



IDB Group

for

**WOMEN  
ENTREPRENEURS  
ASPIRE, ACTIVATE AND  
ACCELERATE "WE3A"**

Proposal for  
**Women Entrepreneurs Finance Initiative**  
Thematic Funding Request

**USD 14,715,756**

**JULY 2020**

# TABLE OF CONTENTS

<b>I. EXECUTIVE SUMMARY:</b> .....	<b>3</b>
<b>II. WE-FI THEMATIC REQUEST – DATA SHEET</b> .....	<b>4</b>
<b>III. PROGRAM/PROJECT DESCRIPTION</b> .....	<b>6</b>
A. Program/Project Objectives .....	6
B. Country/Regional/Global Context.....	6
C. Thematic Context.....	7
D. Program Description .....	9
E. Program/Project Beneficiaries .....	16
F. Rationale for Use of We-Fi Financing .....	19
<b>IV. IMPLEMENTATION ARRANGEMENTS</b> .....	<b>20</b>
A. Institutional and Implementation Arrangements.....	20
B. Track Record of the IP and Other Executing Agencies.....	21
C. Theory of Change and Results Chain .....	23
D. Monitoring and Evaluation Plan and Timeline.....	23
<b>V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES</b> .....	<b>25</b>
<b>VI. RESULTS FRAMEWORK</b> .....	<b>28</b>
Table 9: Results Framework (We-Fi format)	28
Table 10: Results Framework per WE3A Component	31
<b>VII. ANNEXES</b> .....	<b>35</b>
Annex 1. IDB Group Categorization of Member Countries .....	35
Table 11: IDB Group Categorization of Member Countries	35
Annex 2: We3A Cost and Financing Plan .....	36
Table 12: Cost and Financing Table (We-Fi Format)	36

## I. EXECUTIVE SUMMARY:

**Program objectives:** As an effort to further scale the impact of the WeForLAC Program, We3A will seek to promote the growth and resilience of women-led/owned SMEs (WSMEs), with a special focus on WSMEs that are tapping into value chains and STEM (Science, Technology, Engineering, and Math)-based WSMEs. The program's specific objectives will be to improve: **1) WSMEs' access to value chains, 2) WSMEs' access to disruptive technologies and digital financial inclusion, 3) high-growth WSMEs' access to early-stage finance.**

We3A will pay special attention to mitigating post-COVID-19 economic turbulence, both by supporting WSMEs that have been negatively impacted and by identifying solutions and new business opportunities, such as WSMEs that leverage disruptive technologies to innovate in health, education, and financial sectors, among others.

We3A will target some of Latin America's lowest-income economies and nascent entrepreneurial ecosystems, allocating 50% of We-Fi resources to WSMEs in three IDA countries (Honduras, Guyana, and Nicaragua). We3A will also place special emphasis on C&D countries, the most underdeveloped economies per IDB Group Country Grouping<sup>1</sup>, including those in Central America (El Salvador, Guatemala, and Costa Rica) and the Andean region (Ecuador).

**Target WSMEs.** We3A will focus on women entrepreneurs in all business phases. For Value-chain based WSMEs, We3A will mainly target women who face multiple inequalities, as well as WSMEs that offer social and environmental productivity services. For STEM-based WSMEs, We3A will identify and support those that leverage disruptive technology (e.g. big data, machine learning, artificial intelligence, AR/VR, blockchain, and other digital technology) to innovate and address key challenges in Latin America and the Caribbean (LAC).

The We3A program consists of three main components:

- **Component 1: Aspire** – Creating the enabling environment for women entrepreneurs in nascent ecosystems.
- **Component 2: Activate** – Developing early stage WSMEs to help them better access value chains and equip STEM-based WSMEs with the business tools and seed capital.
- **Component 3: Accelerate** – Support WSMEs with high-growth potential for growth and scaling STEM-based WSMEs into regional and international businesses.

The program will benefit at least 4,866 **WSMEs** in target countries. Additionally, over 224,900 **women and WSMEs** are expected to benefit indirectly through the innovation and economic activities of the program supported WSMEs.

The proposal builds upon an extensive track record and the network of partners that the IDB Group and, specifically, the IDB Lab, the innovation lab of the IDB Group, have constructed in the region over the years to promote gender equality, women's economic empowerment, and entrepreneurial ecosystem development.

---

<sup>1</sup> The grouping of "B & C&D" refers to countries with lower levels of development according to IDB Group's categorization of its 26 member states, based on a mix of economic and social indicators customized for Latin America and the Caribbean. As a reference, Honduras, Nicaragua and Guyana belong to the D group. <https://www.iadb.org/en/about-us/idb-financing/idb-country-groupings%2C7658.html>

## II. WE-FI THEMATIC REQUEST – DATA SHEET

Table 1 - BASIC INFORMATION

<b>Program/Project Name:</b>	We3A
<b>IP Name</b>	Inter-American Development Bank Group (IDB Group)
<b>Thematic Focus Area(s)</b>	Women-led SMEs in Value Chains Scaling Early Stage Finance for Women-Led SMEs Leveraging Disruptive Technologies, Digital Financial Inclusion for Women-led SMEs
<b># of WSMEs benefiting from the program</b>	4,866
<b>Regions</b>	Latin American and the Caribbean
<b>Countries (% IDA<sup>2</sup>; % FCS<sup>3</sup>)</b>	IDA: Honduras, Nicaragua, Guyana Non-IDA: Guatemala, El Salvador, Costa Rica, Ecuador FCS: None
<b>Private Sector, Public Sector or Both</b>	Both
<b>Implementation Start Date</b>	January 1, 2021
<b>Implementation End Date</b>	December 31, 2023
<b>Reimbursement of investment proceeds end date (including outcome-based instruments)</b>	December 31, 2030
<b>IP Focal Point Contact</b>	Paola Pedroza ( <a href="mailto:paolap@iadb.org">paolap@iadb.org</a> )
<b>Key Staff Contacts</b>	Gyoung Joo Choe ( <a href="mailto:gyoungc@iadb.org">gyoungc@iadb.org</a> ) Svante Persson ( <a href="mailto:svantep@iadb.org">svantep@iadb.org</a> ) Maria Dolores Vallenilla ( <a href="mailto:mariaval@iadb.org">mariaval@iadb.org</a> ) Stella Yoh ( <a href="mailto:jeehyony@iadb.org">jeehyony@iadb.org</a> ) Carolina Lustosa ( <a href="mailto:alustosa@iadb.org">alustosa@iadb.org</a> ) Patricia Yanez ( <a href="mailto:patriciaya@iadb.org">patriciaya@iadb.org</a> )

<sup>2</sup> including [IDA Blend but not IDA Gap or Transition](#)

<sup>3</sup> [WBG Harmonized List of Fragile Situations](#)

Table 2 - WE-FI FUNDING REQUEST (\*)

(\$ = US denominated dollars

USD	Year 1	Year 2	Year 3	Total	% IDA Estimate	% FCS Estimate
<b>Honduras (IDA)</b>	<b>\$766,666</b>	<b>\$978,411</b>	<b>\$1,057,304</b>	<b>\$2,802,381</b>	<b>53%</b>	<b>0%</b>
<b>Nicaragua (IDA)</b>	<b>\$766,666</b>	<b>\$978,411</b>	<b>\$1,057,304</b>	<b>\$2,802,381</b>		
<b>Guyana (IDA)</b>	<b>\$616,666</b>	<b>\$409,752</b>	<b>\$406,928</b>	<b>\$1,433,346</b>		
Guatemala	\$445,000	\$535,648	\$549,541	\$1,530,189		
El Salvador	\$445,000	\$535,648	\$559,541	\$1,540,189		
Costa Rica	\$429,192	\$540,648	\$564,541	\$1,534,381		
Ecuador	\$455,000	\$570,648	\$584,541	\$1,610,189		
Evaluation			\$534,986	\$534,986		
IDB Group Admin Fee	\$309,238	\$309,238	\$309,238	\$927,714		
<b>Total requested from We-Fi</b>	<b>\$4,233,430</b>	<b>\$4,858,403</b>	<b>\$5,623,923</b>	<b>\$14,715,756</b>		

(\*) We are hereby requesting up to a 15% flexibility in the allocation of resources by country and line item. This is taking into consideration a variety of factors that will determine project allocation including WSMEs pipeline and others that may arise during the life of the proposal. We3A commits to keeping 53% of resources proposed to IDA countries.

TOTAL PROGRAM COST & LEVERAGE:

Sources of Financing	Amount (do not round)
We-Fi financing requested (A)	<b>\$14,715,756</b>
IP Contribution [1] (B)	\$22,500,000
Public-sector contributions [2] (C)	\$0
Private sector financing directly mobilized [3] (D)	\$24,660,000
Additional funds mobilized [specify] (E)	
Total Non-We-Fi Mobilized Funds (F)= (B+C+D+E)	\$47,160,000
Total Activity Size (G)= (F+A)	<b>\$61,875,756</b>
Of which % IDA and % FCS (IDA+FCS / G)	<b>50%</b>
Leverage (F/A)	<b>3.20</b>

# WE-FI FUNDING PROPOSAL We3A

## III. PROGRAM/PROJECT DESCRIPTION

### A. Program/Project Objectives

In an effort to further scale the impact of WeForLAC Program, We3A will seek to promote the growth and resilience of women-led/owned SMEs (WSMEs), with a special focus on WSMEs that are tapping into value chains and tech-based WSMEs in STEM (Science, Technology, Engineering, and Math) fields. The program will target some of the region's most under-developed economies and entrepreneurial ecosystems, allocating 50% of We-Fi resources to IDA countries: Honduras, Guyana, and Nicaragua. The We3A program's objectives will be to improve: 1) WSMEs' access to value chains, 2) WSMEs' access to disruptive technologies and digital financial inclusion, 3) high-growth WSMEs' access to early-stage finance.

We3A will prioritize helping women entrepreneurs navigate the ongoing COVID-19 related economic turbulence, and also to identify new business opportunities that may arise as a result of the pandemic, especially for STEM-based WSMEs that are leveraging disruptive technologies to innovate in health, education, and financial products fields, as well as other rapidly scalable solutions that can address current market disruptions throughout and after the course of the global pandemic. We3A will also be prioritizing WSMEs that can positively impact a scalable amount of women and vulnerable population, as indirect beneficiaries of this program.

### B. Country/Regional/Global Context

Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million women-owned/led SMEs (WSMEs)<sup>4</sup>. However, the vast majority of women businesses in LAC are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors.<sup>5</sup> WSMEs tend to be smaller than those led by men, with fewer employees, lower profits, and less access to capital needed to become scalable - only 4% of venture-backed businesses in LAC have a woman co-founder.<sup>6,7</sup> Moreover, the development of high-growth, STEM-focused entrepreneurial ecosystems are still concentrated in a few economies, leaving many countries -especially those categorized as lower-income- without an adequate enabling environment necessary for high-growth WSMEs to thrive.<sup>8</sup> Therefore, We3A will focus on countries considered to have nascent or emerging ecosystems, which can be divided into three categories: IDA, non-IDA "C&D countries", and non-IDA "B countries".<sup>9</sup>

#### IDA Countries: Honduras, Nicaragua, and Guyana

We3A will operate in Honduras, Nicaragua,<sup>10</sup> and Guyana, the three IDA countries in Latin America, and some of the continent's lowest-income economies. Across all three countries, despite the entrepreneurial ecosystem still being at a nascent stage, women are emerging as important business actors. In fact, in Nicaragua, self-employment rates

---

<sup>4</sup> For the purposes of this proposal women-owned and women-led SMEs will be referred to as WSMEs.

<sup>5</sup> IDB Lab: "[wX Insights 2020: The Rise of Women STEMpreneurs: A Study on Women Entrepreneurs in STEM in Latin America and the Caribbean](#)" January 2020

<sup>6</sup> World Bank, Inter-American Development Bank, GTZ, "Women's Economic Opportunities in the Formal Private Sector in Latin America and the Caribbean: A Focus on Entrepreneurship", 2010.

