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ABBREVIATIONS

BDS	Business Development Services
FI	Financial Intermediary
GBA	Global Banking Alliance for Woman
GC	Governing Committee (of the We-Fi)
GCM	Grants and Co-Financing Management Unit
IDA	International Development Association
IDB	Inter-American Development Bank
IDBG	Inter-American Development Group
LAC	Latin America and the Caribbean
LMIC	Lower middle-income countries
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MIC	Middle Income Countries
ONCAE	Office of Contracting and Acquisitions of Honduras
ORP	Office of Outreach and Partnerships
PBI	Performance Based Initiatives
SME	Small Medium Enterprises
TA	Technical Assistance
TC	Technical Cooperation Operation
UIS	Updated Institutional Strategy
UMIC	Upper middle-income countries
We-Fi	Women Entrepreneurs Finance Initiative
We3A	Women Entrepreneurs Aspire, Activate and Accelerate
WeForLAC	Women Entrepreneurs for Latin America and the Caribbean
WSME	Women-owned/led Small and Medium Enterprises

2021 IMPLEMENTATION PROGRESS REPORT

WOMEN ENTREPRENEURS FINANCE INITIATIVE (WE-FI)

Inter-American Development Bank Group

I. EXECUTIVE SUMMARY

The purpose of this report is to inform the We-Fi Secretariat of the activities of the **Women Entrepreneurs for Latin America and the Caribbean (WeForLac)** and **Women Entrepreneurs Aspire, Activate and Accelerate (We3A)** Programs from July 1, 2020, through June 30, 2021. In doing so, it fulfills the reporting requirements in the Financial Procedures Agreement signed between the Inter-American Development Bank and the World Bank as Trustee of the Women Entrepreneurs Finance Initiative Trust Fund.

The general objective of the IDB Group **WeForLAC** program is to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. The specific objectives of WeForLAC are to improve: i) WSMEs' access to finance; ii) WSMEs' access to markets; iii) women entrepreneurs' access to skills and networks; and iv) the entrepreneurship ecosystems for WSMEs (see Figure 1). The WeForLAC target countries are Honduras, El Salvador, Guatemala, Mexico, Colombia, Brazil, Peru, Ecuador, and the Dominican Republic.

Figure 1: WeForLAC Program Components

COMPONENT 1 Access to Finance We-Fi \$6,056,000	COMPONENT 2 Access to Markets We-Fi \$4,460,000	COMPONENT 3 Access to Skills We-Fi \$6,050,000	COMPONENT 4 Enabling Environment We-Fi \$2,225,000
<p>Advisory Services for FIs and Development of New Financial Products to provide Access to Finance for WSMEs</p> <p>Blended Finance Mobilizing New Investments to Increase Access to Finance for WSMEs</p> <p>Intermediaries</p> <p>FIs; Fintech; business associations; BDS providers</p>	<p>Advisory services and TA to increase WSME access to corporate and government value chains</p> <p>Blended Finance for WSMEs in Corporate Value Chains</p> <p>Intermediaries</p> <p>Corporates, Public Procurement Offices; Fintech; BDS providers</p>	<p>WeHonduras</p> <p>Strengthening the capacity of WSMEs to grow through a model of integrated BDS</p> <p>Intermediaries</p> <p>Corporates, NGOs, Honduras Government; Accelerators/Incubator; BDS providers</p>	<p>Comprehensive Assessment of WSMEs and Entrepreneurial Ecosystem</p> <p>Ecosystem</p> <p>A favorable environment for the competitiveness of WSMEs</p> <p>Intermediaries</p>
<p>Honduras: 19%</p> <p>Priority LMIC: 12%</p> <p>Priority MIC: 69%</p>	<p>Honduras: 37%</p> <p>Priority LMIC: 6%</p> <p>Priority MIC: 57%</p>	<p>Honduras: 100%</p> <p>Priority LMIC: 0%</p> <p>Priority MIC: 0%</p>	<p>Honduras: 77%</p> <p>Priority LMIC: 11%</p> <p>Priority MIC: 12%</p>
<p>M&E and Impact Evaluations \$3,900,000</p>			

Highlights during the reporting period include the approval of nine projects in support of WSMEs for a total of **\$9,660,000**. These operations join four projects totaling **\$6,116,000** that were already in the WeForLAC portfolio, so now committed projects have a total value of **\$15,776,000**.

Further, on August 19, 2020, the IDB received a letter from We-Fi confirming the Commitment of Funds in the amount \$14,715,756 for the IDBG to carry out the activities of a new program **Women Entrepreneurs Aspire, Activate and Accelerate (We3A)**. 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, and 3) high-growth WSMEs' access to early-stage finance**. Two projects make up the program, one of which was approved on May 21, 2021: Improving Access to Value Chains for Women Entrepreneurs, for \$7,039,317. This project will seek to strengthen women-led/owned SMEs (WSMEs) by combining value chain integration for women with high quality business training delivered through a range of innovative, digital means. The second We3A project supporting STEM-based WSMEs through technical assistance and investment is set to receive final approval in the Fall of 2021.

II. SUMMARY PROJECT INFORMATION

Program Timeline

Round	Project/Program Name	Implementation Start Date	Commitment End Date	Supervision End Date	Countries (with active projects)
2	Women Entrepreneurs for Latin America and the Caribbean (WeForLAC)	July 2019	December 2024	December 2029	Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico and Peru
3	Women Entrepreneurs Aspire, Activate and Accelerate (We3A)	June 2020	December 2025	December 2030	Guyana, Nicaragua, Ecuador, El Salvador, Guatemala, Honduras

Mobilization

		ROUND #2 WEFORLAC			ROUND #3 WE3A		
		Approved Amount	Committed Amount	Disburse d Amount	Approved Amount*	Committed Amount	Disbursed Amount
Status of We-Fi Funding							
We-Fi Financing	(A)	24,279,370	17,364,370	607,432	14,714,756	7,967,031	0
Of which IDA		12,063,627	8,365,154	150,838			
Mobilization							
IP Contribution	(B)	110,411,000	120,000,000		22,500,000	1,000,000	
Public sector	(C)	2,510,000	204,650				
Private sector	(D)	131,491,500			24,660,000		
Additional funds mobilized	(E)	2,225,000					
Total Mobilization (F)= (B+C+D+E)		246,637,500	120,204,650		47,160,000	1,000,000	
Of which IDA		81,736,756	204,650				
Total Project Cost (G)= (F+A)		270,916,870	137,569,020		61,875,756	8,967,031	
Leverage (F/A)		10.16	6.92		3.2	1.13	

III. IMPLEMENTATION PROGRESS

1) WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN (WeForLAC)

A. SUMMARY PORTFOLIO OVERVIEW

WeForLAC follows a programmatic approach where the IDBG approves WeForLAC projects on a rolling basis. The following nine projects were approved in the reporting period:

- **Investment Grant and TA for WSMEs in Climate Smart Agriculture** in Honduras for US\$1,400,000, prepared by the IDB,
- **Advisory Service Technical Assistance to Support the Growth of WSMEs in Honduras, Lower-Middle Income Countries, and Middle-Income Countries by Improving their Access to Markets**, for \$2,925,000 prepared by IDB Invest,
- **Advisory Service Technical Assistance to Support the Growth of WSMEs in Honduras, Lower-Middle Income Countries, and Middle-Income Countries through Capacity Building and Dissemination**, for \$800,000 also prepared by IDB Invest,
- a transaction that includes **Advisory Services and a Performance-Based Incentive grant for BAC El Salvador**, a bank in El Salvador, for \$450,000, prepared by IDB Invest,
- another transaction that includes **Advisory Services and a Performance-Based Incentive grant for KUBO Financiero**, a FinTech in Mexico, for \$500,000, prepared by IDB Invest,
- a Subscription of **Gender Bonds issued by Davivienda** in Colombia, the first gender bonds in this country, with the support of Advisory services and a \$300,000 blended finance incentive, also prepared by IDB Invest,

- a project to **Support for the Promotion of Women in Public Procurement in Honduras**, for \$285,000, prepared by the IDB, and
- **Two projects of \$1.5 million** each to support Knowledge Generation and Impact Evaluation for the WeForLAC Program by IDB Invest and IDB, respectively.

Annex V provides detail on each project. These operations join four projects totaling **\$6,116,000** that were already approved in the prior year, so that the WeForLAC portfolio now totals **\$15,776,000**.

B. KEY ACTIVITIES DURING THE REPORTING PERIOD

In addition, a **request was submitted to and approved by the We-Fi Governing Committee** in the Fall of 2020 for a waiver for WeForLAC disbursement periods to extend beyond December 2024, to December 2029.

A second **cash transfer was made** for WeForLAC mid-2021.

The We3E 7% **administrative fee was distributed** to the respective units that work on the Program.

C. KNOWLEDGE AND THOUGHT LEADERSHIP

One of the main objectives of the WeForLAC Program is to support the growth of WSMEs in Honduras, in Lower-Income and Middle-Income countries by enabling the environment under which the WSMEs operate through capacity building and dissemination on the importance of targeting WSMEs among policymakers, financial institutions, investors, fund managers, and other key stakeholders. IDB Invest identified the Financial Alliance for Women (FAW) as a unique partner to successfully attain this goal. As part of their services, the FAW provides a holistic learning program, called the All-Stars Academy, that helps financial services professionals develop the critical tools they need to serve the women SME segment more effectively. IDB Invest partnered with FAW to sponsor this year's All-Stars Academy to deliver key capacity building activities to the private sector with a focus on Honduras, Central America and other We-Fi countries. It is important to mention it was the first time the summit was held in Spanish, increasing its outreach and impact in the region.

The program, which lasted for 5 weeks, started on June 3rd, and was completed on July 15th. A total of 40 financial institutions and 194 people participated in the Program. Although the delivery of the Academy was planned to be executed in-person in Honduras, IDB Invest and the FAW adapted it to a virtual format due to COVID-19 restrictions and for the safety of all participants. Regardless of the virtual format, the FAW and IDB Invest set a special focus on participants from Honduras, El Salvador, and Guatemala and specifically targeted this audience to take full advantage of this learning experience. In the preliminary report, the FAW stated that 30% of all Financial Institutions that participated were from Honduras, El Salvador and Guatemala.

The Program contained self-paced modules where participants worked on their own for an estimate of 4.5 hours per week and complemented the knowledge with live sessions every Thursday, where international experts were invited to share their experiences. At the end of each module, participants were prompted to develop a portion of their own women-centered strategy, and after completing them all participants finished with a complete action plan to implement at their institutions. The All-Stars

Academy culminated in a pitch competition, where participants were able to pitch their program/strategy to a judge, received feedback from an expert, and had the chance to win the top spot. In this case, Ficohsa Honduras was the winner of the pitch competition.

Since the All-Stars Academy culminated after the year review of this annual report, we will share more information on lessons learned, stories, and feedback from the participants on 2022 annual report.

