open up We-Fi to receiving contributions from foundations, including corporate foundations, further consultations with each of We-Fi’s IPs would be needed prior to a final GC decision in order to determine if IP policies can adequately address such risk and determine if additional risk mitigation is needed. If requested by the GC, the Trustee will coordinate such consultations and will report back for the April 2021 GC meeting. The Trustee’s work to

coordinate this effort will be charged to the already approved FY21 Trustee budget, with any excess handled through the FY21 budget reconciliation process in June 2021.

Parallel Financing

Parallel financing provides an alternative path for engaging with non-sovereign donors interested in supporting We-Fi financed projects. Under the parallel financing option, contributions from these non-sovereign donors would not flow through the We-Fi FIF; instead, such donors would provide financing directly to We-Fi IPs to support one or more aspects of IP projects that are also supported by the We-Fi FIF. These would be bilateral arrangements between the IP and non-sovereign donors that do not come under the jurisdiction of the We-Fi GC. If the GC decides to move forward with this option, the Secretariat will present a proposed protocol for such an approach to the Governing Committee.

Three questions were raised to the Governing Committee for consultation:

- Does the GC agree in principle to open up We-Fi to receiving contributions from foundations, subject to further consultation with the IPs on possible mitigation measures for the downstream conflict of interest risks that may be associated with certain corporate foundations?
- If the GC agrees in principle to open up, We-Fi to receiving contributions from foundations, does the GC prefer that foundations would:
 - i. Serve as Observers to the Governing Committee if they contribute over \$10 million, with no role in governance at all if they contribute less than \$10 million; or
 - ii. Have no role in governance at all, irrespective of the size of contribution?
- Does the GC agree in principle to encourage the Secretariat to refer interested potential non-sovereign donors to the respective IPs for parallel financing, subject to the Secretariat developing a protocol for such discussions for the GC's consideration and adoption?

Members expressed support for the parallel financing option.

Most GC members expressed their support for allowing potential foundation contributors to serve as observers on the Governing Committee. Some members also expressed interest in the possibility of foundations participating in the Governing Committee through a constituency model, which while not possible now could be explored in connection with a possible extension of We-Fi's term as part of a more substantial governance restructuring. Other members requested clarifications regarding the process by which foundations would be considered as potential contributors, including whether and when the GC would be involved in approving new foundation donors.

The Trustee noted that, as envisaged in the Operations Manual, the World Bank would conduct due diligence on all foundation donors considered for joining We-Fi. The due diligence process seeks to identify and assess the reputational, financial, operational, strategic and stakeholder risks, as well as

potential conflict of interests that may arise in the context of a contribution to a particular trust fund or FIF.

The Trustee and Secretariat noted that there are several FIF governing bodies that have the right to approve new non-sovereign contributors, which in practice would typically occur after the World Bank due diligence has concluded and the Trustee has advised that it does not object to proceeding with the proposed contributor. The GC could approve a similar process for We-Fi where the GC will have final approval for any foundation donors to be accepted as contributors to the We-Fi FIF. The Secretariat also emphasized the importance of ongoing consultation with GC members regarding fundraising opportunities with foundations.

The Trustee clarified that the parallel financing option will take place outside of the jurisdiction of We-Fi, as it would involve bilateral arrangements directly between the foundations and the IPs or their recipients, where the GC will not have a direct role. Foundations interested in parallel financing could be referred and introduced to the IPs to discuss possible opportunities involving their We-Fi-supported projects.

Decisions and Next Steps:

- The GC confirmed its support for the parallel funding option, agreeing in principle to encourage the Secretariat to refer interested potential non-sovereign donors to the respective IPs for parallel financing, subject to the development of a protocol for such discussions for the GC's consideration and adoption. The Secretariat and the Trustee were asked to prepare a protocol for the parallel funding model.
- The Secretariat and Trustee were asked to provide more information on the due diligence process for potential foundation donors and the decision-making process for accepting new donors.
- Another discussion around accepting foundation donors in the FIF will be held on November 18th, 2020 after the above information is provided to the GC.