<sup>7</sup> Diaz-Ortiz, Claire, "[Latin America takes the global lead in VC directed to female co-founders.](#)" TechCrunch. February, 2020

<sup>8</sup> In 2019, 76.4% of the region's VC deals flocked into Brazil and Mexico. Latin America Venture Capital Association (2019). 2019 Industry Data Analysis. <https://lavca.org/industry-data/2019-industry-data-analysis/>

<sup>9</sup> The grouping of "C&D" refers to countries with lower levels of development according to IDB Group's categorization of its 26 member states, based on a mix of economic and social indicators customized for Latin America and the Caribbean. As a reference, Honduras, Nicaragua and Guyana belong to the D group. <https://www.iadb.org/en/about-us/idb-financing/idb-country-groupings%2C7658.html>

<sup>10</sup> We3A will not be providing any resources for the public sector or government agencies in Nicaragua. 100% of We3A budget for Nicaragua will be used towards mobilizing and promoting local private sector partners (startup incubators/accelerators such as La Fabrica, Agora Partnerships), and the civil society (e.g. the WE Americas Accelerator). Additionally, We3A will be partnering with Thunderbird and the U.S. Department of State's Bureau of Educational and Cultural Affairs (ECA), both of which currently operate programs in Nicaragua. The ECA's Academy of Women Entrepreneurs program (AWE), which is part of the W-GDP, has added Nicaragua to their successful program..

for women (43.3%) surpass those of men (28.3%)<sup>11</sup> and only 28% of Honduran formal small, medium, and large private firms have women among their top managers.<sup>12</sup> Guyana's recent oil discoveries offshore have created new opportunities. As market opportunities broaden in Guyana, focusing on how to integrate more women into the sector's value chain, as well as in public procurement opportunities, could guarantee equitable growth in male-dominated sectors.

## Non-IDA Country Context

We3A will also incorporate two buckets of non-IDA countries: C&D countries. The mix of buckets has been carefully determined to target the most nascent entrepreneurial ecosystems, while creating an effect of regional integration and intra-regional transfer of knowledge, innovation and entrepreneurial talent. To create a geographical integration effect along with the IDA countries, We3A will place special emphasis on Central America, (i.e. El Salvador, Guatemala, Costa Rica) as well as other non-C&D countries where the IDB Group will have significant leverage in catalyzing the ecosystems (i.e. Ecuador).

## C. Thematic Context

### Women-led SMEs in Value Chains

Women continue to be underrepresented in business leadership and labor markets in LAC, especially in less developed economies such as Guyana, Ecuador, and that of many Central American countries. This lack of equal economic representation follows a global trend (it is estimated that purchases in companies headed by women represent only 1% of total contracts worldwide<sup>13</sup>) and there are many examples throughout LAC that demonstrate the limited access to equitable economic opportunities in the local supply and value chains across the region as well in public procurement opportunities, especially in natural resource-dependent economies.<sup>14</sup> The challenge of incorporating a diverse supply chain in any sector stems, in part, from the difficulties in identifying and supporting women-owned businesses, as well as their limited access to finance and capacity-building opportunities.<sup>15</sup> Through the *Accelerate* value-chain subcomponent, We3A will assist by certifying the SMEs as women-owned, among other activities.

### Women-Led SMEs Leveraging Disruptive Technologies and Digital Financial Inclusion

In We3A countries, technology-based, opportunistic, and high-impact entrepreneurship is emerging as a new phenomenon. According to the most recent survey of 163 Central American WMSEs, conducted by IDB Lab, approximately 75% of women entrepreneurs do not have a STEM component in their businesses,<sup>16</sup> and 90% of them operate only in their domestic markets with fewer than 10 employees.<sup>17</sup> Ensuring that women have access to

---

<sup>11</sup> Contemporary Female Entrepreneurship in Nicaragua. MICHAEL J. PISANI 2018. AD-minister no.33 Medellín July/Dec. 2018

<sup>12</sup> Women's Economic Empowerment in Honduras: Barriers, Opportunities and a Path Forward Key Findings and Recommendations OCTOBER 2019: American Bar Association Rule of Law Initiative (ABA ROLI) in close partnership with the Center for International Private Enterprise (CIPE), Grameen Foundation, Search for Common Ground

<sup>13</sup> Vazquez, Elizabeth y Barbara Frankel. 2017. The Business Case for Global Supplier Diversity and Inclusion: The Critical Contributions of Women and Other Underutilized Suppliers to Corporate Value Chains. WeConnect International.

<sup>14</sup> A classic NRS regional example of limited economic opportunities around the NRS is the mining region of Antofagasta in Chile – it is the country's copper region and has the lowest female participation in the labor force of any other region in the country (33% vs the national average of 41%). Furthermore, even though women have a higher percentage of tertiary education, women continue to have a 53% lower median income, when compared to men. See [Boletín No. 6 Observatorio Laboral Antofagasta](#). August 2018.

<sup>15</sup> In LAC, there are approximately 1.2 - 1.4 million Micro, Small and Medium Enterprises (MSMEs) owned by women; women manage 25% to 43% of the micro and small companies, and 26% to 29% of the Medium companies. However, as the size of the company increases, the percentage of women business owners declines in all LAC countries. Harper, Leslie. [Toolkit: Gender-sensitive Public Procurement](#). IDB, August 2018.

<sup>16</sup> Furthermore, women-owned businesses are typically small and concentrated in a few so-called "traditional" sectors rather than higher value-add areas, such as in science, technology, engineering and math (STEM). Fast-growing, early stage, disruptive STEM or technology-based companies - referred to as STEM WSMEs - can play a key role in introducing innovative solutions to the region's challenges. Recent IDB research shows that fast-growing, STEM-based SMEs can drive both productivity growth (each US\$1 invested generates up to US\$6.45 in economic activity) and inclusive innovation (through rapid dissemination of disruptive technologies).

<sup>17</sup> Raw data (2019). Collected by IDB Lab for the study [wX Insights 2020: The Rise of Women STEMpreneurs: A Study on Women Entrepreneurs in STEM in Latin America and the Caribbean](#)

disruptive technologies is essential to enable them to access finance, access new customers and markets, develop new innovations, and create the businesses of tomorrow, especially in a post-pandemic context. Innovations by STEM-based WSMEs can have widespread impact in transforming key economic and social sectors in We3A target countries, by bringing down costs, enhancing the quality, and expanding the availability of essential goods and services. This directly benefits its customers, especially the most vulnerable. Their growth can also become a significant source of employment for women, as women-led companies tend to hire more women, especially for previously male-dominated, value-added professions.<sup>18</sup>

### Scaling Early Stage Finance for WSMEs

Compared to other regions, LAC has the third-largest credit gap for WSMEs (US\$93 billion out of a global gap of US\$1.7 trillion)<sup>19</sup> as only 35.8% of businesses managed by women use banks to access working capital.<sup>20</sup> Additionally, women entrepreneurs need savings, insurance, and other financial products to strengthen their businesses.<sup>21</sup> Research shows that financial capital is one of the most critical resources for growing a high-impact company; young companies that access outside financing are able to grow up to 30% faster than those that do not.<sup>22</sup> However, it is difficult for entrepreneurs in nascent ecosystems, especially women, to access that critical capital, ultimately limiting the ability of implementing innovative developmental solutions to grow. We3A will offer opportunities to access the capital they need to start, sustain, and grow their businesses with an approach targeted toward value chain integration and STEM-based WSMEs.

### COVID-19 Related Support for WSMEs

Apart from financial and market limitations, WSMEs are currently facing an unprecedented market shock. The most visible economic outcomes of the COVID-19 pandemic will be the lost revenue, unexpected cost increases, unstable supply chains, and financial strain that have already begun to result in diminished revenues and shuttered businesses. These impacts will be felt especially strongly by women, who are shouldering increased childcare, healthcare, and domestic responsibilities.<sup>23</sup> The crisis has also brought new opportunities for creative entrepreneurs who seek to find timely and effective solutions. For example, IDB Lab in the months of March and April of 2020 conducted a call and received over 600 prototype proposals for COVID-19 tech-based solutions by STEM-based SMEs from 23 LAC countries, many of which are owned or led by women and come from We3A target countries. Some of these solutions are to be delivered in the short-term (creation of diagnostic kits, ventilators, telemedicine, sterilization methods, etc.) and others have a medium-to-long-term horizon (economic recovery, job creation, digital transformation, remote infrastructure, etc.). IDB Lab has also identified high-potential companies in its portfolio of investee companies, and has launched a region-wide effort to map entrepreneurs offering solutions to COVID-19.<sup>24</sup> We3A will leverage these networks of entrepreneurs to identify and finance innovative WSMEs that have the potential to restructure the future of the economy in the LAC region, making small and medium businesses and the economy more digitally-savvy and, therefore, more resilient in the face of future shocks and downturns.

---

<sup>18</sup> West, C. and Sundaramurthy, G. (2019). Kauffman Fellows. [Startups With At Least 1 Female Founder Hire 2.5x More Women](#)

<sup>19</sup> SME Finance Forum (2017). MSME Finance Gap Report 2017.

<sup>20</sup> World Bank Enterprise Surveys, LAC regional data, filtered by gender of top manager of firms.

<sup>21</sup> IFC (2011). Strengthening Access to Finance for Women.

<sup>22</sup> Venture Capital and the Gender Financing Gap: The Role of Accelerators. IFC, Village Capita, We-Fi. Feb 2020.

<sup>23</sup> Moreover, the current COVID-19 crisis has further exacerbated these challenges. On one end, all SMEs and tech startups globally are expected to suffer heavily throughout the rest of 2020. The pandemic is projected to cause approximately US\$ 2.3 trillion of loss in global real GDP, accompanied by significant damages to the world value chains. This would strike developing economies the hardest, leaving their SMEs defenseless in the face of the resulting financial uncertainty and sharp reduction in consumption. Yet women entrepreneurs face additional challenges on top of this economic burden. School closures and burgeoning infection cases mean greater need for domestic work such as childcare, nursing, and homemaking - tasks that are heavily born by women in developing economies.

<sup>24</sup> See <https://bidlab.org/en/map-LAC-innovators-Covid-19>



## D. Program Description

### i. Key Components

The program will focus on women entrepreneurs throughout the business lifecycle - from early-stage companies to mature SME companies - and from two key business profiles - value chain focused WSMEs and STEM-based startups. Target characteristics of WSMEs for value chain integration will vary depending on the country and strategic value chain identified, however, in each case We3A will focus on assisting women who face multiple inequalities, WSMEs that offer social and environmental productivity services and those who need to become digitally-savvy to adapt to a post-pandemic market. Target STEM-based entrepreneurs will be those that are likely to leverage disruptive technology (e.g. big data, machine learning, artificial intelligence, AR/VR, blockchain, etc.) to innovate and address key challenges in sectors, such as financial services, health, education, agriculture, and others. The program will specifically focus on entrepreneurs who are pursuing both financial and social returns, by developing commercially viable and rapidly scalable models that also generate a positive impact for populations and the environment.

The We3A program will address the financial and non-financial constraints faced by these two profiles of WSMEs through the following three main components:

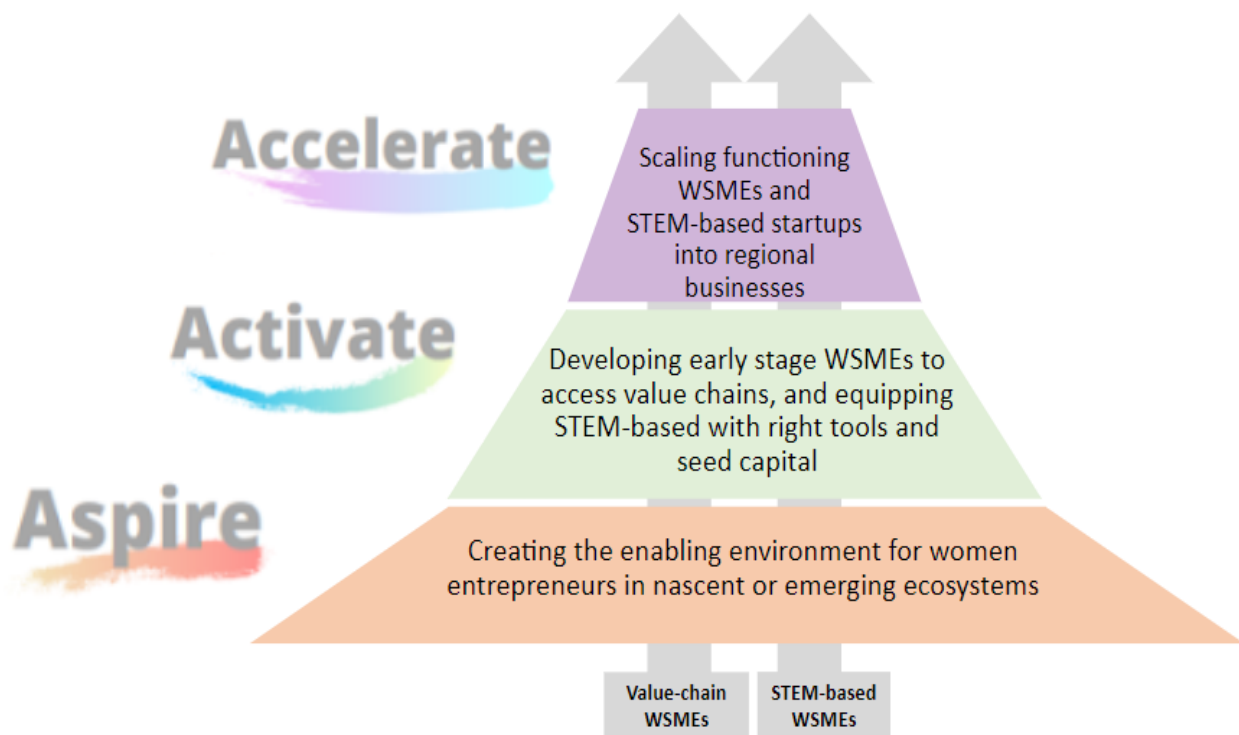
**Component 1: Aspire** – Creating the enabling environment for women entrepreneurs in nascent or emerging ecosystems.