D. KEY CHALLENGES AND LESSONS LEARNED

2020 and 2021 have been very difficult years for women entrepreneurs. IDB, IDB Lab and IDB Invest continued to deliver financing, technical assistance and advisory to help WSMEs survive the crisis and thrive with greater long-term resilience. During the past year, IDB Invest strengthened our advisory service offering and expanded our partnerships with new financial intermediaries in the Fin-Tech arena and innovated with financial instruments such as gender bonds and performance incentive grants. IDB Invest was also successful in piloting innovative financial instruments UMIC countries and expanding its use (best practices and key learnings) to LMIC countries in the region. An example of this is Davivienda's performance-based incentive mechanism, which was then replicated in BAC El Salvador WSME loan. IDB Invest maintained its commitment to increase diversity, equity and inclusion within its WEFI operations and focus in piloting world-first innovations that can be replicated across geographies and lenders.

2) WOMEN ENTREPRENEURS ASPIRE, ACTIVATE AND ACCELERATE (We3A)

A. SUMMARY PROGRAM

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.

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:

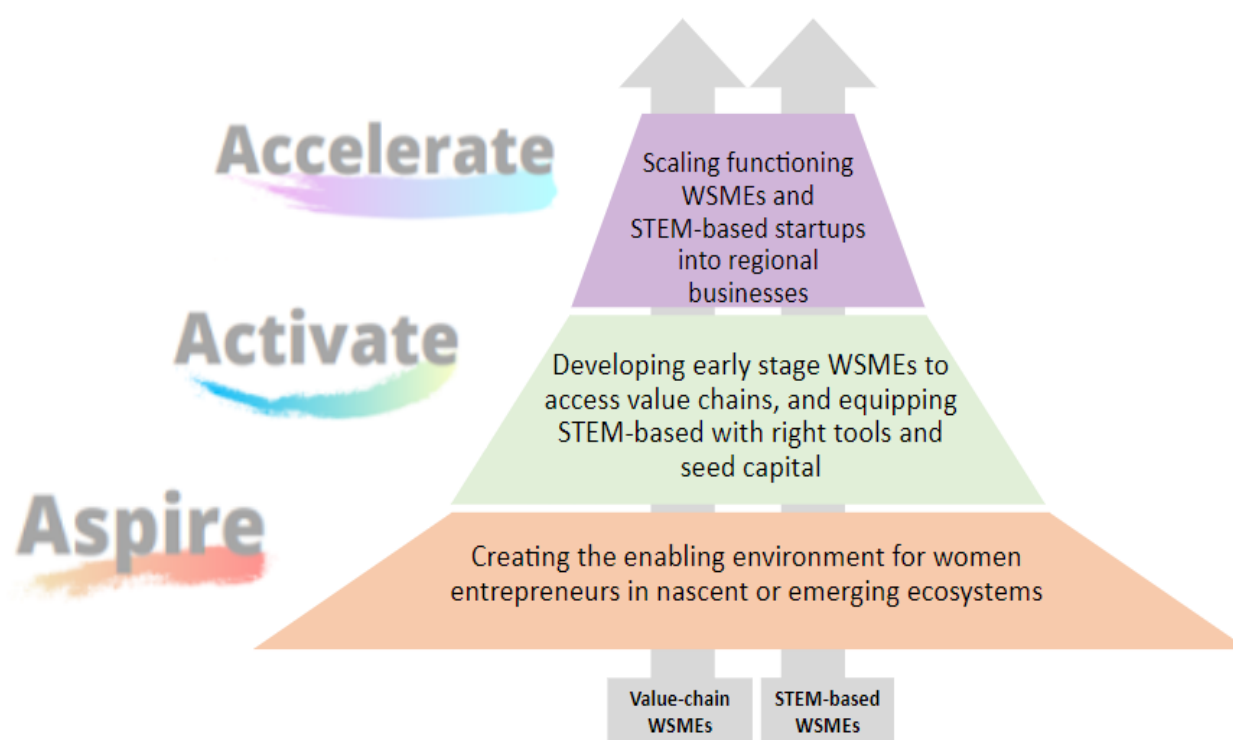
Component 1: Aspire – Creating the enabling environment for women entrepreneurs in nascent or emerging ecosystems.

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



B. KEY ACTIVITIES DURING THE REPORTING PERIOD

The Program has had a decisive start. Two projects make up the program, one of which was approved on May 21, 2021: Improving Access to Value Chains for Women Entrepreneurs, for \$7,039,317. This project will seek to strengthen women-led/owned SMEs (WSMEs) by combining value chain integration for women with high quality business training delivered through a range of innovative, digital means. The second We3A project supporting STEM-based WSMEs through technical assistance and investment has passed quality review and is set to receive final approval in the Fall of 2021.

A first cash transfer for We3A was received. The fee was also received and distributed.

IV. PLANS FOR NEXT YEAR

The focus in the year ahead will be on the quality of design and execution of projects approved, as these operations begin to execute.

ANNEXES

SUBMITTED WITH THE NARRATIVE REPORT

- Annex I. Implementing Partner We-Fi Team
- Annex II. Funding and Budget Information
- Annex III. Examples of Impact on WSMEs
- Annex IV. WSME Definitions
- Annex V. Project-Level Summaries
- Annex IX. Financial Statement

ANNEXES TO BE SUBMITTED AS SEPARATE FILES

- Annex VI. List of Committed projects
- Annex VII. Results Framework
- Annex VIII. Risk Framework

ANNEX I. IMPLEMENTING PARTNER WE-FI TEAM

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ANNEX II. FUNDING AND BUDGET INFORMATION

WEFORLAC- ORIGINAL BUDGET TABLE

Activities	Honduras		LMIC		MIC		Total We-Fi grant amount	Program Total
	We-Fi grant amount	Total	We-Fi grant amount	Total	We-Fi grant amount	Total		
1. Access to Finance	\$1,109,877	\$24,687,887	\$749,915	\$16,680,961	\$4,196,208	\$93,339,653	\$6,056,000	\$134,708,500
Sub Component 1.1 Advisory Services for FIs and Corporates	\$234,877	\$6,693,989	\$143,079	\$4,077,740	\$2,178,045	\$62,074,271	\$2,556,000	\$72,846,000
1.1.1 Advisory Services for Financial Intermediaries (can include Honduras)	\$556,500	\$15,860,250	\$339,000	\$9,661,500	\$460,500	\$13,124,250	\$1,356,000	\$38,646,000
1.1.2 Advisory Services to Structure Gender Bonds	\$0	\$0	\$0	\$0	\$1,200,000	\$34,200,000	\$1,200,000	\$34,200,000
Sub-Component 1.2 Blended Finance.	\$875,000	\$15,465,625	\$606,836	\$10,725,830	\$2,018,164	\$35,671,045	\$3,500,000	\$61,862,500
1.2 Blended finance for Financial Intermediaries	\$875,000	\$6,711,250	\$1,050,000	\$8,053,500	\$1,575,000	\$12,080,250	\$3,500,000	\$26,845,000
2. Access to Markets IMPROVING ACCESS TO MARKETS FOR WSMEs	\$1,635,000	\$34,815,235	\$275,175	\$5,859,504	\$2,549,825	\$54,295,261	\$4,460,000	\$94,970,000
2.1 TA to increase women's access to corporate and government value chains	\$1,510,000	\$29,974,206	\$700,000	\$13,895,327	\$1,000,000	\$19,850,467	\$3,210,000	\$63,720,000
2.1.1 TA & Procurement Registry Digitalization ONCAE	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$200,000	\$200,000
2.1.2 Procurement Workshops Companies Sourcing in Central America	\$275,000	\$275,000	\$0	\$0	\$0	\$0	\$275,000	\$275,000
2.1.3 WeHonduras Procurement Workshops Government Agencies & Private sector companies	\$85,000	\$85,000	\$0	\$0	\$0	\$0	\$85,000	\$85,000
2.1.4 Supply Chain Advisory for Corporates	\$500,000	\$14,250,000	\$700,000	\$19,950,000	\$800,000	\$22,800,000	\$2,000,000	\$57,000,000
2.1.5 FinTech Advisory Services (for 3 FIs)	\$0	\$0	\$0	\$0	\$200,000	\$5,700,000	\$200,000	\$5,700,000
2.1.6 Procurement Workshops/Events for WSME	\$450,000	\$450,000	\$0	\$0	\$0	\$0	\$450,000	\$450,000
2.2 Blended Finance. Finance for WSMEs in Corporate Value Chains	\$125,000	\$3,125,000	\$50,000	\$1,250,000	\$1,075,000	\$26,875,000	\$1,250,000	\$31,250,000
2.2.1 Fintech Supply Chain Blended Finance	\$0	\$0	\$0	\$0	\$750,000	\$7,950,000	\$750,000	\$7,950,000
2.2.2 Supply Chain Finance (Blended)	\$125,000	\$1,325,000	\$50,000	\$530,000	\$325,000	\$3,445,000	\$500,000	\$5,300,000
3. Access to Skills	\$6,050,000	\$22,275,000	\$0	\$0	\$0	\$0	\$6,050,000	\$22,275,000
3.1 WeToolkit Design & Implementation & PBIs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.1 Grant for We-Toolkit Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.2 Grant for We-Toolkit TOT Honduras WeToolkit Regional Dissemination	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.3 TA for Companies employing We-Toolkit Standards linked to PBIs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.4 PBIs for Companies employing We-Toolkit Standards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.2 Honduras BDS	\$6,050,000	\$22,275,000	\$0	\$0	\$0	\$0	\$6,050,000	\$20,775,000
3.2.1 Grant for WeHonduras BDS Development & Implementation	\$2,700,000	\$13,700,000	\$0	\$0	\$0	\$0	\$2,700,000	\$12,700,000
3.2.2 Grant for translation and contextualization of digital WSME online module	\$300,000	\$300,000	\$0	\$0	\$0	\$0	\$300,000	\$300,000
3.2.3 Grants for WeXchange Honduras Chapter Mentoring, meetups, bootcamps	\$150,000	\$150,000	\$0	\$0	\$0	\$0	\$150,000	\$150,000
3.2.4 Grant WeHonduras TA for WSMEs in Climate Smart Agriculture	\$1,400,000	\$4,900,000	\$0	\$0	\$0	\$0	\$1,400,000	\$4,400,000
3.2.5 Grant WeHonduras TA for WSMEs in Clean Energy	\$1,400,000	\$2,900,000	\$0	\$0	\$0	\$0	\$1,400,000	\$2,900,000
3.2.6 WeXchange Central America Forum	\$100,000	\$325,000	\$0	\$0	\$0	\$0	\$100,000	\$325,000
4. Strengthening the Enabling Environment for Women's Entrepreneurship	\$1,731,250	\$10,484,761	\$243,750	\$1,476,194	\$250,000	\$1,514,045	\$2,225,000	\$13,475,000
4.1 Comprehensive Assessment of WSMEs and Entrepreneurial Ecosystem	\$1,083,750	\$8,624,405	\$211,250	\$1,681,112	\$250,000	\$1,989,482	\$1,545,000	\$11,795,000
4.1.1 Grant for Financial Services SME Demand Survey & Toolkit	\$700,000	\$11,200,000	\$0	\$0	\$0	\$0	\$700,000	\$10,700,000
4.1.2 wXinsights (formerly called WeGrow) + Mapping/Assesment	\$258,750	\$446,250	\$86,250	\$148,750	\$0	\$0	\$345,000	\$595,000
4.1.3 Access to Finance Database	\$125,000	\$125,000	\$125,000	\$125,000	\$250,000	\$250,000	\$500,000	\$500,000
4.2 A favorable environment for the competitiveness of WSME	\$647,500	\$1,123,603	\$32,500	\$56,397	\$0	\$0	\$680,000	\$680,000
4.2.1 Grant for GBA All Stars	\$97,500	\$97,500	\$32,500	\$32,500	\$0	\$0	\$130,000	\$130,000
4.2.2 Grant for Policy Dialogue on WSME on Access to Finance (+GBA)	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$50,000	\$50,000
4.2.3 Grant for VC/PE Investor Workshops Design & Implementation	\$120,000	\$120,000	\$0	\$0	\$0	\$0	\$120,000	\$120,000
4.2.4 Grant for WeForLAC Final Policy Dialogue in Honduras	\$80,000	\$80,000	\$0	\$0	\$0	\$0	\$80,000	\$80,000
4.2.5 Grant for TA for SCGG: Safe WSME Strategy & WSME Policies	\$300,000	\$800,000	\$0	\$0	\$0	\$0	\$300,000	\$300,000
M&E	\$1,537,500	\$1,537,500	\$161,132	\$161,132	\$2,201,368	\$2,201,368	\$3,900,000	\$3,900,000
Impact Evaluations	\$1,200,000	\$1,200,000	\$750,000	\$750,000	\$1,050,000	\$1,050,000	\$3,000,000	\$3,000,000
M&E	\$337,500	\$337,500	\$187,500	\$187,500	\$225,000	\$225,000	\$750,000	\$750,000
WeForLAC Evaluations	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000	\$150,000
TOTAL	\$12,063,627	\$93,800,383	\$1,429,972	\$24,177,790	\$9,197,401	\$151,350,326	\$22,691,000	\$269,328,500
MDB Fee (7%)							\$1,588,370	\$1,588,370
Grand total							\$24,279,370	\$270,916,870