3. Fundraising and We-Fi 4th Funding Call

The Secretariat relayed to the Governing Committee that consultations with Implementing Partners showed consensus around delaying the 4th call for proposals to the first half of 2021 to allow the IPs to focus on implementing their projects approved during the 3rd round of funding. This option would also allow the GC to have a larger pool of funds available for the call. The Secretariat also presented a proposal for continuing the thematic calls for proposals piloted in the last funding call. The thematic approach has enabled We-Fi to address specific priority topics and demonstrated its ability to adapt to time sensitive needs.

The GC expressed their comfort delaying the 4th call until next year. The GC highlighted that issuing the next call in 2021 will need to consider the MTR timeline and other planned activities.

The Secretariat also highlighted that in preparation for We-Fi's 4th call for proposals the GC can consider how the timing, size, and design of the call can be best used to crowd-in additional resources to support for women entrepreneurs. The following two opportunities were presented to the GC as potential avenues to leverage fundraising and issuing the 4th call for proposals:

Generation Equality: Germany presented opportunities around Generation Equality – a multi-stakeholder global convening for engaging gender equality advocates from every sector of society – governments, civil society, private sector, entrepreneurs, trade unions, artists, academia and social influencers – to foster a global public conversation for urgent action and accountability for gender equality, in order to achieve SDG 5.

The first Generation Equality forum will be held in Mexico in March 2021, which will be followed by a high level event in June 2021 in Paris. Germany highlighted that it would be an excellent opportunity for We-Fi to be part of this initiative that advocates for women's empowerment, and to potentially expand its donor base.

Unleashing Finance for WSMEs: The Secretariat presented the concept for a theme or initiative that would increase the level of financing to WSMEs through a challenge or investing in women code. The goal would be to catalyze a significant expansion in the number of financial institutions that are tracking, and therefore can intentionally grow, their lending to WSMEs. Through We-Fi IPs, the effort would bring together financial sectors intermediaries, regulators, investors and standard setting organizations. Such an initiative would require significant consultations, and the Secretariat sought GC approval for engaging with relevant stakeholders on designing such a challenge and potentially linking it to the 4th call for proposal and fundraising efforts.

The UK highlight that it has been working in a similar initiative and they are happy to share lessons learned from the first year of implementation.

The GC acknowledged the fundraising opportunities presented and requested the Secretariat to also identify other avenues for engagement and fundraising and the 4th call. Some GC members stressed that they need more information on how to operationalize We-Fi's participation in such events.

Decisions and Next Steps:

- Consensus was reached by the GC to issue the 4th call in the first half of 2021.
- The GC expressed general openness for thematic approach for the 4th call and asked for more details on the potential themes before making a decision.
- The Secretariat will present to the GC an extended list of possible themes and an approach for designing the 4th call during the upcoming GC meeting on November 18th, 2021.
- The Secretariat will conduct outreach on additional engagement / fundraising opportunities available.

4. We-Fi Governing Committee Chair for next year

The Chair noted that the We-Fi Governing Committee Chair annual term was coming to an end and asked if any members would be interested in putting themselves or another member up for consideration. Germany expressed interest in the Chair position. Multiple members of the GC expressed support for Germany's nomination, and there was consensus for the selection of Germany as the new Chair, which will become effective after completion of the November 18, 2020 GC call. Several members expressed appreciation for the three years of service of the US.

Meeting Agenda:

- 8:00-8:10** Welcome, Agenda and Rollcall
- 8:10-8:45** Trustee Financial Status Report. Donor Governance Document.
- 8:45-9:30** 4th Call and Fundraising
- 9:30-9:50** We-Fi Governing Committee Chair for next year
- 9:50-10:00** Wrap up (including dates/questions on the next GC meeting)