**Component 2: Activate** – Developing early stage WSMEs and helping them access value chains, and equipping STEM-based WSMEs with the right tools and seed capital.

**Component 3: Accelerate** – Financing WSMEs with high-growth potential, and scaling STEM-based WSMEs into regional and international businesses.

The three components will create a funnel effect, as illustrated below:

Figure 1: Program Structure



## Component 1: ASPIRE

### Sub-Component 1.1 Building enabling ecosystems for Value-chain WSMEs

**(We-Fi: US\$1,194,882 IDB Group: US\$5,000,000 Other: US\$0)**

We3A target countries have relatively few women businesses and those that do exist tend to be at the microenterprise level that cannot integrate into sector value chains (especially in the IDA countries). Often business ownership is not seen as appropriate for women and therefore many women and girls may not consider it to be a viable career path. Institutions such as banks, investors, local public entities, and companies may not include a gender lens in their lending and procurement policies, which can lead to furthering inequalities and not adapting services to fit women's specific needs. To help change these perceptions and inherent biases, the project will help to create an environment that enables and encourages female entrepreneurship, assesses private and public market opportunities for WSMEs integration, and looks for private sector partners and financial institutions to provide an ecosystem-approach that extends financial opportunities for WSMEs.

First, We3A will increase the visibility of successful WSMEs by telling their stories in popular culture and entertainment. The program will develop video and audio stories in an entertaining style such as reality TV or podcast *novelas* aimed at incentivizing women entrepreneurship and highlighting women as successful business owners.<sup>25</sup> Care will be taken to include a diversity of stories, including a range of ages, non-traditional sectors for women, indigenous women, and WSMEs who have recovered from COVID-19 related economic hardship. The second **Aspire** activity will be to educate business, local public institutions, and financial leaders about the capabilities of women and the opportunities that come with investing in them. We3A will train partnering business centers to hold workshops for local business and public entities, and industry and financial leaders on the business case for developing gender lens investing or diversity sourcing initiatives. The third **Aspire** activity will be to assess private and public market opportunities for value chain integration to understand market gaps and lay the groundwork to support the WSMEs for value chains under the **Activate** component (Component 2).

**Expected results** for this subcomponent includes reaching over 35,000 women and men entrepreneurs with a "woman in business" short stories devised with the local business centers and vocational education centers to increase positive perceptions towards women in business; specialized training to 150 business, public servants and financial leaders on building the case for diversity sourcing and gender lens investing to incorporate best practices in their businesses or procurement practices, and seven landscape analysis (Ecosystem/Stakeholder Mapping Research and COVID-19 surveying) to understand private and public market opportunities and tailor the **Activate** component.

### STEM-based WSMEs

In the **Aspire** component for STEM-based WSMEs, We3A will not be financing new activities. Rather, it will seek to generate synergies with existing activities from the We-Fi funded WeForLAC program, such as WeXchange Annual Forum 2020<sup>26</sup>, wX Insights 2021. These activities can be leveraged as an important precursor to We3A Activate and Accelerate initiatives which will begin in 2021.

## Component 2: ACTIVATE

### Sub-Component 2.1 Value Chain WSMEs

**(We-Fi: US\$2,678,297 IDB Group: US\$500,000 Other: US\$2,250,000)**

---

<sup>25</sup> To inspire other women and create awareness, We3A will share the stories based on the stories of the women who participate in the second and third components of this program, as well as in the WeXchange chapter competitions. The program will also engage with local high schools and colleges to share the stories in their communications or career centers.

<sup>26</sup> **WeXchange** is the largest regional platform connecting women entrepreneurs in STEM, mentors, investors, and ecosystem players in LAC, with a special focus on catalyzing Central American ecosystems. Originally scheduled to be hosted in Honduras, WeXchange 2020 will now be hosted digitally due to COVID-19 related circumstances, while maintaining special focus on Central American and nascent ecosystems. By doing so, it is expected that WeXchange 2020 will have a wider reach of entrepreneurs in said ecosystem

This component will provide early-stage women businesses with training and other resources that will help them to launch their businesses, keeping in mind market opportunities for strategic value chain integration identified in the **Aspire** component and becoming more digitally-savvy to adapt to a post-pandemic market.

We3A's primary channel for delivering business skills courses to promising new entrepreneurs will be DreamBuilder (an innovative online training program for women entrepreneurs that provides over 25 hours of instruction and be accessed through smartphones and an off-line version for areas that lack internet connection). We3A will partner with local business centers in each country to provide the call for WSMEs subscription to DreamBuilder and manage additional tailored training events and courses, including assistance on becoming digital-savvy and adapt to a post-pandemic market. Due to the COVID-19 crisis, most of the training in the value chain Activate program will be done virtually for the first semester of implementation, or as long as necessary. In Honduras, Nicaragua, El Salvador, Guatemala, Costa Rica, and Ecuador, We3A will partner with the U.S. Department of State's Bureau of Educational and Cultural Affairs' (ECA) Academy for Women Entrepreneurs (AWE) program. In Guyana, the IDB Group will partner with a range of business centers, including the Women's Chamber of Commerce and Industry Guyana (WCCIG).

We3A will leverage DreamBuilder by offering participants two additional advanced on-line courses: "Financing Your Dream," access to capital training courses (already developed), and two new courses on accessing value chains and adapting to a post-pandemic market, which will be developed for this project. After the beneficiaries have completed the DreamBuilder courses, local business centers will also provide local, tailored and value-chain-specific advice around topics, such as (i) accessing strategic value chains, (ii) using digital tools for organizational efficiency, (iii) how to access and pursue capital, and (iv) building resilience in a post-pandemic market. The IDB Lab will subcontract WEConnect International<sup>27</sup> to work with Thunderbird to develop these resources in partnership with local business centers, hold the events/workshops, and build the center's capacity to implement the local training in-person or remotely. WSMEs participating in the **Activate** component of We3A will be encouraged to participate in the WEConnect self-registration process to open them to its global online network and seek to formally register them as WSMEs.<sup>28</sup>

Participants may have the opportunity to access capital through IDB Invest's financial inclusion program. Through the We3A program, IDB Invest can potentially lend US\$5-10 million to local financial institutions that on-lend these resources to expand their support to WSMEs. The IDB Invest financing will be contingent on the financial institutions meeting the IDB Invest terms and conditions for corporate governance, due diligence and other applicable requirements. By supporting We3A, IDB Invest expects to help identify financing opportunities for women SMEs with the potential to export or to position themselves in local and international value chains. For those women who are still in the early stages of entering value chains and may not be ready for loans, the project will set aside some funding for developing a pitch competition at their local business centers to expand their business and financing opportunities.

In all **Activate** component activities, special consideration will be given to recovery and regrowth post-COVID-19. We3A will recruit businesses that were adversely impacted by the pandemic. The training workshops' content will address specific recovery needs and how to recognize and pursue new market opportunities post-pandemic. It will also adapt to remote or in-person advisory meetings as needed.

**Expected results** for this subcomponent include at least 6,400 enrolled in DreamBuilder 25-30 hour online training program with 40% completion rate and a business plan created; these aspiring women entrepreneurs will report at least a 35% increase in sales within 12 months after course completion, 10% will hire new employees, 60% will report confidence increased, 65% will acquire new business skill, and 15% will formally register their business; local training to at least 350 WSMEs on 2-hour strategic value chain integration, post-COVID-19 market opportunities/ and how to become digitally-savvy and build resilience; it will build the capacity of at least 6 local business centers to provide DreamBuilder training, conduct monthly business webinars, and follow-up assistance to WSMEs - this will include train the trainer workshops; co-organize at least 7 pitch competitions at local business centers to match women entrepreneurs with local buyers for WSMEs expansion.

---

<sup>27</sup> [WEConnect International](#) is a global network that connects women-owned businesses to qualified buyers around the world.

<sup>28</sup> This component builds on the partnership established with WEConnect as part of IDB Group's WeForLAC program (funded by We-Fi Round 2) that provided training on how WSMEs could access public and private procurement opportunities.

## Sub-Component 2.2 Activate for STEM-based WSMEs

**(We-Fi: US\$635,000 IDB Group: US\$3,500,000 Other: US\$310,000)**

Nascent ecosystems, such as the economies of Central America and other C&D countries, are witnessing the emergence of a new generation of aspiring STEM-based women entrepreneurs. For these early entrepreneurs to successfully conceptualize and launch scalable businesses, it is critical that they access capacity-building support and hands-on involvement, often provided by startup incubators, company builders and accelerators with proven operational track records.

Thus, this component will focus on aspiring women entrepreneurs in STEM (individuals or teams that come from STEM or business tracks in universities, coding bootcamps, other startups, SMEs, etc.) with the desire to create a scalable technology or tech-enabled company to address key challenges in high-impact sectors such as healthtech, fintech, edtech, mobility/transportation/logistics, SaaS for SMEs, agtech, cleantech, among others. These aspiring entrepreneurs, selected via open application processes held by partner executing agencies, will participate in incubation programs which will offer intensive training, mentoring, exposure to role models, as well as access to local/regional/international networks of tech talent, entrepreneurs, experts, and investors. During the program, women entrepreneurs will define a clear business vision, create an initial team, and develop and validate a business prototype that will prepare them for business launch and acceptance into a seed accelerator.

The incubation program will be executed by local and/or regional tech-focused pre-seed company builders, incubators or accelerators to be selected by IDB Lab through a targeted request for proposals process. To qualify, candidate organizations will need to demonstrate: (i) a relevant operational track record with early-stage startups, (ii) a solid, multidisciplinary and gender diverse team in place, (iii) presence in Latin America and the Caribbean, preferably in at least one of We3A's target countries, (iv) strategic partners in We3A's target countries -especially in IDA countries-, who are capable of executing program activities locally, (v) strong commitment to incorporate a gender lens into the program's selection and monitoring process, and, (vi) ability to incorporate innovative solutions and technologies for effective delivery of the program both in-situ and remotely.

In response to COVID-19, two measures will be taken. First, digital tools and events will be actively utilized for the incubation process. Secondly, this component will identify and develop innovative early solutions to post-COVID-19 problems. As traditional industries stumble amidst the COVID-19 crisis, it is expected that demand for tech-based innovations may increase, as more entrepreneurs yearn to either "go digital" with their businesses or create tech-based solutions to their community's problems. Hence, We3A's STEM **Activate** component will focus on identifying, training, and strengthening those new waves of women entrepreneurs who seek to rebuild the economy through innovative business ideas.

**Expected results.** It is expected that at least 272 potential women entrepreneurs from We3A target countries will graduate from the incubation programs and create 145 STEM-focused WSMEs over the course of the three-year program.