UPDATED WEFORLAC BUDGET TABLE WITH CHANGES APPROVED BY THE GOVERNING COMMITTEE

Activities	Honduras			LMIC			MIC			Total We-Fi grant amount (\$)	Program Total (\$)
	We-Fi grant amount (\$)	Other sources (\$)	Total (\$)	We-Fi grant amount (\$)	Other sources (\$)	Total (\$)	We-Fi grant amount (\$)	Other sources (\$)	Total (\$)		
1. Access to Finance	\$1,306,500	\$21,140,000	\$22,446,500	\$1,389,000	\$16,326,000	\$17,715,000	\$3,235,500	\$56,169,000	\$59,404,500	\$5,931,000	\$99,566,000
Sub Component 1.1 Advisory Services for FIs and Corporates	\$556,500	\$15,303,750	\$15,860,250	\$339,000	\$9,322,500	\$9,661,500	\$1,660,500	\$45,663,750	\$47,324,250	\$2,556,000	\$72,846,000
1.1.1 Advisory Services for FIs /weB (can include Honduras)	\$556,500	\$15,303,750	\$15,860,250	\$339,000	\$9,322,500	\$9,661,500	\$460,500	\$12,663,750	\$13,124,250	\$1,356,000	\$38,646,000
1.1.2 Advisory Services to Structure Gender Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200,000	\$33,000,000	\$34,200,000	\$1,200,000	\$34,200,000
Sub-Component 1.2 Blended Finance.	\$750,000	\$5,836,250	\$6,586,250	\$1,050,000	\$7,003,500	\$8,053,500	\$1,575,000	\$10,505,250	\$12,080,250	\$3,375,000	\$26,720,000
1.2 Blended finance for FIs	\$750,000	\$5,836,250	\$6,586,250	\$1,050,000	\$7,003,500	\$8,053,500	\$1,575,000	\$10,505,250	\$12,080,250	\$3,375,000	\$26,720,000
2. Access to Markets IMPROVING ACCESS TO MARKETS FOR WSMEs	\$1,760,000	\$14,950,000	\$16,710,000	\$700,000	\$19,730,000	\$20,430,000	\$2,125,000	\$37,820,000	\$39,945,000	\$4,585,000	\$77,085,000
2.1 TA to increase women's access to corporate and government value chains	\$1,510,000	\$13,750,000	\$15,260,000	\$700,000	\$19,250,000	\$19,950,000	\$1,000,000	\$27,500,000	\$28,500,000	\$3,210,000	\$63,710,000
2.1.1 TA & Procurement Registry Digitalization ONCAE	\$200,000	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000
2.1.2 Procurement Workshops Companies Sourcing in Central America	\$275,000	\$0	\$275,000	\$0	\$0	\$0	\$0	\$0	\$0	\$275,000	\$275,000
Agencies & Private sector companies	\$85,000	\$0	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0	\$85,000	\$85,000
2.1.4 Supply Chain Advisory for Corporates	\$500,000	\$13,750,000	\$14,250,000	\$700,000	\$19,250,000	\$19,950,000	\$800,000	\$22,000,000	\$22,800,000	\$2,000,000	\$57,000,000
2.1.5 FinTech Advisory Services (for 3 FIs)	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$5,500,000	\$5,700,000	\$200,000	\$5,700,000
2.1.6 Procurement Workshops /Events for WSME	\$450,000	\$0	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0	\$450,000	\$450,000
2.2 Blended Finance. Finance for WSMEs in Corporate Value Chains	\$250,000	\$1,200,000	\$1,450,000	\$0	\$480,000	\$480,000	\$1,125,000	\$10,320,000	\$11,445,000	\$1,375,000	\$13,375,000
2.2.1 Fintech Supply Chain Blended Finance	\$0	\$0	\$0	\$0	\$0	\$0	\$750,000	\$7,200,000	\$7,950,000	\$750,000	\$7,950,000
2.2.2 Supply Chain Finance (Blended)	\$250,000	\$1,200,000	\$1,450,000	\$0	\$480,000	\$480,000	\$375,000	\$3,120,000	\$3,495,000	\$625,000	\$5,425,000
3. Access to Skills	\$6,050,000	\$16,225,000	\$22,275,000	\$0	\$0	\$0	\$0	\$0	\$0	\$6,050,000	\$22,275,000
3.1 WeToolkit Design & Implementation & PBIs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.1 Grant for We-Toolkit Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.2 Grant for We-Toolkit TOT Honduras WeToolkit Regional Dissemination	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.3 TA for Companies employing We-Toolkit Standards linked to PBIs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.1.4 PBIs for Companies employing We-Toolkit Standards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.2 Honduras BDS	\$6,050,000	\$16,225,000	\$22,275,000	\$0	\$0	\$0	\$0	\$0	\$0	\$6,050,000	\$22,275,000
3.2.1 Grant for WeHonduras BDS Development & Implementation	\$2,700,000	\$11,000,000	\$13,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,700,000	\$13,700,000
3.2.2 Grant for translation and contextualization of digital WSME online module	\$300,000	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$300,000
3.2.3 Grants for WeXchange Honduras Chapter Mentoring, meetups, bootcamps	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000	\$150,000
3.2.4 Grant WeHonduras TA for WSMEs in Climate Smart Agriculture	\$1,400,000	\$3,500,000	\$4,900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,400,000	\$4,900,000
3.2.5 Grant WeHonduras TA for WSMEs in Clean Energy	\$1,400,000	\$1,500,000	\$2,900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,400,000	\$2,900,000
3.2.6 WeXchange Central America Forum	\$100,000	\$225,000	\$325,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	\$325,000
4. Strengthening the Enabling Environment for Women's Entrepreneurship	\$1,731,250	\$8,016,758	\$12,918,750	\$243,750	\$62,500	\$306,250	\$250,000	\$0	\$250,000	\$2,225,000	\$13,475,000
4.1 Comprehensive Assessment of WSMEs and Entrepreneurial Ecosystem	\$1,083,750	\$7,540,655	\$11,771,250	\$211,250	\$62,500	\$273,750	\$250,000	\$0	\$250,000	\$1,545,000	\$12,295,000
4.1.1 Grant for Financial Services SME Demand Survey & Toolkit	\$700,000	\$10,500,000	\$11,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$700,000	\$11,200,000
4.1.2 WeGrow + Mapping/Assessment	\$258,750	\$187,500	\$446,250	\$86,250	\$62,500	\$148,750	\$0	\$0	\$0	\$345,000	\$595,000
4.1.3 Access to Finance Database	\$125,000	\$0	\$125,000	\$125,000	\$0	\$125,000	\$250,000	\$0	\$250,000	\$500,000	\$500,000
4.2 A favorable environment for the competitiveness of WSME	\$647,500	\$476,103	\$1,147,500	\$32,500	\$0	\$32,500	\$0	\$0	\$0	\$680,000	\$1,180,000
4.2.1 Grant for GBA All Stars	\$97,500	\$0	\$97,500	\$32,500	\$0	\$32,500	\$0	\$0	\$0	\$130,000	\$130,000
4.2.2 Grant for Policy Dialogue on WSME on Access to Finance	\$50,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000
4.2.3 Grant for VC/PE Investor Workshops Design & Implementation	\$120,000	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0	\$120,000	\$120,000
4.2.4 Grant for WeForLAC Final Policy Dialogue in Honduras	\$80,000	\$0	\$80,000	\$0	\$0	\$0	\$0	\$0	\$0	\$80,000	\$80,000
4.2.5 Grant for TA for SCGG: Safe WSME Strategy & WSME Policies	\$300,000	\$500,000	\$800,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$800,000
M&E	\$1,587,500	\$0	\$1,587,500	\$987,500	\$0	\$987,500	\$1,325,000	\$0	\$1,325,000	\$3,900,000	\$3,900,000
Impact Evaluations	\$1,200,000	\$0	\$1,200,000	\$750,000	\$0	\$750,000	\$1,050,000	\$0	\$1,050,000	\$3,000,000	\$3,000,000
M&E	\$337,500	\$0	\$337,500	\$187,500	\$0	\$187,500	\$225,000	\$0	\$225,000	\$750,000	\$750,000
WeForLAC Evaluations	\$50,000	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	\$0	\$50,000	\$150,000	\$150,000
MDR Fee 7%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,588,370
TOTAL	\$12,435,250	\$60,331,758	\$75,937,750	\$3,320,250	\$36,118,500	\$39,438,750	\$6,935,500	\$93,989,000	\$100,924,500	\$22,691,000	\$217,889,370