## Component 3: ACCELERATE

### Sub-Component 3.1 Accelerating Value chain WSMEs

**(We-Fi: US\$2,898,645 IDB Group: US\$5,000,000 Other: US\$0)**

For value chain WSMEs, this component will provide a six-month blended - in-person and virtual - cohort-based accelerator experience. 50% of the total accelerator spots will be given to women from Honduras, Nicaragua, and Guyana (IDA countries). By leveraging the "WeAmericas Accelerator,"<sup>29</sup> We3A will bring together cohorts of 24 women across the target countries. Training will focus on gaining access to corporate value chains, leveraging capital to grow, developing digital competency, learning to be resilient, rebuilding post-COVID-19, and identifying new

---

<sup>29</sup> "We Americas Accelerator" is funded by the U.S. Department of State and currently operated in Central America by program partner Thunderbird. The We Americas program will conclude its four-year run in September 2020 but will leave behind the curriculum, design, network of investors and experts, and alumni that We3A can leverage.

business opportunities. During the six-month program, the women will be preparing for a final two-day to pitch their businesses in front of a panel of financial institutions, investors, and purchasing agents. At the close of the final cohort pitch session, all past accelerator participants will be invited to attend a final close-out conference that will provide networking opportunities to the entire accelerator community. In the case of Guyana, We3A will establish two separate, smaller cohorts of 20 participants each that will follow the same program but in English, it will also advise on international standards certification for those WSMEs with the potential to serve strategic value chains.

Due to the COVID-19 crisis most of the training in the value chain accelerator program will be done virtually for the first semester of implementation, or as long as necessary. Special consideration will be given during the recruitment and selection process to identify women who have been adversely impacted by COVID-19 for inclusion in the accelerators. Curriculum will be developed that focuses on the specific skills women will need to enter or re-enter value chains in a post-COVID-19 world. This will include rebuilding previous customer relationships, re-establishing trust, new human resources strategies, identifying new business opportunities, developing contingency plans for future major disruptions, developing digital competencies, and building resiliency.

**Expected results** include at least 120 women enrolled for the 6-month accelerator program that includes 96 hours of training, - of these enrolled, 80% will graduate from the program; of those graduated, 40% will report increase in revenue, 10% increase in employee hires; 25% access to new capital, and 50% report increase in value chain contracts within the 6-month period after graduating. Additionally, the program aims to register all graduates to the WEConnect International platform and 18% will be certified as WSMEs. This component will also a 6-hour training on building resilience and new market opportunities post-COVID-19.

### **Sub-Component 3.2 Accelerate STEM-based WSMEs**

The **Accelerate** component for STEM-based WSMEs will focus on STEM-based WSMEs that are more established than those participating in the **Activate** component: they will have a proven business model that uses disruptive technology and want to grow their businesses fast, raise capital and scale throughout the region. To support these needs, this sub-component will consist of two parts: (i) seed capital and acceleration and (ii) access to venture capital. Across both sub-components, a **minimum of 87 WSMEs** are estimated to receive investment funding (80 WSMEs for seed capital and 7 WSMEs for venture capital).

### **Seed capital and acceleration for STEM-based WSMEs**

**(We-Fi: US\$2,740,000 IDB Group: US\$3,500,000 Other: US\$3,200,000)**

This activity will focus on STEM-based WSMEs that are formally incorporated, have operations in at least one We3A target country, use technology at the core of their business model, and are innovating with products and services that address key challenges across sectors. STEM-based WSMEs selected via an open application process by partner accelerators will receive a **seed investment (up to US\$30,000)** which will be equity-free (typically matching an accelerator's equity funding), and necessary to accelerate the growth of their business in early stages. Seed financing will be accompanied by a **3 to 6-month acceleration program** geared towards regionalization and venture-backed growth. During this program, entrepreneurs will have direct access to knowledge, resources and strategic guidance in areas such as product development; finance and fundraising; hiring and culture building; remote team building and management; growth and impact metrics; unit economics and revenue models; go-to-market strategy; customer acquisition; business development; exit strategy and execution; among others. During the process, entrepreneurs will also access mentors from different backgrounds in the region and abroad, who will add value by providing operational knowledge, domain expertise, the advice in key decisions, and connections with relevant contacts within the mentors' networks. Upon completion of the acceleration program, WSMEs will have achieved the following milestones: market-validated Minimum Viable Product (MVP), first sales, solid growth strategy, and investor-readiness for the next round of financing.

This activity will be executed by up to **three tech-focused accelerators** that will be selected by IDB Lab through a targeted request for proposals process. To qualify, accelerators will need to demonstrate: (i) a relevant operational and investment track record in early-stage startups, (ii) a solid, multidisciplinary and diverse team in place, (iii)

presence in Latin America, preferably in at least two of We3A's target countries, with the capacity to source female entrepreneurial talent at the regional level, (iv) strategic partners in Project's target countries, especially in IDA countries, capable of sourcing talent and executing program activities locally, (v) strong commitment to incorporate a gender lens into the program's selection and monitoring process, and (vi) ability to incorporate innovative solutions/technologies for effectively delivering the acceleration program both in-situ and remotely.

**Expected results.** It is expected that at least **80 STEM-based WSMEs** from We3A target countries will have graduated from the acceleration programs and receive seed funding over the course of three years. Additionally, it is also expected that at least **35,150 women** will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based WSMEs.

### **Access to Venture Capital for STEM-based WSMEs**

**(We-Fi: US\$3,106,232 IDB Group: US\$5,000,000 Other: US\$18,900,000)**

Through this activity, selected direct investments (from late seed up to Series B) will be made in the most promising companies that participated in We-Fi supported incubation or acceleration programs described in the previous components, or that have been externally sourced via partners from We3A's target countries. Investable companies will be those that have disruptive technology at their core, improve women's lives (especially from low-income segments) directly or indirectly (through services/products or management practices), have strong business traction, and are ready to scale their business and impact to the regional level. Additionally, the following criteria must be met : (i) at least one woman co-founder and/or at least one woman in a C-suite role (i.e. CEO, CFO, COO, CTO, CMO, etc.), (ii) at least one of the company's core products or services is targeted to women, (iii) at least one woman in the company's board of directors (if there is a board), and (iv) a solid gender equality policy in place. Investment ticket sizes per company will range between US\$300,000 and US\$1 million, and IDB Lab will co-invest with trusted partners that lead the financing rounds. IDB Lab will source its investment opportunities through We-Fi incubation and acceleration activities, its portfolio of 50+ VC funds in the region, and organic deal flow received through WeXchange forums and other partners, including 40+ angel investor networks, universities with entrepreneurship tracks, entrepreneurs' associations, among others.

**Expected results.** Investments will be made in at least **7 STEM-based WSMEs** operating in at least two We3A target countries over the course of three years. Additionally, it is also expected that at least **189,750 women** will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based WSMEs.

**COVID-19.** In selecting participants for both of the activities above, priority will be given to WSMEs that provide innovative solutions to the medium and long-term COVID-19 generated challenges across all sectors, especially those solutions that benefit vulnerable populations, women, and other WSMEs.

## **ii. Strategic Partnerships**

To enhance the potential of this effort and amplify its overall impact, a robust coalition of strategic partners has been assembled for the implementation of We3A. These actors, most of which are in the private sector, bring to the table strong subject matter expertise, as well as proven results in supporting women entrepreneurs in the local/regional contexts of target countries. Given the IDB Group's experience working with more than 500 partners in the last twelve years, through which it has mobilized more than US\$36 billion in financing and in-kind contributions, many of these actors have been sourced from existing or past IDB Group projects, based on their track records. As implementation starts, other relevant partners will be identified through the Office of Outreach and Partnerships.

Mobilized partners are categorized per segment of WSMEs as following:

Table 4: List of Partners

PARTNERS THAT WILL RECEIVE WE-FI FUNDS	
Value Chain Partners	STEM-based Partners
Thunderbird School of Global Management <sup>30</sup> :	Tech-focused company builders and incubators selected through a targeted request for proposals <sup>31</sup>
WEConnect International <sup>32</sup>	Tech-focused accelerators and seed funds selected through a targeted request for proposals <sup>33</sup>
Local Business Centers to Build Training Capacity - as needed - such as the Women’s Chamber of Commerce and Industry Guyana (WCCIG)	
KEY PARTNERS IN EXECUTION (BUT THAT WILL NOT RECEIVE WE-FI FUNDS UNDER THE We3A PROGRAM)	
Value Chain Partners	STEM-based Partners
Chambers of Commerce	Aspen Network of Development Entrepreneurs (ANDE)
Financial Institutions <sup>34</sup>	Seed/VC funds with interest in co-investing in WSMes <sup>35</sup>
IDB Lab projects in execution in El Salvador and Guatemala <sup>36</sup>	IDB Lab projects in execution in Central America and Ecuador, <sup>37</sup>

In the case of Guyana, there’s a possibility that We3A builds on economic diversification efforts around a Loan designed to build the capacity of the natural resource sector and rural electrification. In this specific case, We3A could complement and add to the expected programming by specifically benefiting women business. This will, of course, be discussed with the Government and the IDB’s country office for its approval following IDB’s guidelines.

### iii. Results Based Mechanisms

Based on IDB Group experience in implementing Results Based Mechanisms (RMB), it is proposed the use of the following types of RBM for Component 2 and 3 under We3A:

<sup>30</sup> Thunderbird is part of Arizona State University. Its “Thunderbird for Good” initiative has assisted more than 160,000 women entrepreneurs from 94 countries in the last 15 years.

<sup>31</sup> Potential candidates include: Founders Institute (Honduras), Central American Technological University UNITEC (Honduras), La Fabrica Cowork (Nicaragua), Impact Hub (Honduras, Nicaragua, El Salvador, Costa Rica, Guatemala), KrugerLabs (Ecuador), Impaqto (Ecuador), Mujeres Innovadoras (Ecuador), Women4Businnes (El Salvador), MET Community (Regional).

<sup>32</sup> The WEConnect global network connects women-owned businesses to qualified buyers around the world. They identify, educate, register, and certify women’s business enterprises based outside of the U.S. that are at least 51% owned, as well as managed and controlled by one or more women, and then connect them with multinational corporate buyers.

<sup>33</sup> Potential candidates include: Alterna (Guatemala/Regional), Pomona Impact (Guatemala/Regional), Carao Ventures (Costa Rica/Regional), Village Capital (Regional), Agora Partnerships (Nicaragua/Regional), Buentrip (Ecuador), MassChallenge (Regional), among others.

<sup>34</sup> These organizations and potential banking partners include: Nicaragua – FAMA, FDL; Honduras – Banco Popular; El Salvador – Fedecredito (Coop Federaton), Apoyo Integral (MFI); Guatemala – Fundacion Genesis (MFI), Compartamos (MFI), MICooper (Coop Federation); Costa Rica – Coopenae, Coopiservidores – Both are coops; Ecuador – Banco Guayaqui, Jardin Azuayo (coop), Banco Solidario.

<sup>35</sup> Those with interest to participate in mentoring and co-investing in WSMes include: Carao Ventures, 500 Startups LATAM and Magma Partners. These funds invest in early stage startups operating in We3A Program countries. IDB Lab currently participates as Limited Partner in these funds.

<sup>36</sup> Inclusive Innovation, Civic Participation, and Youth Social Entrepreneurship in El Salvador, Asociación Nacional del Cafe Competitiveness project in Guatemala and Mancomunicad Copanch’orti in Guatemala. PROCOMER. Innovation for internationalization in Costa Rica.

<sup>37</sup> At the country level, We3A will articulate with the following existing projects: i) Kod1ng for a Better Life (pending approval); ii) Digital Ecosystem 503 (ES-T1328), iii) Digital transformation and new financial products for Salvadoran SMEs (ES-T1309); iv) TECH4DEV: Strengthening the Entrepreneurial Ecosystem to Improve Technology Solutions in the Health, Education, and Security Sectors (HO-T1352), v) Bootcamp Challenge: education innovation for development of digital talent (RG-T3590); vi) Impact Hub: Promotion of Resilient entrepreneurs in El Salvador, Honduras and Nicaragua (RG-T2903), vii) Unlocking the Potential of Latin America: Women STEMpreneurs (RG-T3019), viii) Startup Ignition Bootcamp (pending approval), ix) Acceleration of Disruptive Ventures with Seed Capital in Guatemala (GU-T1273); x) ) Génesis Empresarial: Digital Technologies to Accelerate Rural Financial Inclusion in Guatemala(GU-T1302 and GU-L1173).

- **Outcome-based seed capital for STEM-based WSMEs.** Seed capital provided to WSMEs through partner accelerators will be reimbursable under the following conditions: (i) if the STEM-based WSME reaches an annual sales level of between US\$300,000- US\$499,000 in the fifth year of the initial investment, it will return 1x the amount originally received, (ii) if the STEM-based WSME reaches an annual sales level of between US\$500,000 - US\$999,000 in the fifth year of the initial investment, will return 1.5X the amount originally received, and (iii) if the STEM-based WSME reaches an annual turnover level of US\$1 million or more in the fifth year of the initial investment, it will return 2X the amount originally received. Partner accelerators will be responsible for managing disbursements, monitoring and recovery of investment proceeds. As an incentive mechanism for partner accelerators, they will be able to retain 20% of recovered investment proceeds, which could be used for various purposes such as organizational strengthening, reinvestment in other WSMEs, etc. IDB Lab will return the recovered amount to We-Fi in proportion to its pro-rata contribution.
- **Outcome-based venture capital funding/disbursements for STEM-based WSMEs.** IDB Lab will make direct investments in WSMEs (equity, SAFE-Simple Agreement for Future Equity-, or convertible notes), usually co-investing with trusted partners that lead the financing rounds. Typically, funding disbursements will be made in two tranches, where the second disbursement will be contingent to the achievement of pre-agreed performance indicators, including both financial (e.g. sales) and impact (e.g. jobs created, low-income women customers reached) related milestones. Upon realization of investment exits (expected to be achieved by global or regional Mergers and Acquisitions (M&A) by sectoral players, suppliers or clients), IDB Lab will return the recovered amount to We-Fi in proportion to its pro-rata contribution.<sup>38</sup>

## E. Program/Project Beneficiaries

Women entrepreneurs across the business lifecycle - from early-stage companies to mature companies - and from a variety of types of businesses (value chain focused WSMEs and STEM-based startups) will be the primary beneficiaries of this program.

### Value Chain WSMEs

For value chain-focused WSMEs, We-Fi's standard definitions for SMEs and WSMEs will be used:

---

<sup>38</sup> Some flexibility may be considered on a case-by-case basis due to COVID-19. If the executing team of We3A deems that the growth of the participating companies have been halted due to macroeconomic issues, we will consider extending the duration of the funding. The suitability of such flexibility will be determined in consultation of IDB specialists in each target country, as well as trained IDB Lab's trained investment officers with experience of implementing and evaluating similar exercises, such as IDB Lab's emergency financing facility to portfolio companies (LIFESS).



Box 1. Standard WSME Definitions:

Definition of Women-Owned/Women-Led Firm

- ≥ 51% owned by a woman/women; or
- ≥ 20% owned by a woman/women; and have ≥ 1 woman as CEO/COO (President/Vice-President); and have ≥ 30% of the board of directors comprised of women, where a board exists;

Definition of Small and Medium Enterprise

**For finance projects:** the IFC definition will be used, including the loan (financing) proxy<sup>39</sup>

**For non-finance projects:** the IPs may choose a proxy indicator from the following:

- **Financing:** Financing between US\$5,000 and US\$1million (US\$2 million in selected large economies)
- **Employees:** Between 5 and 300 employees
- **Sales:** Sales between US\$50,000 and US\$15million
- **Assets:** Assets between US\$50,0001 and US\$15 million

For the **Aspire** component, We3A will target an audience of mainly women who do not have a business but may be encouraged to start one or study entrepreneurship after seeing examples of women who are successful entrepreneurs. A secondary target audience will be other stakeholders in the ecosystem such as family members, friends, male influencers and business-owners.

Beneficiaries of the **Activate** component will be women who are still early in their entrepreneurship journey and face multiple inequalities. They will have likely been in business only a few years and will still be establishing the structure and processes of their businesses. They likely have around ten or fewer employees. At the beginning of the program they will likely not yet be ready to enter a value chain but will be ready to start laying the foundation for preparing for these contracts in the future.

Beneficiaries of the **Accelerate** component will be WSMEs that are established businesses. They have been in operation for at least 5 years and likely have more than ten employees. They will have strong systems of operation in place, though they may not have developed strong personal networks. The businesses are generally producing a product or service of some kind that could supply or serve a bigger company. This could include a raw material or packaging that would be directly used in the supply chain of a company, or an ancillary service such as catering, janitorial services, security, IT support, interior design, or producing corporate gift items. WSMEs participating in the **Accelerate** component may or may not be in investable industries.

We3A will partner with prior, current or vetted business center partners that have the potential to sustain assistance to We3A beneficiaries after the program ends, have a mandate to serve vulnerable populations, and be in a community where value chain integration programming can take place. If eligible business centers meet the

<sup>39</sup>Definition of SME / VSE: The IFC SME and VSE definitions are as follows:

**For SMEs:** two of the following three for shall apply:

- Employees: SME Between 10 and 300 employees
- Sales: Sales between \$100,000 and \$15 million
- Assets: Assets between \$100,000 and \$15 million

or

• Loan size Proxy: In lieu of the above, a loan size proxy definition can also be used, when loans of between \$10,000 and \$1 million are provided (\$2 million in the case of selected large economies)

**For Very Small Enterprises (VSEs):** firms with 5-10 employees or firms receiving loans between \$5,000 and \$10,000.

required conditions and other criteria, these partners could receive loans for lines of credit to WSMEs from local financial institutions receiving loans from IDB Invest. These centers can be direct beneficiaries if technical capacity assistance is needed in order to provide We3A programming.

**Indirect beneficiaries** will include the employees benefiting from the growth of the program’s targeted WSMEs. For the value chain integration assessments, direct beneficiaries will be private businesses or public entities that benefit from a diversity sourcing strategy and could benefit from increased competitiveness amongst providers following We3A training.

For **STEM-focused WSMEs**, a slightly more flexible definition of WSME will be used given their particular business characteristics and places in the business lifecycle. Examples of such STEM-based WSMEs include:

- **Aspiring STEM-focused women entrepreneurs:** These are aspiring women entrepreneurs that typically are graduates or students of STEM or business careers, coding bootcamps, employees of other startups or SME, etc., with clear business ideas, seeking to create highly scalable technology or tech-enabled companies to address key challenges in their communities. They will participate in business incubation programs through the **Activate** Component (Component 2).
- **Seed-stage STEM-focused women entrepreneurs:** These are founders or co-founders of early-stage STEM-based WSMEs that are formally incorporated and have operations in at least one Project’s target country. Some of them have raised initial capital from friends & family to launch the business and are focused on validating their Minimum Viable Product (MVP), hiring their first employees, acquiring their first customers and working for the next round of financing. These women would normally fall into the IDB Group’s “microenterprise” definition but because they have a high potential for rapid growth, they have unique needs beyond what typical microenterprise clients would need. They will participate in acceleration programs and receive seed funding through the **Accelerate** Component (Component 3).
- **Growth-stage STEM-focused women entrepreneurs:** These are founders, co-founders, or C-level managers of early-growth stage STEM-based WSMEs with strong business traction and are ready to take their business to scale and their impact to the next level. IDB Lab will provide direct investments in these companies, raising late-seed to Series B rounds of financing. Women entrepreneurs leading these types of companies can generate significant demonstration effects in society, in addition to being role models and mentors for aspiring women entrepreneurs. They can even become angel investors to women entrepreneurs raising their first capital. These women in leadership might not fit the percentage ownership thresholds detailed in the definitions.

**Indirect beneficiaries:** Low-income women and/or small firms that will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based WSMEs. Women employees in value-added job posts, such as program developers, etc. as well as other jobs created by STEM-based WSMEs will also be indirect beneficiaries of this program, which will be particularly important amidst economic recovery post-COVID-19. At least 236,166 women and WSMEs are expected to indirectly benefit from this program as better informed entrepreneurs, consumers or employees of We3A supported WSMEs.

- **Consumers:** At least 224,900 women and/or WSMEs will benefit as direct consumers.  
Innovative solutions often bring greater access to more economical services and products to vulnerable populations (many of whom are women) who had previously been excluded in the market.  
*Example:* Aflore (led by Ana Barrera) Aflore brings financial products to the home of the underbanked in Latin America, a market of nearly 78 million people. Aflore distributes loans and insurance products for the underbanked.
- **Job Creation:** WSMEs funded by We3A could create at least 1,266 jobs, and over 10,000 STEM-related full time and contract jobs through the business endeavors of the beneficiary WSMEs.

*Example 1:* Zolvers (led by Cecilia Retegui) offers jobs, insurance, and small size loans and financial services to domestic workers, most of whom are women from vulnerable backgrounds who hadn't access to formal financial markets.

*Example 2:* Laboratoria (led by Mariana Costa): offers value-added job training to women from vulnerable socio economic backgrounds to become computer programmers.

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

### An Innovative Way to Impact Women Entrepreneurs

This program will complement the efforts of WeForLAC Program in LAC to promote WSMEs in incipient entrepreneurial ecosystems by deploying innovative instruments of financing and support. For example, We3A will deploy seed capital and direct equity financing for STEM-based WSMEs, an instrument that incentivizes innovation not often found in target countries. We3A will also incorporate online training, digital transformation training, and innovative digital tools in applicable program activities. By doing so, We3A aims to provide a holistic approach that supports WSMEs across all stages of development via access to training, high-value markets, networks, and financing necessary to start and grow their businesses.

### Strategic Focus on High-Impact STEM-based WSMEs

We3A will add an additional layer of innovation by strategically focusing on High-Impact STEM-based businesses, a program element not often seen in less developed ecosystems. We3A will encourage the creation and regionalization of WSMEs that use disruptive technology to solve LAC's most pressing issues, thus promoting the participation of women in high value-added sectors. To do so, We3A will work with partner incubators (who will unlock the potential of early-stage STEM WSMEs), regional accelerators (who will train scaling WSMEs), as well as a network of VC funds (who will co-invest in regionalizing WSMEs) in the region. Through this, We3A aims to identify the most promising women-led companies while democratizing access to finance designed to promote innovation. For more details, see Program Sub-Component 3.2.

### Additionality and Leveraging of Additional Resources

We3A builds upon an extensive network of programs and partners that the IDB Group has constructed in the region over the past decade, so as to maximize the effect of new We-Fi resources. IDB Group has already committed US\$33.1 million in ongoing gender and ecosystem building projects in target countries, which will be utilized in collaboration with the new We-Fi funding.

While the IDB Group has mapped out sources of potential and confirmed direct and in-kind resource mobilization from third-party partners (See Program Budget), We-Fi funding will be key to mobilize and confirm additional resources from new and existing partners and to effectively channel them to the empowerment of WSMEs in target countries. For the **Activate and Accelerate** component, We3A will leverage the US\$2.3 million WE Americas Accelerator program. It will also build on the existing economic diversification components of public sector loans for Ecuador and Guyana by leveraging US\$5.2 million of the US\$78.4 million loan to the Government of Ecuador for its Natural Resource Ministry and Non-renewable resources (EC-L1257), and US\$8.6 million of the US\$25 million loan to the Government of Guyana (GY-L1066). Specifically, for these two countries, We3A Program will coordinate with its public sector counterparts to best complement existing loan activities with We3A objectives. This program component will also leverage the co-financing of acceleration seed capital by US\$3.5 million, as well as co-investment of up to US\$18.9 million from various investors for the direct equity investment led by the IDB Lab.