WE3A BUDGET TABLE

Program Activities	We-Fi Funding Requested	IDA		Non-IDA		Program Total
		WeFi grant (\$)	Total (\$)	C+D countries WeFi Grant (\$)	Total (\$)	
1. Aspire	\$ 1,194,882	\$ 597,441	\$ 3,097,441	\$ 597,441	\$ 3,097,441	\$ 6,194,882
Sub-Component 1.1 Building enabling ecosystems for Value Chain WSMEs	\$ 1,194,882	\$ 597,441	\$ 3,097,441	\$ 597,441	\$ 3,097,441	\$ 6,194,882
Sub-Component 1.2: STEM - Enabling Environment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Activate	\$ 3,313,297	\$ 1,739,149	\$ 5,064,149	\$ 1,574,149	\$ 4,809,149	\$ 9,873,297
Sub- Component 2.1 : Activate for Value Chain WSMEs (Technical training and advisory)	\$ 2,678,297	\$ 1,339,149	\$ 2,714,149	\$ 1,339,149	\$ 2,714,149	\$ 5,428,297
Sub-Component 2.2: Incubation for STEM-focused WSMEs (Technical training and advisory)	\$ 635,000	\$ 400,000	\$ 2,350,000	\$ 235,000	\$ 2,095,000	\$ 4,445,000
3. Accelerate	\$ 8,744,877	\$ 4,769,323	\$ 22,493,023	\$ 3,975,555	\$ 21,851,855	\$ 44,344,877
Sub-component 3.1: Accelerating Value Chain WSMEs (Technical training and advisory)	\$ 2,898,645	\$ 1,449,323	\$ 3,949,323	\$ 1,449,323	\$ 3,949,323	\$ 7,898,645
Sub-component 3.2: STEM Acceleration	\$ 5,846,232	\$ 3,320,000	\$ 18,543,700	\$ 2,526,232	\$ 17,902,532	\$ 36,446,232
Program Evaluations	\$ 534,986					\$ 534,986
WEFI REQUESTED	\$ 13,788,042	\$ 7,105,912	\$ 30,654,612	\$ 6,147,144	\$ 29,758,444	\$ 60,948,042
MDB Administrative Fee	\$ 927,714					
Grand Total WEFI REQUESTED	\$ 14,715,756					

Types of Activities Funded

Funding Categories	Committed Amount	
	Round #2 - WeForLAC	Round #3 – We3A
Investment Activities	2,160,000	0
Technical Assistance/Advisory Activities	7,781,000	0
WSME Capacity Building	4,335,000	7,039,317
Grants to WSMEs	0	0
Research, M&E and Evaluations	1,500,000	0
IP Fees	1,588,370	927,714
Total	17,364,370	7,967,031

ANNEX III. EXAMPLES OF IMPACT ON WSMES

An example of how We-Fi impact specific women entrepreneurs and partners is the LAC Women Founder Accelerators, which was supported as part of the IDB Lab. **WeXchange: Unleashing the Growth Potential of Women STEMpreneurs in Latin American and the Caribbean WeForLAC Program project funded by We-Fi in 2020.** The objective of this project is to support women entrepreneurs of Central America in STEM fields to expand and diversify their networks in the greater Latin America and the Caribbean (LAC) region and beyond, deepen their learning and mentorship opportunities, and get access to regional and global early-stage seed and VC investors:

LAC WOMEN FOUNDERS ACCELERATOR by WeXchange/IDB Lab and Google for Startups

In August 2021, WeXchange/IDB Lab joined Google for Startups to launch **LAC Women Founders Accelerator**, an acceleration program for STEM startups led by women in Latin America and the Caribbean, in collaboration with Centraal, the entrepreneur hub in Mexico. The ten-week-long highly customized virtual program will help 20 women-led startups from the region expand their networks, access mentors and investors, and receive training on key topics to develop their startups. Selected startups will participate in workshops on technology, digital marketing, leadership, business culture, and fundraising, beginning with a specific diagnosis of each startup and the unique challenges it faces. The entrepreneurs will also have numerous one-on-one mentoring sessions with investors and experts from Google, WeXchange/IDB Lab, and Centraal's networks. The program will include a Demo Day, during the ninth edition of the WeXchange annual forum, that will take place, virtually, on December 1st and 2nd, 2021. During this event, the entrepreneurs will have the opportunity to pitch their companies in front of a group of venture capital investors from the region. Currently WeXchange/IDB Lab, Google for Startups and Centraal are evaluating 306 candidates from 25 Latin American and Caribbean countries, including Ecuador, El Salvador, Guatemala, Honduras and Nicaragua, who submitted their applications. The program is expected to start in October.

Program website: www.wexchange.co

Press release: <https://www.iadb.org/en/news/idb-lab-and-google-launch-acceleration-program-women-entrepreneurs-stem>

Linkedin post: https://www.linkedin.com/posts/idblab_lac-women-startup-activity-6835633023388577792-U3rZ

Podcast 1: <https://wexchange.co/en/lac-women-founders-accelerator-de-google-y-wexchange-ep-16/>

Postcast 2: <https://latamlist.com/gyoung-joo-choe-idb-lab-and-google-launch-the-lac-founders-accelerator-for-women-stempreneurs-ep-60/>

Please see attached the ecard for social media campaigns and also the email campaign that was sent to the WeXchange distribution lists.

WeXchange | Una plataforma
BID Lab

Google for Startups

LAC Women Founders

A C C E L E R A T O R

¡Buscamos emprendedoras
STEM en **América Latina y
el Caribe!**

Postula antes del
12 de septiembre



Más información en:
www.wexchange.co

En colaboración con:
central

Apoyado por:
we-fi
WOMEN ENTREPRENEURS
FINANCE INITIATIVE

Impulsado por:
BID | LAB

ANNEX IV. WSME DEFINITIONS

The IDBG has developed operational guidelines for the WeForLAC and We3A programs that establish that the We-Fi formal WSME definition should be applied across all programs and projects, and that deviations from the SME and women-owned component of the definition are not permitted. For the women-led component of the definition, the guidelines require that any deviations from the formal We-Fi definition be documented and communicated to the program coordinators. To date, minor deviations and corresponding justifications were noted in 2020 Annual Report regarding the DB Invest project. Grupo Elcatex/San Juan Textile Gender Bond in Honduras (HO-G1255) for \$210,000, approved in 2020, and are as follow:

Elcatex: As part of the transaction, the client – a Honduran textile manufacturer – will receive an interest rate reduction if it meets targets to increase its share of WSME suppliers and/or the volume of purchases. The existing share of WSMEs in the Honduran market is fairly low, although it's difficult to say exactly how low given the lack of consolidated records on firms in general, much less by gender. Part of the advisory service associated with the transaction is aimed at better gauging the available pool of WSMEs and connecting them to the client. The incentive curve is structured as nonlinear growth to ensure the client has enough time to adjust their tracking systems and identify potential WSMEs suppliers.

On the women-owned/led component of the definition, the project is utilizing the following criteria:

Firm with 51% or more ownership by woman (or women) AND/OR has a female CEO/Chief Executive/ C Suite Executive/ Sales Manager AND/OR ≥30% of the board of directors are women.

These parameters will allow us to ensure reliable data quality and development impact as we are designing incentives that promote women in the relevant leadership positions for that industry. We included Sales Manager in the definition as it is a position of decision-making power in the context of supply-chain for Elcatex. The project's targets are quite ambitious, and by the end of the transaction, in 2027, it is expected that the client will increase the number of WSME suppliers from 5% to 24%, and/or increase the volume of purchases from 16% to 40%.

ANNEX V. PROJECT-LEVEL SUMMARIES

INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
ADOPTION OF CLIMATE-SMART TECHNOLOGIES IN AGRICULTURAL MSMEs LED BY WOMEN
(HO-G1254)

Project Type: Investment (50%); Capacity-Building (50%) **Project Start Date:** July 14, 2020
Geographical Focus: Honduras **Project End Date:** July 14, 2024
We-Fi Funding Committed: \$1,400,000
Total project size: \$
***WeForLAC budget line item 3.2.4**

CONTEXT:

The Honduran dry corridor runs from the border with Guatemala to that of Nicaragua on the west margin, it has one of the highest rates of poverty and malnutrition in the country. In this area, the agricultural sector is the main source of employment and income generation, where adverse weather conditions are also observed. Conditions that have been exacerbated by climate change, experiencing a greater intensity and frequency of extreme weather events and expanding the geographical extension of the corridor.

Sustainable productive development is one of the main challenges for poverty reduction in the dry corridor. In this sense, it is necessary to address their low levels of productivity, lack of market focus and high level of climate vulnerability. For its part, access to credit is scarce and short-term. In addition, women face a problem of gender inequality, including limited access to goods and services (e.g. technical assistance), among others. Gender considerations are therefore key to encourage their participation, as well as to reduce these gaps.

Micro, Small and Medium Enterprises in Honduras employ more than 700,000 people and contribute up to 25% of GDP. Based on their size, micro-enterprises represent 76% of MSMEs, followed by small ones with 17% (Summa Magazine, 2015). Despite their contribution, for their development, MSMEs face a series of challenges, particularly in terms of the use of technology, capacities (technical, human and business), market orientation and financing.

With the crisis generated by the COVID-19 pandemic, the most vulnerable MSMEs are those in rural areas, which with the slowdown in economic activity have begun to experience fewer or no sales, unemployment, lack of financing and access to the inputs required for reactivate production. In this group of companies, the most vulnerable are those constituted by women.

CLIENT/PARTNER DESCRIPTION

The executing agency for this operation will be Inversión Estratégica de Honduras – “Invest-Honduras”, which is also executing the IDB loan this operation is associated with - This operation has synergies and enhances the scope of the activities of the “Comprehensive Rural Development and Productivity Project”

(HO-L1201 / HO-L1211), which focuses on contributing to sustainably increase household income rural beneficiaries in the CSH. INVEST-Honduras is a management unit (planning, administration, and implementation) of strategic projects and programs for the development of Honduras attached to the General Government Coordination Secretariat (SCGG). Invest-Honduras has more than six years of experience executing IDB projects.

PROJECT DESCRIPTION

The objective is to contribute to the resilience of women micro, small and medium enterprises (MSMEs) led by women through support for the adoption of climate-smart technologies and technical assistance for their implementation.

IMPACT:

It is estimated that the direct beneficiaries are a total of 225 MSMEs led by eligible women in the intervention area. The expected result is an increase in the average annual gross sales of these MSMEs.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

Implementation has not started due to delays in implementation of the associated loan.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

We-Fi Indicator	Target
Total number of women owned/ led SMEs supported by We-Fi.	
<i>Indicator 5: Number of WSMEs that increase their use of digital tools and services</i>	160
<i>Indicator 13: Number of We-Fi supported women-owned/led SMEs reporting an increase in annual revenues</i>	225

INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
ENABLING THE GROWTH OF WOMEN-LED SMES BY ACCELERATING THEIR ACCESS TO MARKETS
(RG-T3721)

Project Type: Capacity-Building

Project Start Date: July 27, 2020

Geographical Focus: Honduras

Project End Date: October 25, 2025

We-Fi Funding Committed: \$2,925,000

Total project size: \$2,925,000

***WeForLAC budget line items line item 2.1.2 -
\$275,000 + line item 2.1.4 - \$2,000,000 + line item
2.1.5 - \$200,000 + line item 2.1.6 - \$450,000**

CONTEXT:

In May 2019, the IDB Group was awarded funding through the proposal WeForLac: Women Entrepreneurs for Latin America and the Caribbean. The WeForLac program seeks to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. From a private sector perspective, the WeForLAC program looks to combine innovative finance and advisory services to expand WSME's access to finance and markets in Honduras, Guatemala and Salvador (LMIC); and Mexico, Colombia, Brazil Ecuador, Dominican Republic and Peru, among other countries (MIC). The WeForLac program focuses on low-income countries: Honduras, an IDA country, will be the principal country in which a series of coordinated public and private sector initiatives will be implemented to support the growth of WSMEs. Forty-five percent of We-Fi resources will be devoted to Honduras. Lessons learned in Honduras will be applied to the rest of the region, with a focus on lower middle-income countries (LMICs) (e.g. Guatemala and El Salvador). As the private sector arm of the IDB group, IDB Invest is the key player to implement the funding allocated in WeForLac for private sector activities conducive to the growth of WSMEs. IDB Invest's current pipeline in Honduras, LMIC and MIC allows to provide advisory services that materialize the potential of fintech companies and anchor companies to integrate WSMEs in corporate supply chains through supply chain finance transactions and capacity-building activities.

CLIENT/PARTNER DESCRIPTION

N/A (IDB Invest-executed)

PROJECT DESCRIPTION

The objective of this AS is to increase WSMEs access to markets. To achieve this objective, the funds will be used to: (i) build capacity and sensitize anchor companies and corporates to source from WSMEs, (ii) develop specific solutions and support private sector in increasing their sourcing from WSMEs, (iii) connecting WSMEs and developing their capacity to take advantage of procurement opportunities.

IMPACT:

Advisory services will support the design of investment operations and of interventions that lead to the integration of WSMEs in corporate value chains.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

2021 has been a very difficult year for women entrepreneurs, IDB Invest has continued to deliver financing and advisory to help WSMEs survive the crisis and thrive with greater long-term resilience. During the past year, we have strengthened our advisory service offering and expanded our partnerships with new financial intermediaries in the Fin-Tech arena and innovated with financial instruments such as performance incentive grants for clients who increase the number of WSMEs suppliers in their value chain. We maintain our commitment to increase diversity, equity and inclusion within our WEFI operation and focus on under-represent women (such as Indigenous and Afro-descendant women). We also are piloting world first innovations that can be replicated across geographies and lenders. We are as such, honoring our commitment to the WEFI donors.

ELCATEX HONDURAS. As reported last year, IDB Invest and We-Fi are helping build inclusive supply chains and opening new markets for women in Honduras by incentivizing Elcatex, a leading textile company, to increase the number of WSMEs in its supply chain. In 2020, IDB Invest approved a \$96 million loan to help Elcatex increase its production capacity and diversify its exports. The project included advisory services to help Elcatex identify opportunities to increase access to the value chain for women suppliers, train its senior management and the procurement team, and enhance its supplier monitoring system.

To successfully achieve the AS objectives, IDB Invest divided the work in two components and hired FUNDES and WeConnect to execute each component. On one side, FUNDES was selected as the main capacity builder for the client to become a more robust buyer for WSMEs by completing four activities: to (i) identify opportunities and develop strategies to increase access to women suppliers; (ii) advise on the traceability system and disaggregation of information; (iii) provide recommendations to improve the onboarding process and policies to increase and maintain the number of suppliers; and (iv) train management and procurement team.

By February 2021, Fundes had already analyzed the opportunity, executed interviews, strengthened the capacity of Elcatex's procurement by installing in their systems a self-diagnostic tool for suppliers, and training the procurement team on diverse sourcing best practices. As a result of this first component, Elcatex has improved their processes and policies to diversify their sourcing.

For the second component of this AS, IDB Invest hired WeConnect to:

- Provide a series of workshops for WSME suppliers to improve their capacity to sell in the textile sector in Honduras
- Guide Elcatex in disaggregating their tracking system of SME providers, including WSMEs and WSMEs owned by vulnerable populations, to align with industry-best practices, and incorporate metric.
- Provide a roadmap for Elcatex to increase the number of WSMEs suppliers.
- Provide the market membership to Elcatex, so they can become part of a network to reach WSMEs in Honduras.

In Honduras, in the middle of the COVID 19 pandemic, Elcatex has had to adapt their production and security measures to the emergency context and country-wide closures. Some production plants temporarily closed, others had to reassign work shifts and slow production. The company is developing a

strategy to increase access to procurement prospects for women suppliers; implementing industry-specific recommendations to improve their onboarding process and internal procurement policies to increase and maintain WSMEs suppliers. The challenge is that health and safety must be first, while maintaining production at a sustainable level.

We found that it's key to build capacity within the procurement team as well as top management to understand the value of diversifying the supply chain, not only as a business imperative, but as a way to build a more resilient value chain in preparation for future pandemics. Honduras is one of the worst hit countries due to the COVID pandemic. As such, SME businesses have suffered. Elcatex adapted by beginning production of masks and protection-wear, which allowed them to maintain operations and increase purchasing from two new WSME suppliers.

VICUNHA ECUADOR. IDB Invest, agreed to provide advisory services to Vicunha Ecuador to strengthen WSME and SME suppliers (cotton producers) and clothing manufacturers to maximize sustainability practices throughout its supply chain. This, aimed at continuing to generate a differentiating product in line with its ethos, strengthen its brand positioning and increasing the resilience of its supply chain.

The selected consultant, who has not been identified yet, will develop a Training Program for SME clothing manufacturers in business management, and the application of sustainability practices in the process of making jeanswear. The program will be designed to also respond to the necessities of female-led SME manufacturers, who may have different time constraints and learning needs. This will be done through i) a needs diagnosis of clothing manufacturers, especially women manufacturers, ii) development content that includes a module focused on strengthening of business skills as well as sustainability trends and sustainable practices, with a gender lens iii) support methodology for a continuous implementation of the program, and iv) develop a sex-disaggregated training results measurement plan.

KUBO FINANCIERO MEXICO. In June 2021, IDB Invest provided a US\$10 million redeemable preferred shares in the FinTech KUBO Financiero, a deal that resulted in an innovative and flexible mezzanine financial structure with a 6-year term. The objective of this transaction is to improve the client's capital structure, expand its SMEs loan portfolio, especially to Women SMEs, and promote financial inclusion. WeFi supported this transaction through advisory services and blended finance. This was the first WeForLac deal in a Fintech in the region, and as expected, it was a way to catalyze access to finance for WSMEs. Kubo's projections demonstrating exponential growth year-over-year of the women's segment in the portfolio. The transaction features a blended finance performance-based incentive, which will encourage Kubo to serve approximately 9,000 WSMEs by 2026.

Through WeFi, IDB Invest is also providing advisory services which will intend to leverage the impact of Kubo Financiero's digital platform towards financially excluded or underrepresented groups and make its overall operations more diverse and inclusive, especially for WSMEs. IDB Invest will hire a consultant to: (i) execute a market assessment, (ii) design financial products and value proposition, and (iii) improve the data management systems. Up to date, the advisory scope has been designed with the client and the team is currently in the process of hiring the consulting firm that will lead the project. We expect to start the planned activities at the beginning of August 2021.

We-Fi Indicator	Target
Indicator 3: Number of women owned/led SMEs that accessed new finance from We-Fi supported	3,747
Indicator 4: Indicator 4: Number of women-owned/led SMEs accessing entrepreneurial support activities from We-Fi supported institutions.	180
Indicator 9: Number of institutions supported by We-Fi that have put in place a system for capturing and reporting data on WSMEs.	2
Indicator 11: Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting WSMEs.	2
Indicator 12: Total number of women owned/ led SMEs supported by We-Fi.	3,927
Indicator 13: Number of We-Fi supported women-owned/led SMEs reporting an increase in annual revenues.	1,645
Indicator 15 A: Number of additional direct jobs created by the We-Fi beneficiary WSMEs.	1,798

INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
ENABLING THE ENVIRONMENT FOR THE GROWTH OF WOMEN-LED SMEs THROUGH CAPACITY BUILDING AND
DISSEMINATION
(RG-T3748)

Project Type: Capacity-Building

Project Start Date: September 24, 2020

Geographical Focus: Honduras

Project End Date: December 23, 2025

We-Fi Funding Committed: \$800,000

Total project size: \$ 800,000

***WeForLAC budget line items 4.1.3 - \$500,000 + line item**

4.2.1 - \$130,000 + line item 4.2.2 - \$50,000 + line item 4.2.3

- \$120,000

CONTEXT:

On May 13, 2019, the IDB Group was awarded funding through the proposal WeForLac: Women Entrepreneurs for Latin America and the Caribbean. The WeForLac program seeks to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. From a private sector perspective, the WeForLAC program looks to combine innovative finance and advisory services to expand WSME's access to finance and markets in three geographies and/or sub-regions of LAC: i) Honduras, ii) Guatemala and El Salvador (LMIC) and iii) Mexico, Colombia, Peru, Brazil, Ecuador, and the Dominican Republic (MIC).

As the private sector arm of the IDB Group, IDB Invest is the key player to implement the funding allocated in WeForLac for private sector activities conducive to the growth of WSMEs. IDB Invest's current pipeline in Honduras, MIC and UMIC, allows promotion of innovative finance instruments such as bonds, as well as advising on new financial products that can catalyze the access to finance to WSMEs. However, creating and enabling an environment for women entrepreneurs is key for the success of these private sector initiatives. The macro environments in which women business owners operate must support and complement women entrepreneurs' business needs. For example, according to the World Bank's Women Business and the Law 2019 report and database Guatemala ranked low in the Running a Business category because it do not have specific laws that prohibit discrimination by creditors on the basis of sex or gender. Thus, the preparation of draft anti-discrimination legislation in Guatemala is one possible public policy target that would enable more women to access credit from financial institutions.

Overall, one of the main challenges in WeForLac countries related to women's access to finance, markets and skills are linked to the implementation of existing legal frameworks—more specifically, how government policies seek to close gender gaps for SMEs, and how the private sector addresses gender biases.

Objective. The main objective of this AS project is to support the growth of WSMEs in Honduras, LMIC and MIC by enabling the environment under which the WSMEs operate through capacity building and

dissemination targeting WSMES among policymakers, financial institutions, investors, fund managers, and other key stakeholders. Special attention will be given to capacity building and dissemination activities that encourage the inclusion of other underrepresented women when possible, including afro-descent, indigenous and traditional peoples, and women with disabilities.

CLIENT/PARTNER DESCRIPTION

N/A (IDB Invest-executed)

PROJECT DESCRIPTION

Support the growth of WSMES in Honduras, LMIC and MIC by improving the environment for growth. For this, IDB Invest is requesting funding from the resources granted to the WeForLAC program by WE-FI to provide advisory services to clients, including financial institutions and corporates, to design new financial products targeting WSMES and promote the creation of a new asset class – gender bonds – to facilitate access to finance to WSMES. As part of this process, the Advisory Services Team (AST) in collaboration with the Development Effectiveness (DSP/DVF) team, will support the design of IDB Invest investment operations in the prioritized countries by ensuring that a portion of or all the proceeds reach WSMES. Special attention will be given to include other underrepresented women population: afro-descendants, indigenous and traditional peoples, and women with disability when possible.