### Building on Lessons Learned

The IDB Group is the leading source of development finance for LAC and is strongly committed to promoting gender equality and women's economic empowerment. The IDB Group has hence developed a wide range of innovative and complementary approaches, ranging from policy interventions to direct investments in women-led companies. Specifically, IDB Lab has built a strong reputation as a champion of women's economic empowerment and entrepreneurship in LAC. Over the past 7 years of leading WeXchange, IDB Lab has learned that aspiring women and

building enabling networks across the region is crucial for women entrepreneurs, especially in nascent ecosystems. Furthermore, IDB Lab’s regional surveys, “WeGrow 2014” and “wX Insights 2020” revealed that access to capital and lack of targeted business training were key challenges for LAC WSMEs.<sup>40</sup> Finally, as an investor in 90+ seed and VC funds in LAC, IDB Lab has learned that the gender finance gap is systemic and will require concerted effort to be resolved. For example, more women need to participate in VC funds’ investment committees and accelerators’ selection committees; VC funds and accelerators should not only help women founders, but also invest in companies with better work/life balance policies; ecosystem actors should recognize and celebrate not only the stories of women entrepreneurs, but also of their mentors and sponsors; among others. On the public sector side, IDB has decades of value chain, competitiveness and economic diversification experience in all of its member countries. Most recently, it has developed a guideline on gender lens public sector procurement and has advised governments on its integration.<sup>41</sup> We3A will build on these lessons learned to adopt a holistic approach in supporting WSMEs in all development stages by providing the necessary network, public and private sector reach, mentorship and business training, as well as targeted financing. We3A will also leverage the unique network of investors and accelerators with interest in co-investing in WSMEs to promote the mainstreaming of a gender-lens approach.

## IV. IMPLEMENTATION ARRANGEMENTS

### A. Institutional and Implementation Arrangements

We-Fi resources will be under the administration of the IDB’s Grants and Co-financing Management Unit of the Office of Outreach and Partnerships, which will assign those resources by country to operations that are implemented by corresponding IDB Group Departments: IDB Lab will lead the implementation of We3A in all countries, and the Infrastructure[1] and Energy Sector’s Mining, Geothermal Energy and Hydrocarbons Cluster (INE/MGH) will lead the implementation in Guyana – both teams will coordinate programming to capitalize lessons learned and component commonalities. The IDB Group will have a fiduciary duty to ensure that We-Fi resources are used for the purposes described in this proposal. The IDB Group will hire a full-time, dedicated We3A consultant to oversee the implementation of the three program components. The consultant will ensure effective and efficient coordination and implementation of the various components and executing agencies in each of the target countries, while under the leadership of IDB staff from IDB Lab and INE/MGH, and in coordination with the IDB country representatives, in each of the target countries, and with the IDB Resource Mobilization Division, also from the Office of Outreach and Partnerships.

Table 5: Implementation Arrangements

Sub-components	Implementation arrangements
1.1 Aspire for value chain WSMEs	This component will mainly be executed by WEConnect in coordination and oversight by IDB Group.
2.1 Activate for value chain WSMEs	IDB Group will contract Thunderbird to implement this component. A program manager at Thunderbird School of Management will oversee development of material, WEConnect work, and the management of the training coordinators on the ground in coordination and oversight by IDB Group. Thunderbird will train the business centers and collect data on the results.
2.2 Activate for STEM-based WSMEs	The incubation program will be executed by tech-focused incubators, company builders and accelerators that will be selected by IDB Group through a targeted request for proposals process.*

<sup>40</sup> WEGrow: Liberando el potencial de crecimiento de las emprendedoras en Latinoamérica y el Caribe, MIF and EY (2014).

<sup>41</sup> Harper, Leslie. [Toolkit: Gender-sensitive Public Procurement](#). IDB, August 2018.

3.1 Accelerate for value chain WSMEs	The program will be implemented by Thunderbird School of Management who will execute and organize the accelerator programs; this programming will partner with local business centers in coordination and oversight by IDB Group.
3.2.1 Seed capital and acceleration for STEM-based WSMEs	The acceleration and seed capital program will be executed by tech-focused accelerators that will be selected by IDB Lab through a targeted request for proposals process. Partner accelerators will be responsible for managing disbursements, and for monitoring and recovery of investment proceeds. IDB Group will return the recovered amount to We-Fi.*
3.2.2 Venture capital for STEM-based WSMEs	IDB Group will execute this subcomponent, providing direct financing to STEM-based WSMEs raising late-seed to Series B funding, including bridge rounds. Upon realization of investment exits, IDB Lab will return the recovered amount to We-Fi.*

\*Sub-components relating to STEM-based WSMEs will be executed by the IDB Lab (2.2., 3.2.1., 3.2.2.)

## B. Track Record of the IP and Other Executing Agencies

### Past Experience of the Main Implementing Partners IDB Group and IDB Lab:

The IDB Group has extensive private and public sector experience in promoting WSME access to: (i) Skills and Networks, (ii) Value Chains, and (iii) Finance.

- **Access to Skills and Networks:** IDB Lab has hosted 7 annual editions of WeXchange, the largest platform in LAC, connecting 600+ women STEM entrepreneurs with 2,000+ mentors, investors, and ecosystem players from the region. As a result, IDB Lab has a unique reservoir of contacts and knowledge regarding STEM-based WSMEs, also having produced two in-depth knowledge products (WeGrow 2013, and wX Insights 2020).<sup>42,43</sup> Additionally, IDB Lab’s active portfolio of 50+ Seed and VC funds provides a unique network that can be leveraged for the We3A program.
- **Access to Value Chains:** The IDB Group has supported WSME access to markets and value chains by: partnering with companies to open up their value chain to WSMEs, opening opportunities in public procurement (i.e. supporting new WSME public procurement programs in Chile and the Dominican Republic), [and ConnectAmericas for Women](#).<sup>44</sup> In addition, the IDB Group has been leading international efforts to promote the participation of women in public procurement. This includes the creation in 2015 of a working group to promote women in public procurement, under the umbrella of the Inter-American Network on Government Procurement (INGP). Successful partnerships include partnering with the mining company, AngloAmerican, to create a 3-year, US\$5.5 million value chain and economic diversification programming in Peru, Chile and Brazil with the oversight of IDB Lab and IDB Infrastructure and Energy’s Mining, Geothermal Energy and Hydrocarbons Cluster.
- **Access to Finance:** The IDB Group brings 30 years of supporting WSMEs, and it is committed to expand its reach and to fostering a strong WSME sector throughout LAC. The IDB Lab, the executing agency for the direct equity investment activity, has extensive experience in making high-impact, high-growth early-stage

<sup>42</sup> IDB Lab (2014). WeGrow: Unlocking the Growth Potential of Women Entrepreneurs in LAC. <https://publications.iadb.org/en/wegrow-2014-unlocking-growth-potential-women-entrepreneurs-latin-america-and-caribbean>

<sup>43</sup> IDB Lab (2020). wX Insights.

<sup>44</sup> The results so far include: 485,000 women entrepreneurs used the platform since its launch; over 15,000 women have been trained through the ConnectAmericas Academy which offers free online courses and webinars on internationalization and strategic planning.

direct equity investments in the region, with active investment experience in companies across many sectors (Fintech, Healthtech, Edtech, marketplaces, and others).<sup>45 46 47</sup>

### **Roles and Track Record of Executing Agencies:**

**WEConnect** was selected for this project due to their widely recognized expertise in helping women SMEs enter value chains globally. They work with over 100 large global buyers that represent over US\$1 trillion annual purchasing power. WE Connect supports women business owners in over 120 countries and provides local training and certification in 46 countries. WEConnect has participated with the IDB Group on the previous We-fi proposal and is also a current partner of Thunderbird on the WE Americas Accelerator program.

**Thunderbird** was selected due to its extensive experience with entrepreneurship education to over 160,000 women entrepreneurs over 94 countries. Over 65,000 women have enrolled in their DreamBuilder online training program, which was selected by the U.S. Department of State (ECA) as the curriculum for the Academy of Women Entrepreneurs and will be used in the **Activate** component. Thunderbird has also designed and operated the U.S. Department of State WE Americas Accelerator in Central America for the last 4 years, which is the basis of the **Accelerate** component of We3A. The IDB Group has worked previously with Thunderbird on the large scale “Strengthening Women Entrepreneurs in Peru” initiative as well as other engagements. Through their previous programs and partnerships, Thunderbird has built extensive relationships with local organizations in Latin America and the Caribbean building the capacity of organizations such as the business centers and other local service providers.

For the **Activate** and **Accelerate** components for STEM-based WSMEs, IDB Lab will hold an open RFP for interested incubators, accelerators, company builders, universities and other organizations with similar capacity, who will implement incubation, acceleration, and seed capital investment to select WSMEs. As mentioned in the Program Description, IDB Lab will consider specific and objective criteria, including a proven track record in STEM-based entrepreneurship in We3A target countries as a prerequisite.

---

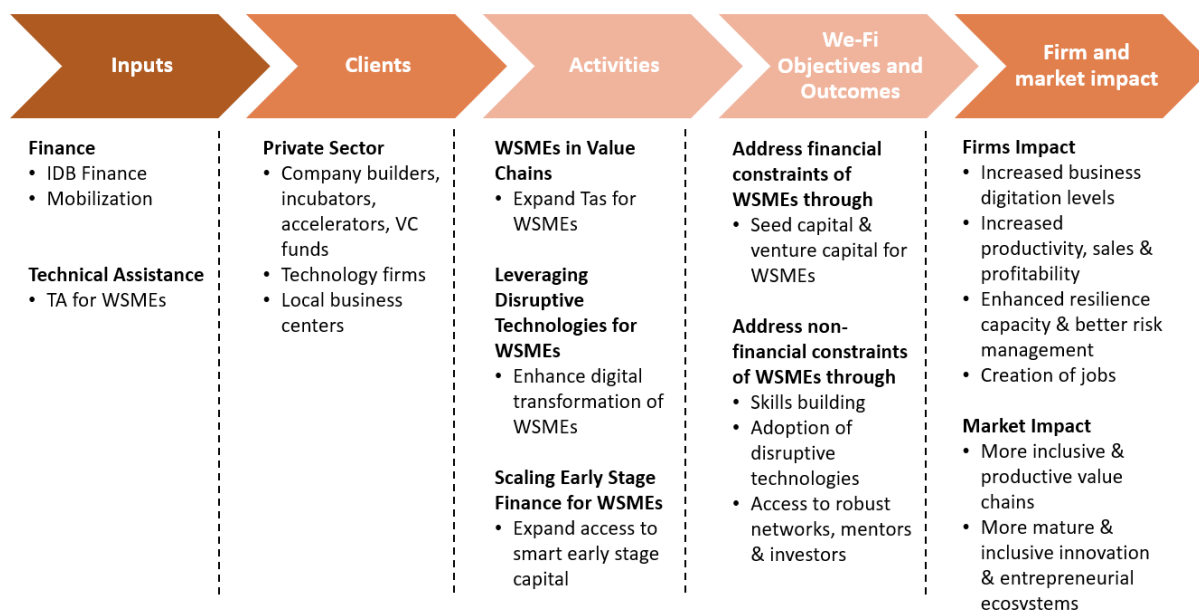
<sup>45</sup> Some of IDB Lab's Portfolio companies include Clinicas de Azucar, Satellogic, Zolvers, Sempli, S4, VU Security, Finconecta, Kuepa, Wayniloans, Shellcatch, Seguros 123, Moviired, among others.

<sup>46</sup> Since 1996 the IDB Lab has invested over US\$300 million in 80+ VC & seed funds that are active in more than 20 countries in the region, leveraging more than US\$1.1 billion in co-investment by other parties

<sup>47</sup> In 2018 the IDB published the *Fintech in Latin America 2018: Growth and Consolidation* report with specific data on the presence of women entrepreneurs in the space and sex-disaggregated data on access

## C. Theory of Change and Results Chain

Table 6: Theory of Change



## D. Monitoring and Evaluation Plan and Timeline

Table 7: Expected Dates and Key Milestones

Milestones	Expected Dates
Start of implementation	January 1, 2021
Mid-term review	June 30, 2022
Program/project closing (Technical Assistance)	December 31, 2023
Program/project closing (Investments)	December 31, 2030
End/completion evaluation (Technical Assistance)	March 31, 2024
End/completion evaluation (Investments)	March 31, 2031

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

Robust monitoring and accountability mechanisms will be set up to ensure the success of We3A. The We3A coordinator and IDB Group We-Fi advisory group, led by the Office of Outreach and Partnerships, will be responsible for all Monitoring and Evaluation (M&E) and for reporting to the We-Fi Governing Committee. The IDB Group We3A advisory group (members listed in sub-section IV. A above), will oversee the overall annual administration,

implementation, and monitoring of the We3A program, in coordination with the relevant technical divisions of the IDB Group.

**Monitoring System & Data Collection:** The results matrix presented in Section VI will guide We3A-level efforts of monitoring and data collection. Table 7 summarizes the expected dates and key milestones. To ensure consistency of data collection practice and the ability to compare metrics across projects, monitoring specialists will be contracted to support a We3A-wide monitoring system through the following activities: (i) consultant time for monitoring, evaluation and reporting of the We3A portfolio; (ii) capacity building and technical support for local executing agencies and clients; and (iii) housing of all We3A program data and progress to allow aggregate roll-up and reporting on results.