IMPACT:

This operation will help address one of the main challenges in WeForLac countries to women's access to finance, markets and skills, which is the need for implementation of legal frameworks and government policies that seek to close gender gaps for SMEs.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

One of the main objectives of the WeForLAC Program was to support the growth of WSMES in Honduras, LMIC and MIC by enabling the environment under which the WSMES operate through capacity building and dissemination on the importance of targeting WSMES among policymakers, financial institutions, investors, fund managers, and other key stakeholders. IDB Invest identified the Financial Alliance for Women (FAW) as a unique partner to successfully attain this goal. As part of their services, the FAW provides a holistic learning program, called the All-Stars Academy, that helps financial services professionals develop the critical tools they need to serve the women SME segment more effectively. IDB partner with FAW to sponsor this year's All-Stars Academy to deliver key capacity building activities to the private sector with a focus on Honduras, Central America and other We-Fi countries. It is important to mention it was the first time the summit was held in Spanish, increasing its outreach and impact in the region.

The Workshop took place in Q2 2021. Financial Alliance for Women (FAW) in partnership with the IDB Invest provided a holistic learning program, called the All-Stars Academy, to transfer capacity to financial services professionals so they develop the critical tools they need to serve the women SME segment more effectively. The All-Stars Academy had a special focus on Honduras, Central America and other We-Fi countries.

The program, which lasted for 5 weeks, started on June 3rd, and was completed on July 15th. A total of 40 financial institutions and 194 people participated in the Program. Although the delivery of the Academy was planned to be executed in-person in Honduras, IDB Invest and the FAW adapted it to a virtual format due to COVID-19 restrictions and for the safety of all participants. Regardless of the virtual format, the FAW and IDB Invest set special focus on participants from Honduras, El Salvador, and Guatemala and specifically target this audience to take full advantage of this learning experience. In the preliminary report, the FAW stated that 30% of all Financial Institutions that participated were from Honduras, El Salvador and Guatemala.

The Program contained self-paced modules where participants worked on their own for an estimate of 4.5 hours per week and complemented the knowledge with live sessions every Thursday, where international experts were invited to share their experiences. At the end of each module, participants were prompted to develop a portion of their own women-centered strategy, and after completing them all participants finished with a complete action plan to implement at their institutions. The All-Stars Academy culminated in a pitch competition, where participants were able to pitch their program/strategy to a judge, received feedback from an expert, and had the chance to win the top spot. In this case, Ficohsa Honduras was the winner of the pitch competition.

Since the All-Stars Academy culminated after the year review of this annual report, we will share more information on lessons learned, stories, and feedback from the participants on 2022 annual report.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

We-Fi Indicator	Target
Surveys conducted (Not mapped to We-Fi Indicator)	4
Workshops organized (Not mapped to We-Fi Indicator)	4
All Stars Academy Symposia held (Not mapped to We-Fi Indicator)	1
Conferences organized (Not mapped to We-Fi Indicator)	2
Policy Dialogue in Honduras (Not mapped to We-Fi Indicator)	1

**INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLac
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
DAVIVIENDA GENDER BOND
(CO-G1026)**

Project Type: Investment	Project Start Date: July 9, 2020
Geographical Focus: Colombia	Project End Date: July 9, 2027
We-Fi Funding Committed: \$300,000	
Total project size: \$100,300,000	
* WeForLac budget line item 1.2 Blended Finance for Fls – UMIC (Upper Middle-Income Country)	

CONTEXT:

In Colombia, the 2018-2022 National Development Plan indicates that there are gender gaps and issues to be addressed in terms of access to financing, entrepreneurship, health, work, education and violence, and as a response, its "Pact for Equity for Women" includes measures that promote the economic, political and social empowerment of women to eliminate inequities against them and favor the elimination of violence and poverty that affects them. In addition to this effort from the public sector, the private sector can support this national initiative in different ways. One of them is through financial instruments that promote and finance programs aimed at the empowerment of women that also include measurement and monitoring of expected results. The instruments consist of thematic bonds, more precisely gender bonds, issued by public or private institutions that commit the proceeds of the issue to finance projects and ventures to empower women economically and socially. Usually, these types of bonds are accompanied by the design of a strategy for products and services focused on gender. These bonds follow the principles of social bonds agreed by the International Capital Markets Association (ICMA), contribute to the United Nations Sustainable Development Goals, and are verified by external and independent entities known in the market as opinions of second parts. To date in Latin America, Banistmo in Panama, a banking entity affiliated with Bancolombia, has been the only entity to issue a gender bond. This transaction is the first issue and subscription of Social Bonds with a gender focus in Colombia.

CLIENT/PARTNER DESCRIPTION

The client is Banco Davivienda S.A. Davivienda is one of the leading banks in Colombia. It presents strong financial figures, with good profitability levels that allow it to adequately generate capital with a high profit capitalization ratio of 68%. Its portfolio has grown from 2006 to 2019 at a compound annual growth rate of 21.5% compared to 14.9% for the system. It is currently the second largest bank by portfolio size in Colombia. The controlling company of Banco Davivienda is Grupo Bolívar S.A., a group operating more than 70 years and made up of companies that participate in different sectors of the economy (construction, insurance, banking) and a diversified income base. The figures as of Jun / 19 are: profits of US \$ 313 million (US \$ 530 million as of Dec / 18), assets of US \$ 39,434 million and equity of US \$ 4,537 million. The Group is an issuer on the Colombian stock market and has a local AAA rating from Fitch. This initiative seeks to strengthen the internal capacities of the Issuer by formulating a business strategy for SMEs that promotes gender equity, and which may also be replicated in one or more of its subsidiaries in Central America.

PROJECT DESCRIPTION

The project consists of a subscription of Gender Bonds issued by Davivienda S.A. ("Davivienda"), denominated in COP for an amount equivalent to US\$100,000,000, with a term of 7 years, and amortization at maturity. The proceeds from the placement of the Bonds will be used to finance projects aligned with the Sustainable Development Goals ("SDGs") that seek social impact and gender equity. This subscription will be the first issue of gender bonds in Colombia. We-Fi's technical assistance and blended financing resources will be used to strengthen the value proposal of Davivienda's Women-owned/led SME segment and to encourage the growth of Davivienda's portfolio in this segment.

IDB Invest will grant the Issuer a \$300,000 bonus over a period of five years as certain outcomes are achieved. The bonus will be disbursed annually in the amount of \$60,000 after progress assessment. IDB Invest will also provide advisory services with funds from the We-Fi program to support Banco Davivienda SA in designing a value-and-positioning proposal, focused on serving the WSMEs segment.

This is the first gender-focused social bond in South America aligned with international standards. As part of the bond issuance process, IDB Invest advised Davivienda in the design of the methodological framework for the use of proceeds, involving criteria for selection, monitoring and evaluation of projects, aligned with the Social Bond Principles of the International Association of Capital Markets (ICMA).

Additionally, IDB Invest supported Davivienda in securing an independent verification of the methodological framework, known as a second-party opinion, issued by Vigeo Eiris, an external consultant specialized in this type of projects.

IDB Invest will also provide advisory services with funds from the We-Fi program to support Davivienda in designing a value-and-positioning proposal, focused on serving the WSMEs segment.

This deal can potentially contribute to six United Nations Sustainable Development Goals (SDGs): End Poverty (SDG 1), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Reduction of inequalities (SDG 10), Sustainable cities and communities (SDG 11).

IMPACT:

Proceeds from the bond placement, acquired in full by IDB Invest, will be exclusively used by the issuer to finance the growth of its women-led SME portfolio (WSMEs), as well as the purchase of social interest houses by women in Colombia. Through the We-Fi program, IDB Invest will grant the Issuer a \$300,000 bonus over a period of five years as certain outcomes are achieved, in this case the expansion of the WSMEs loan portfolio from 20% to 27% (6,500 loans approximately). The bonus will be disbursed annually in the amount of \$60,000 after progress assessment.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

In August 2020, IDB Invest structured the world's first gender-linked bond with performance-based incentives. The US\$100 million issuance was WeForLAC's first deal in Colombia and its first deal with a financial institution.

As part of the support to the issuance of the gender bond, IDB Invest is advising Davivienda on how to build the value proposition for women-led SMEs. Consumer Centrix, a consulting firm specialized on women's banking was hired in early 2021 to execute the advisory. Currently, the firm has delivered the

institutional diagnosis of where Davivienda is vis-à-vis its policies and strategy in the context of the construction of the value proposition for women. In addition, IDB Invest has designed a survey to assess credit officers' biases when facing clients. Currently, IDB Invest and Consumer Centrix are working on: i) the market research to better understand women-led SMEs needs and ii) obtaining the data to work on the portfolio segmentation to assess the market opportunity.

IDB Invest also hired Vigeo Eiris to review and assess the integrity of the framework for the use of funds of this gender bond. After carefully executing an assessment, Vigeo Eiris concluded the sustainability strategy and framework of Davivienda gender bond was "Advanced" (the highest qualification out of four).

We have been successful in piloting innovative financial instruments UMIC countries and expanding its use (best practices and key learnings) to LMIC countries in the region. An example of this is Davivienda's performance-based incentive mechanism, then replicated in WSME loan with BAC El Salvador.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

List the projected targets for the **number of WSMEs reached** and other relevant indicators (for example, for A2F projects include targets for the number and volume of loans to WSMEs). We-Fi Secretariat may aggregate these figures for portfolio analyses but will not share individual project targets.

We-Fi Indicator	Target
Total number of women owned/ led SMEs supported by We-Fi.	
<i>Indicator X</i>	
<i>Indicator Y</i>	

INTER-AMERICAN DEVELOPMENT BANK GROUP
WEFORLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
BAC EL SALVADOR
(ES-G1005)

Project Type: Investment

Geographical Focus: El Salvador

We-Fi Funding Committed: \$450,000

**Total project size: \$ 60,450,000 line 1.2, cell “LMIC”,
(Blended Finance for Lower Middle-Income Countries)**

Project Start Date: July 13, 2020

**Project End Date: July 13, 2026 (5 years/1
year grace):**

CONTEXT:

The Financing will leverage the Business Development Center that BAC El Salvador already owns to offer non-financial services to SMEs. In addition, the transaction will feature a Performance-Based Incentive in an aggregate amount of up to US\$ 450,000 dollars.

IDB Invest identified BAC El Salvador as a key actor to finance women-led SMEs in El Salvador. Currently, they offer a few non-financial services through their business school “*Centro de Desarrollo Empresarial*,” specifically on management/leadership trainings for SMEs and women’s empowerment. However, they still consider it necessary to develop a differentiated offering that serves the current needs of WSMEs.

CLIENT/PARTNER DESCRIPTION

Banco de América Central, S.A. (El Salvador) (“BAC ES”). BAC El Salvador is a subsidiary of BAC International Bank (“BAC International”), the Panama-based holding-company that consolidates the Central American operations for BAC. Moreover, BAC International is owned by Banco de Bogotá (S&P BB+ intl./Stable Outlook), which belongs to Grupo Financiero Internacional AVAL. BAC El Salvador is rated locally EAAA (slv) by Fitch Ratings, with Stable outlook, as of March, 2020. Moreover, BAC International is owned by Banco de Bogotá, which belongs to Grupo Financiero Internacional AVAL. This group manages consolidated assets of approximately US\$ 53.3 billion as of December 2019. BAC El Salvador represents 5.1% of Banco de Bogotá's consolidated assets and 11.1% of BAC International Bank Inc.’s Central American operations.