Following the IDB Group's Development Effectiveness Frameworks (DEF), relevant indicators and data sources will be defined during the direct investment operations design and included in the respective results matrix of each investment project. The results matrix includes baseline and target values for each indicator and will be monitored throughout project implementation. Based on the results matrix, a project completion report will highlight the main lessons learned and achievements. For technical assistance activities not connected directly to an investment operation, the IDB Group will request detailed yearly accounts from all partner organizations including Thunderbird, WEConnect, the various business centers, incubators, company builders, and accelerators to monitor relevant indicators.

The program offers several opportunities to gather information that will allow for monitoring and evaluation of the project's outcomes. The executing partners Thunderbird and WE Connect will collect data throughout the program on demographic data, business performance data (change in sales, change in employees, a new business started), behavior change data, and changes in confidence. WSMEs will also be surveyed bi-annually to gauge growth.

When selecting partners for the STEM incubation and acceleration, IDB Group will prioritize those that are using innovative and cost-efficient tech platforms that support the process of identifying, selecting, and monitoring portfolio companies. These types of platforms, often based on proprietary algorithms, machine learning, and predictive analytics, are being used by an increased number of incubators and accelerators in the region not only to validate their selection/investment decision making process but also to support monitoring and measurement of companies' performance and impact.

Under mutual agreement with clients and with the support of monitoring consultants, data will be collected for 12 months after the end of program implementation to capture impacts on employment generation and profits. At the aggregate level, and given the detailed data collection process, it will be possible to disaggregate the indicators by country, urban/rural area, economic sector, and firm size.

**Program Evaluation:** An overall program evaluation will be undertaken to better understand and widely disseminate the impacts of We3A. In addition, several studies and evaluations will be produced to learn, document and disseminate the different impacts that We-Fi funds are bringing. First, and most importantly, non-causal—both quantitative and qualitative—rigorous studies (e.g., case studies, focus groups, semi-structured interviews, pre-post surveys of beneficiaries) will be conducted to generate evidence for innovative areas where small sample sizes, or the impossibility of creating a credible control group preclude a more rigorous causal approach. Evaluations using experimental or quasi-experimental methodologies could be undertaken where there are sufficiently large sample sizes (number of beneficiaries), when data collection through platforms is facilitated to reduce evaluation costs, and the possibility of identifying a causal relationship is clear.

In general, some relevant questions to be answered by evaluations and studies during We3A implementation will be: (i) what is the impact of training and support programs on WSMEs value chain integration? Are there any specific aspects of training content that are more relevant to support this integration?, (ii) What are the challenges and opportunities to integrate diversity sourcing and gender lens investing in companies?, (iii) What is the role of certification to facilitate WSMEs access to markets?, (iv) What is the impact of accelerator programs on the trajectory and performance of WSMEs? or (v) How do targeted campaigns influence women entrepreneurs' perceptions and business decisions among others.



## V. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

Table 8: Risks Identified and Proposed Action Plan:

Risk Description	Assessment			Response Measures and Plan of Action
	Probability	Impact	Overall	
Risks that the design and implementation of Programs/Projects financed by We-Fi will not be implemented as planned and program outcomes will not be achieved.	Unlikely	Medium	Low	<p>1) IDB Group has a long experience of executing SME and WSME public and private sector support programs. The program has been built based on lessons learned.</p> <p>2) We3A will use IDB Group procurement guidelines and will not require irregular procurement for the IDB Group or for any partners.</p> <p>3) During the development of the We3A proposal, the IDB Group team consulted with key partners in the project, such as Thunderbird, WeConnect International, STEM-based incubators and accelerators; however, there is a risk that these partners will not be able to identify as many WSMEs as anticipated.</p> <p>4) Implementation in various countries may result in monitoring and administrative challenges for managing executing agencies.</p> <p>5) Given the nascent ecosystems of We3A target countries, it is possible that there are not enough WSMEs in the direct equity investment pipeline.</p> <p>6) WSME direct investments may pose a higher risk LAC average in nascent ecosystems, where such a finance instrument is still a new concept.</p> <p>1) A We3A coordinator will be hired by the IDB Group to ensure the timely implementation of program activities and to coordinate between actors.</p> <p>2) No irregular procurement is anticipated.</p> <p>3) If sufficient numbers of WSMEs are not able to be identified or attracted in certain of the target countries, IDB Group may shift resources to other countries where more WSMEs have been identified, being sure to keep the 50% IDA/non-IDA proportion of investment.</p> <p>4) If executing partners cannot identify as many WSMEs due to incentive reasons, IDB Group will re-consider the partners' incentive structure (e.g. amount of grant per woman entrepreneur, management structure, etc.). If they cannot identify WSMEs due to lack of supply, IDB Lab may tap into other partner networks of IDB Lab and/or its executing partner.</p> <p>5) All executing agencies will be subject to standardized and systemized reporting procedure, automated and aggregated through IDB Group's Salesforce.</p> <p>6) Direct equity investment will most likely not take place until the 2nd or 3rd year of program implementation, after spending the first-year mapping, sourcing and training investment-ready ventures</p> <p>7) Candidates for direct equity investments will be carefully sourced (through executing partners and other experienced VC funds in the region), and thoroughly analyzed by IDB Lab's experienced investment officers, to minimize this risk.</p>

<p>Risks relating to the political and social environment where the program/project(s) will be implemented</p>	<p>Possible</p>	<p>Medium</p>	<p>Medium</p>	<p>1) Even though governments are not directly involved in implementing the We3A program, political instability in the region, as well as other disruptive events such as the coronavirus global pandemic or natural disasters could make the in-person training and participation in the accelerator programs impossible. The COVID-19 pandemic could also cause global recession, affecting the general macroeconomic situation of the region.</p> <p>2) National-level fiduciary and regulatory changes, as well as exchange rate risks, could also impact the way financing mechanisms function.</p>	<p>1) Many of the We3A program components can be completed digitally, including development of the training modules and much of the creation of the publicity campaigns for Component 1. Should the coronavirus pandemic continue even for as much as one year into project implementation, these activities will not be adversely affected. If the pandemic or other instability results in the inability to hold in-person training sessions or bring the accelerator cohort together as a group, most of the training and capacity building activities can be conducted online. We3A will explore possibilities for conducting the pitch contest and networking events virtually.</p> <p>2) While a coronavirus-led global recession could seriously affect the markets in which We3A operates, We3A do not consider it a particularly high threat for the programs. According to a 2020 study, 79.5% of LAC women entrepreneurs start their ventures to solve pressing issues in their communities; the local accelerator partners have confirmed this tendency, reporting that recessions have generally resulted in greater demand for innovative entrepreneurship. If anything, such economic hardships have inspired innovations in new sectors and technologies. Given this trend and the growth of entrepreneurship in LAC despite the history of macroeconomic hardships in the region, we predict its economic effect to be mitigatable.</p> <p>3) To reduce risk of over-reliance on a selection of partners in-country, entities that serve and/or recruit WSMEs will be mapped at the local level (e.g. chambers of commerce, IDB Group's Connect Americas for Women), to facilitate the connection between trained WSMEs and IDB Group clients across the priority We3A countries. Should political instability affect one or more specific targeted countries, the We3A program may shift resources to the other more stable countries to ensure that overall targets are met, being sure to maintain the proportion of IDA/non-IDA investment.</p>
<p>Risk that program funds will not be used to achieve value for money with integrity in delivering</p>	<p>Unlikely</p>	<p>Low</p>	<p>Low</p>	<p>It is possible that executing agencies will not use the money with integrity or for their intended outcomes, but this is a rare occurrence within the IDB Group, given the strict implementation of procurement policies.</p>	<p>1) All executing agencies will be subject to the IDB Group's Procurement Guidelines and Integrity Frameworks.</p>

project's intended outcomes					
Other Risks					
Risks pertaining to impacts of post-COVID-19 health and economic crisis	Likely	Medium	Substantial	<p>1) There is high possibility that the project roll-out will encounter medium to severe economic crises in each of the target countries, with high unemployment rates, low consumption levels, business close-downs and overall slower economy, at least in the first implementing year.</p> <p>2) There is a possibility that travel restrictions are still in place at the onset of the project.</p> <p>3) Pipeline of qualified WSMEs for the We3A programs may be drastically reduced, due to high default rates by WSMEs in the region.</p> <p>4) There is a possibility that finding co-financiers and co-investors may be more challenging in the post-COVID 19 times, especially from the private sector actors, given the economic downturn.</p>	<p>1) This is a very likely scenario that has been thoroughly thought out when designing the project, which will thereby absorb the broader "impact" of the risk.</p> <p>2) Digital elements and infrastructure have been added to all three of We3A components, in case that travel restrictions continue to exist</p> <p>3) While it is true that many existing WSMEs will go out of business, thereby reducing the amount of pipeline, such economic crises may also beget an opportunity for a new wave of entrepreneurs – especially among those who have lost stable jobs, who need to digitalize their companies for greater income, and those who are motivated to create innovative solutions for their communities. Hence, We3A programs are not only designed to inspire entrepreneurship to deal with hardship, but also to support the recovery and scaling of qualified WSMEs through concrete business training and financing opportunities.</p> <p>4) IDB Lab will mobilize third-party financing by leveraging both attractive results-based outcome funded by We-Fi (seed capital funding, direct investment), while also maximizing complementary effects with on-going IDB Lab projects and financing options in the target countries.</p>
Risk that the IPs' safeguards/standards are not properly applied in project design, and that their implementation may not achieve their objectives	Unlikely	Low	Low	<p>1) There is a low risk of the safeguards policies not being applied. The IDB Group demonstrates a strong commitment to sustainability through its environmental and social safeguard policies, standards, and guidelines.</p> <p>2) At the IDB Lab, each project enhances positive outcomes by mainstreaming environmental and social concerns, an approach that promotes environmental and social aspects as central considerations for all project activities; and each project minimizes negative impacts by applying safeguards, including identification, monitoring,</p>	<p>1) As per IDB Group guidance, all We3A program activities will undergo an environmental and social safeguards review process to identify, mitigate and address risks. This includes a review for gender-based risk safeguards that are included in the Operational Policy on Gender Equality in Development and Indigenous People's Policy. Should a project require it (typically, in Category A, high risk projects), a social impact assessment will be developed to assess risks and create a mitigation plan. In situations where We-Fi funds will accompany lending to FIs with the purpose of on-lending to WSMEs, all FIs will be required to comply with the IDB policy in developing and implementing an Environmental and Social Management</p>

				<p>and mitigation of sustainability impacts throughout a project's lifecycle.</p> <p>3) The IDB is bound by the following environmental and social safeguards policies: (a) IDB Environment and Safeguards Compliance Policy; and (b) IDB Operational Policies, including the Policy on Gender Equality.</p>	<p>System to analyze and screen eligible investments for environmental and social risk.</p> <p>2) We3A, as with all IDB Lab projects, will be subject to the Policy Establishing the Independent Consultation and Investigation Mechanism (MICI), the independent accountability mechanism of the IDB Group. It receives and investigates complaints from two or more persons who consider themselves to have been harmed by projects financed by the IDB Group as a result of their potential non-compliance with their relevant operational policies.</p>
Risk that preferential treatment of women will lead to gender-based violence (GVB)	Possible	Medium	Medium	<p>Increasing agency of women (both economic and social) in this program can lead to disruption of traditional gender norms in the household, which can lead to increased incidences of violence against women, particularly domestic violence.</p>	<p>1) The IDB Lab screens all projects for gender-based risks as part of its Operational Policy on Gender Equality. Further, the WeToolkit will develop GBV attention protocols and prevention modules into soft-skills components of capacity building programs.</p> <p>2) In the case of Honduras and El Salvador, capacity building programs will be linked to the violence against women prevention and attention modules of Ciudad Mujer and other IDB Group funded programs. GBV WeToolkit modules will be administered based on IDB Lab past experiences working with cooperatives on gender issues.</p>

## VI. RESULTS FRAMEWORK

Table 9: Results Framework (We-Fi format)