Propemi, BAC’s SME lending operations, represents 13% of the Bank’s gross loan portfolio. Propemi began over 30 years ago as the initiative of FUSADES to help face some of the development challenges at the time. In 2007, BAC Credomatic El Salvador acquired this program, being able to access a new market to support the growth of the small and medium-sized companies. At the end of February 2020, Propemi's loan portfolio amounted to \$ 239.3 million dollars and the portfolio of checking and savings accounts totalled US\$ 98 million. The growth expectations in both items is to continue growing not less than 10% annually. Furthermore, the Mujer Acelera program, which began in 2017, aims to meet the financial and technical needs for over 500 women who manage small and medium-sized companies in El Salvador. It seeks to strengthen their role as leader and entrepreneurs, which makes BAC El Salvador a natural partner for IDB Invest.

PROJECT DESCRIPTION

IDB Invest will support Banco de América Central S.A. ("BAC El Salvador") with a financing of up to US\$60 million (US\$40 million IDB Invest and US\$20 million from the IDB China Co-Financing Fund for Latin America and the Caribbean ("China Fund")) to promote growth in BAC El Salvador's "Mujer Acelera" Program, which is the Bank's women led or women owned Small and Medium-Sized Enterprises ("WSMEs") portfolio in El Salvador.

We-Fi will also provide BAC El Salvador with a performance-based incentive of up to US\$450,000 over a period of five years if certain annual outcomes related to increasing the number of WSMEs as clients are achieved.

The proposed transaction consists of a senior unsecured financing to Banco de América Central, S.A. ("BAC El Salvador" or the "Bank") denominated in United States Dollars ("US\$") of up to US\$ 60 million comprised of (i) an IDB Invest A Loan up to US\$ 40 million with a five year tenor and (ii) a China Co-Financing Fund for Latin America and the Caribbean ("China Fund") Loan of up to US\$20 million (the "Financing"). The Financing will promote growth in BAC El Salvador's "Mujer Acelera" Program, which is comprised of Women-owned or Women-led SMEs ("WSMEs") portfolio in El Salvador.

These WSMEs are expected to have access to financial services on better terms and conditions and to have non-financial support to sustain the growth of their business. During due diligence, the possibility of incorporating a component of strengthening value chains with a gender perspective will be explored, since several of the SMEs financed by BAC are suppliers to (larger) anchor companies that are already financed by BAC.

The advisory engagement will also identify gender gaps in BAC client's access to digital business trainings and skills in the context of the COVID 19 emergency. If feasible, the possibility of supporting the bank for an eventual issue of a gender bond will be evaluated.

IMPACT:

BAC El Salvador will attempt to increase the number of WSMEs clients from 27% to 45% by 2025.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

On September 2020, IDB Invest provided Banco de América Central S.A. ("BAC El Salvador") with a financing of up to US\$60 million to promote the "Mujer Acelera" WSMEs Program. The focus on El Salvador was key, as being part of the Lower Middle Income Countries (LMIC), we aim to accelerate the access to finance to women entrepreneurs in this region. We identified this client as a key player in the context of WSME lending in El Salvador, therefore, offered a bundle of technical assistance and blended finance to strengthen their financial and non-financial service (NFS) and to incentivize the growth of WSMEs portfolio. At the moment of financing, BAC ES offered a few NFS through their business school "*Centro de Desarrollo Empresarial*" on management/leadership trainings, however, they considered necessary to develop a differentiated offering that better served WSMEs needs.

On November 2020, IDB Invest hired FUNDES to execute the following activities: (i) a digital solutions analysis to ensure business continuity for WSMEs during and after the COVID crisis; (ii) an internal diagnosis to identify potential gender biases in BAC's products, services, and processes; (iii) a proposal to strengthen their non-financial offering focusing on WSMEs; and (iv) a value proposition roadmap to increase the number of WSME clients in the portfolio.

IDB Invest also provided BAC ES with a performance-based incentive (PBI) of up to US\$450,000 over a period of five years if certain annual outcomes related to increasing the number of WSMEs are achieved.

By April 2021, FUNDES had delivered the following outputs and two progress reports, with the following major findings regarding women's access to credit:

- The largest number of SMEs are in the urban area of the country, mainly in the San Salvador metropolitan area.
- Women in El Salvador use credit mainly to consolidate debt, followed by working capital and acquisition of fixed assets.
- The proportion of loans to SMEs is offered more by regulated than non-regulated entities, this is an indication of the level of formality of the businesses.
- There is a high percentage of WSMEs (26%) that are also heads of households.
- Regarding COVID-19 pandemic, the degree of impact has been high for SMEs, but to a greater extent for women, whose activities have cut back.
- In overall, 2021 would be a challenging year for the financial inclusion of WSMEs. It would be difficult to expand the growth of WSMEs in BAC ES' portfolio.
- Two trainings with the BAC product, risk and SME teams to build capacity to better serve WSMEs

BAC ES has been involved and committed throughout this advisory service process. This is a client who believes in the business case for WSMEs, understand there is an under-served market and sees the opportunity. In this sense, they have decided to be proactive and complement our AS with a technical assistance from Palladium, a consultancy firm which is conducting a gender assessment on BAC ES policies and procedures based on the Edge methodology, also used at the IDBG and WB. BAC ES also participated actively in the Financial Alliance All- Stars Academy, which is part of the WeForLac Program.

It is important to highlight that this blended finance mechanism of PBIs is innovative for the region. There are very few transactions that have been structured with this mechanism in LAC. The extent of the success have not yet been proven since the first year of evaluation will be 2022

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

List the projected targets for the **number of WSMEs reached** and other relevant indicators (for example, for A2F projects include targets for the number and volume of loans to WSMEs). We-Fi Secretariat may aggregate these figures for portfolio analyses but will not share individual project targets.

We-Fi Indicator	Target
Total number of women owned/ led SMEs supported by We-Fi.	
<i>Indicator X</i>	
<i>Indicator Y</i>	

INTER-AMERICAN DEVELOPMENT BANK GROUP
WEForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
KUBO FINANCIERO
(ME-G1020)

Project Type: Investment

Project Start Date: February 16, 2021

Geographical Focus: Mexico

Project End Date: February 16, 2027

We-Fi Funding Committed: \$500,000

Total project size: \$ 500,000

***WeForLAC budget line item 2.2 Blended Finance. Finance
for WSMEs in Corporate Value Chains for MIC countries-
(Subsection) Fintech Supply Chain Blended Finance**

CONTEXT:

In Latin America and the Caribbean, the average firm managed by a woman is about three times smaller than that of a man. On average, women-owned firms use less labor and physical capital, and in some countries, exhibit lower levels of human capital. Companies led by women are usually younger, less innovative, and operate on a smaller scale as well as in less capital-intensive industries compared to male-led firms, for example the commerce and services sectors. Women's choices with respect to the industrial sector can be important in explaining gender differences in entrepreneurial performance. Women's concentration in the personal services sector and their under-representation in the more lucrative professional services and construction industries inhibit many of women-owned/led businesses in the region to grow beyond microenterprises or move out of the informal economy, which reduces incomes, innovation, productivity and ultimately, economic growth, which hinders national competitiveness.

Research suggests that one of the key obstacles WSMEs face in LAC is the lack of access to finance. The types of businesses women run impact their ability to access finance. As mentioned above, firm size and choice of sectors influences banks' analysis of WSMEs in terms of borrowing capacity. Also, a perception of higher risk and cultural bias amongst loan officers of financial institutions can persist and impact WSMEs access to finance.³ Globally, LAC has the largest credit gap for women-owned SMEs (US\$ 93 billion of a global gap of US\$ 1.7 trillion).

In May 2020, the percentage of the total outstanding portfolio of the Mexican banking system (banca múltiple) destined to SMEs was only 7.3%. According to data from the World Bank Enterprise Survey, only 15.2% of formal small businesses in Mexico use commercial credit to finance their investments and 18.9% to finance working capital. Most continue to turn to their suppliers or the informal market for their financial needs. Only 12% of WSMEs report having access to credit through a financial institution. In contrast, in Latin America and the Caribbean, the proportion amounts to 42%.

Lack of access to appropriate financial products is also prevalent. A recent study on WSMEs in Mexico by Value for Women highlighted that 70% of women entrepreneurs were looking for finance. Yet, according to this report, 42% have never applied for credit due to high interest rates and aversion to indebtedness, but also due to lack of appropriate credit products. 93% of WSMEs stated a lack of financing opportunities available and accessible for their businesses, and very few WSMEs (14%) reported knowing about opportunities for financing that exist for their businesses.

In addition, gender-gaps in technology use also persist in Mexico. Only 28% of women make or receive digital payments, while 36% of men do. In LAC, these figures reach 39% and 48%, respectively. Gender-based gaps in technology use are relevant and may have implications for WSMEs productivity and business continuity in the context of the COVID-19 pandemic, as well as in terms of access to finance in instances where financial intermediaries migrate face-to-face services to online platforms.

The high level of WSME informality and geographic limitations of banks' customer service network make this segment less attractive than other segments for traditional financial institutions. These companies can be too small for banks, which would need to process a high volume of loans for relatively low amounts, with high transaction costs. To serve them, traditional financial institutions would need to adopt different business models. Considering that Mexico's traditional financial sector falls short in providing sufficient access to finance to WSMEs, the development of fintech firms can increase their financial inclusion.

Fintechs as a Means for Financial Inclusion of WSMEs

According to a study by the Bank for International Settlements, low banking penetration and underutilization of formal financial services drove the surge and development of fintech firms in LAC. The banking systems in the region are highly concentrated, resulting in elevated fees and transaction costs, cumbersome procedures to open a bank account and high interest rates. Institutional weakness and low competition between banks leave little incentive to improve services or offer lower rates to customers.

As a result, LAC is becoming one of the fastest growing regions for fintech, particularly in Brazil, Mexico, and Colombia. The number of fintech projects in LAC increased by 66% between 2017-2018, from 703 to 1,166. The combination of high rates of financial exclusion and high mobile penetration and technological innovation represent a great opportunity for the fintech sector due to its ability to bring financial services through technology to a part of the population that has not yet been adequately served by traditional financial services. Fintech offers opportunities to transform women's and WSMEs financial inclusion. To mitigate collateral or credit history issues, fintech uses alternative data to determine creditworthiness and issue loans, an approach that Mexico's Kubo is currently using. Fintech can also provide more accessibility to women who may feel uncomfortable in traditional bank settings, or who face physical barriers. The increasing role of women in fintech is driving more user-centric product development for the specific needs of women and WSMEs.

Given the incipient nature of the fintech sector, with fintechs looking to expand their product offers, IDB Invest can incentivize the sector to focus on financing WSMEs and showcase the business case for this kind of focused lending. In this context, IDB Invest identified Kubo as a good partner to boost financing for WSMEs in Mexico.

Kubo's business model uses a 100% online digital platform that offers loans, investment plans and savings accounts with more competitive rates than those offered by the traditional banking system. Kubo's operating costs are also lower than those of traditional financial institutions.