Objectives	Outcomes	Outputs	Results Indicators	Unit	Countries	Baseline 2020	YR 1 2021	YR 1-2 2022	YR 1-3 2023
Address Financial Constraints faced by women-owned/led small and medium enterprises	Improved Access to Finance	Mobilization of USD from commercial institutions and IFIs	WeFi Indicator 1: Amount of non-We-Fi financing committed by We-Fi supported institutions to We-Fi supported activities, disaggregated by IDA/FCS countries	\$	IDA	\$0	\$400,000	\$10,280,000	<b>\$14,900,000</b>
					Non-IDA	\$0	\$615,000	\$5,650,000	<b>\$10,400,000</b>

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	WeFi 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	#	IDA	0	11	17	<b>23</b>
					Non-IDA	0	15	22	<b>29</b>
			Custom Indicator 1: Number of rigorous program evaluations commissioned by We-Fi supported institutions	#	IDA	0	0	0	<b>2</b>
					Non-IDA	0	0	0	<b>2</b>
			WeFi 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	#	IDA	0	4	6	<b>8</b>
					Non-IDA	0	6	8	<b>10</b>
Increase in number and capacity of women-owned/led SMEs to access markets	More women-owned/led SMEs	Increase in number of women-owned/led SMEs in entrepreneurship support programs supported by the We-Fi	WeFi Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS countries	#	IDA	0	48	1,296	<b>2,574</b>
					Non-IDA	0	48	1,151	<b>2,292</b>
	Improvements in firm performance	Women-owned firms show increased sales and profits	WeFi 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 countries	#	IDA	0	28	374	<b>731</b>
					Non-IDA	0	20	567	<b>1,117</b>
	SME contribution to economic growth	Jobs created by women-owned/led SMEs	WeFi Indicator 12: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs	#	IDA	0	60	256	<b>494</b>
					Non-IDA	0	103	404	<b>772</b>
		Value-added jobs created by women-owned/led SMEs	Custom indicator 2: Number of STEM related labor services for women, created by women-owned/led SMEs	#	IDA	0	750	2,000	<b>4,000</b>
					Non-IDA	0	1,000	3,000	<b>6,000</b>
		Scaling women-owned/led SMEs	Custom Indicator 3: Number of women-led SMEs raising subsequent funding after We3A	#	IDA	0	18	41	<b>76</b>
					Non-IDA	0	18	47	<b>87</b>
		Custom Indicator 4: Number of women-led SMEs operating in more than 2 countries after We3A	#	IDA	0	4	9	<b>17</b>	
				Non-IDA	0	4	10	<b>19</b>	

Increase in inclusive innovation to final beneficiaries	More accessible innovation by women-led/owned SMEs	Access to innovation by vulnerable population	Custom Indicator 5: Number of women customers/beneficiaries served after We3A	#	IDA	0	1,500	15,000	<b>73,710</b>
					Non-IDA	0	2,680	30,290	<b>151,190</b>

Table 10: Results Framework per WE3A Component

Output indicators		Unit	Countries	Base-line 2020	YR 1 2021	YR 1-2	YR1-3
<b>Component 1. ASPIRE</b>	Results indicators - 1.1 Value Chain WSMEs						
	Number of targeted women/men that viewed "women in business" stories with positive perceptions increased	#	IDA	0	750	2,250	4,500
			Non-IDA	0	900	3,000	6,000
	Number of companies/local partners on diversity sourcing or gender lens investing protocols integrated	#	IDA	0	2	10	24
			Non-IDA	0	4	16	36
	Output Indicators - 1.1 Value Chain WSMEs						
	Number of short-stories "women in business " (video, audio, social media, podcast) designed and implemented	#	IDA	0	5	10	15
			Non-IDA	0	6	14	20
	Number of targeted women/men "women in business" stories reached	#	IDA	0	100,000	200,000	300,000
			Non-IDA	0	133,333	266,667	400,000
	Number of awareness campaigns for financial institutions/industry on the economic benefits of gender lens investing and diversity sourcing designed	#	IDA	0	2	3	3
			Non-IDA	0	2	4	4
	Number of workshops on building the case for diversity sourcing and gender lens investing designed and delivered	#	IDA	0	1	3	3
			Non-IDA	0	2	4	4
Number financial institutions/industry managers on the economic benefits of gender lens investing and diversity sourcing workshops attended	#	IDA	0	20	80	140	
		Non-IDA	0	40	120	200	
Number of strategic value chain integration assessments to understand market opportunities completed	#	IDA	0	2	3	3	
		Non-IDA	0	3	4	4	
Nuner of WSMEs on COVID-19 impact surveyed	#	IDA	0	80	200	320	
		Non-IDA	0	120	280	440	
<b>Component 2. ACTIVATE</b>	Results indicators - 2.1 Value Chains WSMEs						
	Number of aspiring women entrepreneurs on 25-30h online DreamBuilder + 2h Access to Capital course graduated	#	IDA	0	96	480	960
			Non-IDA	0	160	800	1600

Number of WSMEs participating in strategic 2h Value Chain and 1h COVID resilience course completed	#	IDA	0	100	384	1050
		Non-IDA	0	140	640	1400
Number of WSMEs who after 6 months of DreamBuilder and Value Chain course report sales increased	#	IDA	0	34	168	336
		Non-IDA	0	56	280	560
Number of WSMEs with access to new finance after 6 month of DreamBuilder and Value Chain course completion reported	#	IDA	0	24	120	240
		Non-IDA	0	40	200	400
Number new employment by WSMEs disaggregated by sex after 12 month of DreamBuilder and Value Chain course completion reported	#	IDA	0	10	50	96
		Non-IDA	0	16	80	160
Number of WSMEs in webinars participated	#	IDA	0	220	1,760	4,360
		Non-IDA	0	200	1,600	4,200
Number of WSMEs in webinars participated who report digital-savvy skills increased	#	IDA	0	73	653	2,092
		Non-IDA	0	66	594	1,980
<b>Output Indicators - 2.1 Value Chains WSMEs</b>						
New Business Centers on DreamBuilder + Access to Capital Course trained (different from AWE Business Centers)	#	IDA	0	3	3	3
		Non-IDA	0	4	4	4
Local Business centers on 2h Access to Capital, 2h Value Chain and 1h COVID resilience course trained (includes 6 AWE Business Centers)	#	IDA	0	6	6	6
		Non-IDA	0	7	7	7
Number of aspiring women entrepreneurs on 25h online DreamBuilder + 2h Access to Capital training enrolled	#	IDA	0	533	1333	2400
		Non-IDA	0	888	2222	4000
Number of aspiring women entrepreneurs on 2h Value Chain and 1h COVID resilience course enrolled	#	IDA	0	533	1333	2400
		Non-IDA	0	888	2222	4000
Number of webinars on "building a business dos and dont's" for WSMEs and building resiliency post-COVID completed	#	IDA	0	2	14	26
		Non-IDA	0	2	14	26
Number of financial partners/industry representatives in stakeholder roundtables participated	#	IDA	0	15	45	45
		Non-IDA	0	15	45	45
Number of pitch competitions at local business centers, by matching women entrepreneurs with local buyers for WSMEs expansion	#	IDA	0	0	2	3
		Non-IDA	0	1	3	4
<b>Results indicators - 2.2 Activate STEM</b>						
Number of potential women entrepreneurs enrolled in incubation programs	#	IDA	0	28	122	338



		Non-IDA	0	28	131	384
Number of potential women entrepreneurs graduating in incubation programs with a STEM-focused company	#	IDA	0	23	75	173
		Non-IDA	0	23	83	203
Number of potential WSMEs graduating in incubation programs with a STEM-focused company	#	IDA	0	15	35	65
		Non-IDA	0	15	40	80
<b>Output Indicators - 2.2 Activate STEM</b>						
Number of incubation programs/cohorts delivered	#	IDA	0	4	8	12
		Non-IDA	0	4	8	12
<b>Results indicators - 3.1 Value Chains WSMEs</b>						
Number of WSMEs accelerator programs enrolled	#	IDA	0	5	35	60
		Non-IDA	0	25	55	100
Number of WSMEs from the accelerator program graduated	#	IDA	0	4	28	48
		Non-IDA	0	20	44	80
Number of WSMEs in WEConnect International platform registered	#	IDA	0	4	28	48
		Non-IDA	0	20	44	80
Number of WSMEs that have been certified as women-owned	#	IDA	0	1	5	11
		Non-IDA	0	4	11	18
Number of WSMEs that participated in the accelerator program report on sales increased	#	IDA	0	2	14	24
		Non-IDA	0	10	22	40
Number of new hires disaggregated by sex from participating WSMEs reported	#	IDA	0	1	5	10
		Non-IDA	0	3	10	16
Number of WSMEs that participated in the accelerator program report on new financing increased	#	IDA	0	0	7	15
		Non-IDA	0	0	5	25
<b>Output Indicators - 3.1 Value Chains WSMEs</b>						
Accelerator training program designed and implemented	#	IDA	0	0	3	3
		Non-IDA	0	1	3	4
Pitch event organized for WSMEs participating in accelerator program	#	IDA	0	0	2	3
		Non-IDA	0	0	2	4
Close-out conference of accelerator training program completed	#	IDA	0	0	3	3

**Component  
3.  
ACCELERATE**

		Non-IDA	0	1	3	4
<b>Results indicators - 3.2.1 Accelerate STEM Seed Capital</b>						
Number of STEM WSMEs enrolled in the acceleration programs	#	IDA	0	13	40	90
		Non-IDA	0	13	44	94
Number of women entrepreneurs graduating from the acceleration programs	#	IDA	0	25	105	285
		Non-IDA	0	25	112.5	300
Number of STEM WSMEs graduating from the acceleration programs and receiving seed investments	#	IDA	0	10	22	40
		Non-IDA	0	10	25	40
Number of women customers with access to services and products offered by STEM-based WSMEs	#	IDA	0	1,500	5,000	18,000
		Non-IDA	0	2,680	8,040	21,440
<b>Output Indicators - 3.2.1 Accelerate STEM Seed Capital</b>						
Number of acceleration programs/cohorts delivered for STEM WSMEs	#	IDA	0	2	4	6
		Non-IDA	0	4	8	12
<b>Results indicators - 3.2.2 Accelerate STEM Venture Capital</b>						
Number of STEM WSMEs receiving venture capital	#	IDA	0	0	2	3
		Non-IDA	0	0	2	4
Number of women customers with access to services and products offered by STEM-based WSMEs	#	IDA	0	0	10,000	60,000
		Non-IDA	0	0	22,250	129,750
% of WSMEs that reach regional scale (expansion to 2+ countries)	%	IDA	0	0%	60%	60%
		Non-IDA	0	0%	60%	60%

## VII. ANNEXES

### Annex 1. IDB Group Categorization of Member Countries<sup>48</sup>

Table 11: IDB Group Categorization of Member Countries

Group A	Group B	Group C	Group D1	Group D2
Argentina	Chile	Bahamas	Belize	Bolivia
Brazil	Colombia	Barbados	Dominican Republic	Guyana
Mexico	Peru	Costa Rica	Ecuador	Honduras
Venezuela		Jamaica	El Salvador	Nicaragua
		Panama	Guatemala	Haiti
		Suriname	Paraguay	
		Trinidad & Tobago		
		Uruguay		

<sup>48</sup> Source: <https://www.iadb.org/en/about-us/idb-financing/idb-country-groupings%2C7658.html>

## Annex 2: We3A Cost and Financing Plan

Table 12: Cost and Financing Table (We-Fi Format)

\*(\$ ) = US denominated dollars

Cost and Financing Table	
Budget Categories	Amount (do not round)
<b>Investment Activities</b>	<b>\$5,506,232</b>
Component 1 - ASPIRE	
Component 2 - ACTIVATE	
Component 3 - ACCELERATE	\$5,506,232
<b>Advisory/Technical Assistance Activities</b> <i>directly to WSMEs or intermediaries</i>	<b>\$7,746,824</b>
Component 1 - ASPIRE	\$1,194,882
Component 2 - ACTIVATE	\$3,313,297
Component 3 - ACCELERATE	\$3,238,645
<b>Support activities, industry building, research</b>	<b>\$0</b>
<b>Monitoring and Evaluation</b>	<b>\$534,986</b>
<b>Administrative Fee</b>	\$927,714
<b>Total</b>	<b>\$14,715,756</b>