Even though Kubo's only office is in Mexico City, the Company has loans outstanding in all 32 states of the country thanks to the flexibility of being a digital bank. Although Kubo does not yet lend to SMEs directly, its data shows that as of September 2020, approximately 30% of Kubo's loan portfolio is allocated for productive purposes presumably by small business owners. Such loans are used for the purchase of fixed assets, purchase of merchandise, and business improvements. About 13% of outstanding loans, by

volume, are to segments of the population classified as D and E, according to their socio-economic level, with monthly incomes of less than US\$ 318. According to Findex (2017), only 4% of the population in levels D and E (the poorest 40%) have credit from a financial institution.

CLIENT/PARTNER DESCRIPTION

KU-BO FINANCIERO, S.A. DE C.V., S.F.P. (“Kubo” or the “Company”)

Founded in 2012, Kubo is a Mexican fintech offering savings accounts, personal loans, and term deposits to its clients. In 2015, the Company became the first regulated peer-to-peer lending platform in the country, and in 2017, Kubo evolved into a digital finance company and started offering saving accounts as well as term deposits.

PROJECT DESCRIPTION

In June 2021, IDB Invest provided a US\$10 million redeemable preferred shares in the FinTech KUBO Financiero, a deal that resulted in an innovative and flexible mezzanine financial structure with a 6-year term. The objective of this transaction is to improve the client’s capital structure, expand its SMEs loan portfolio, especially to Women SMEs, and promote financial inclusion. WeFi is supporting this transaction through blended finance as well as advisory services. This was the first WeForLac deal in a Fintech in the region.

The project consists of a quasi-equity investment in Kubo of up to a US\$ 10 million equivalent in MXN. The investment will be in the form of preferred, redeemable convertible shares which will be considered Tier I regulatory capital. IDB Invest will earn an annual cumulative dividend of 13% on the investment amount for the first five years and 15% thereafter. Also, IDB Invest will receive 4,500 detachable warrants as additional compensation with the option to be converted into common shares of the Company.

Kubo will use the proceeds to improve its capital structure and grow its loan portfolio to SMEs. As of today, Kubo does not offer direct lending to SMEs.

As part of this investment in Kubo, the We-Fi will provide up to US\$500,000 through Performance-Based Incentives to Kubo subject to the achievement of annual targets for growing lending portfolio for WSMEs.

To support the client to achieve these goals, the Advisory Service’s Diversity and Inclusion team will facilitate technical assistance to Kubo to develop its inclusive product portfolio and redesign its data system, so it can also include and meet specific needs of WSMEs. Additionally, the technical assistance intends to leverage the impact of Kubo’s digital platform towards financially excluded or underrepresented groups and make its overall operation more diverse and inclusive.

IMPACT:

Through the We-Fi incentive Kubo is committed to start its SME lending practice with a focus on providing financing to WSMEs from the beginning, with a target to lend to at least 9,000 WSMEs by 2026, which are expected to represent over 50% of the total SME portfolio.

By 2026, Kubo expects the portion of loans to SMEs to represent 29% of the total loan portfolio, and as a share of such SME portfolio, Kubo expects that over 50% will be composed of WSMEs, thanks to the capital injection by IDB Invest, the development of new financial products targeted towards the productive segments (SMEs, women-owned/led SMEs), and new analysis tools aimed at including financially underrepresented individuals.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

Through WeFi, IDB Invest is also providing advisory services which will intend to leverage the impact of Kubo Financiero's digital platform towards financially excluded or underrepresented groups and make its overall operations more diverse and inclusive, especially for WSMEs. IDB Invest will hire a consultant to: (i) execute a market assessment, (ii) design financial products and value proposition, and (iii) improve the data management systems.

Up to date, the advisory scope has been designed with the client and the team is currently in the process of hiring the consulting firm that will lead the project. We expect to start the planned activities at the beginning of August 2021.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

List the projected targets for the **number of WSMEs reached** and other relevant indicators (for example, for A2F projects include targets for the number and volume of loans to WSMEs). We-Fi Secretariat may aggregate these figures for portfolio analyses but will not share individual project targets.

We-Fi Indicator	Target
Total number of women owned/ led SMEs supported by We-Fi.	
<i>Indicator X</i>	
<i>Indicator Y</i>	

INTER-AMERICAN DEVELOPMENT BANK GROUP
WEForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
SUPPORT FOR THE PROMOTION OF WOMEN IN PUBLIC PROCUREMENT IN HONDURAS
(HO-T1350)

Project Type: Capacity-Building

Project Start Date: December 2, 2020

Geographical Focus: Honduras

Project End Date: March 1, 2024

We-Fi Funding Committed: \$285,000

Total project size: \$ 285,000

***WeForLAC budget line items 2.1.1 and 2.1.3**

CONTEXT:

Public procurement is an area where governments can relatively quickly and cost-effectively deploy policies to create market opportunities for women-owned businesses. Increasing the number of women-owned businesses in public procurement has a number of benefits. On the one hand, it enables procuring entities to diversify their supply chains, which leads to more competition resulting in lower prices and higher quality goods and services. On the other hand, increasing opportunities for women-owned businesses means more jobs for women. In fact, it is estimated that the 5% average growth achieved in Latin America between 2002 and 2008, was thanks to the insertion of more than 70 million women into the labor market over the last twenty years. The promotion of women entrepreneurs therefore is an important catalyst for economic growth, generating new jobs and income. At the same time, women entrepreneurs tend to reinvest up to 90% of their earnings in their families and communities, thereby demonstrating the link between inclusive economic growth and development.

Accounting for approximately 13.5% of GDP in Honduras, public procurement is an area of economic importance that provides great opportunities for non-traditional economic actors. However, women have not benefitted from this lucrative marketplace, they represent one third of the small and medium-sized enterprises (SMEs) of developing countries, nevertheless, women-owned businesses account for only 1% of goods and services contracts. This is since women-owned businesses face constraints such as tending to be smaller, are often less experienced, have limited access to human, financial and social capital, are often in sectors that are not as profitable such as services and have family responsibilities that compete with time spent on the business. As women-owned businesses tend to be SMEs, they face many of the same challenges that have been well-documented for those types of businesses as a whole to accessing and successfully participating in the public procurement marketplace. Barriers that are specific to women-owned SMEs include: a lack of awareness and access to information on bidding opportunities and features of public procurement which are particularly difficult for SMEs cumbersome and complex public procurement procedures, large contract sizes, unreasonable technical and financial qualifications requirements, insufficient time to assemble proposals and a lag in payments.

Governments have an opportunity therefore to effectively promote women as economic actors in the public procurement market, by developing policies that facilitate better and more fair access and lower transaction costs. Such policies have benefits in the long-term as many women-owned businesses and professionals use the public sector market as an anchor and foundation to become more competitive and viable in the private sector. On the government side, there are also benefits as the promotion of new economic actors in the public procurement market generates more competition. In the case of Honduras,

the country faces several challenges that hinder their capacity to promote women in public procurement. First, the country has limited information regarding the number and characteristics of businesses that are women owned/led. Second, the electronic government procurement system HonduCompras does not have the functionality needed for businesses to be identified as woman-owned/led when registering to participate in a procurement process. Finally, as promoting women in public procurement is a relatively new area, procuring entities in the country lack training in how to take steps needed to ensure that women-owned businesses can effectively participate in the public procurement market.

CLIENT/PARTNER DESCRIPTION

Oficina Normativa de Contratación y Adquisiciones del Estado de Honduras (ONCAE)

PROJECT DESCRIPTION

The objective of this technical assistance program is to increase in the participation of women-owned businesses in public procurement in Honduras.

The Normative Office for Public Procurement (ONCAE) (Oficina Normativa de Contratación y Adquisiciones del Estado, in Spanish) seeks to develop a program to promote women in public procurement including a diagnostic assessment, updates to the electronic government procurement system and training. This technical assistance will address the gap in women-owned businesses participating in public procurement, by supporting those activities.

Diagnostic assessment. The objective is to support the Government of Honduras in the mapping out and prioritizing of activities that will support the development of an effective gender inclusive public procurement program in the country. This will include a diagnostic study to understand the capacities and constraints of women-owned enterprises in Honduras to successfully compete for public contracts (including the specific barriers that indigenous and afro-descendent women face); assess the gains of an increased engagement of women-owned enterprises in public procurement tenders and an analysis of the demand side (issues related to the hiring of women-owned enterprises encountered by government agencies in the procurement process); the preparation of a market study with regards to women-owned businesses to understand how the supply market works, the direction in which the market is going, the competitiveness and the key suppliers within the market; and the development of indicators to provide a baseline for better understanding of the main issues and address gaps. The component will include the following activities: (i) an assessment that includes data analysis, market study of the current situation of women's participation in the public procurement market and a survey of stakeholders; (ii) a study regarding the legal and regulatory framework to determine the legal and regulatory implications and feasibility of implementing a program to promote women in public procurement and any needed work to update the regulations and manuals; and (iii) action plan to establish a roadmap for the establishment of a program to promote women in public procurement in Honduras. It will include specific actions to promote indigenous and afro-descendant women in public procurement.

Digital Tools for gender. This will support the creation of digital and innovative tools to facilitate the promotion of women owned businesses in the public procurement market. *Specifically, it will support the development of a certification program, commonly known as "Sello Mujer" whereby a government uses a nationally established definition of a woman-owned business to certify that a business is indeed owned by a woman.* This will enable ONCAE to establish a baseline for monitoring the participation of women in public procurement and better target policy measures to level the playing field. Once businesses are

identified as woman-owned, it will be easier to include them in outreach and capacity building programs as well as survey them and to customize programs to address the specific hurdles they face. It will also include a means for HonduCompras to register the participation of women owned businesses through the inclusion of a new module in the Electronic Government (eGP) system that will register that a business is woman-owned. The component will include the following activities: (i) the development of a *sello mujer* which is included in the eGP system; and (ii) consultancies to upgrade the eGP system and enable the identification and registry of women owned businesses.

Capacity Building. The objective is to support the government in building capacity to successfully implement a program to promote women in public procurement. The component will provide training to ensure that women-owned businesses are ready to provide to the state and take advantage of the new tools and policies that were implemented. At the same time, it will also provide training to procurement officers so that they can more effectively include women-owned businesses in the public procurement market. The training will take into account the problems faced by women-owned SMEs identified in the activities that will be developed under Component I. This component will include the following activities: (i) training for the private sector that includes accessing the public procurement market and online tools. This will include an all-day workshop for at least 50 businesses; and (ii) training for public purchasers that includes gender in public procurement awareness and online tools.

Knowledge and Dissemination. The objective is to develop knowledge products that will provide the foundation of information for the program and for future reforms.

IMPACT:

After the program's outputs are successfully implemented, the country will have a more gender inclusive procurement ecosystem, including tools for the legal and regulatory framework, a road map for electronic government procurement and training. To measure this result, the program will measure the total number of woman-owned SMEs benefitting from the program and number of government agencies implementing procurement initiatives to increase sourcing from WSMEs. The project will benefit at least 50 WSMEs in Honduras

KEY ACTIVITIES DURING THE REPORTING PERIOD:

The activities of the program have been delayed a bit, first by the COVID crisis which occupied the time and priorities of the procurement entity (ONCAE) and then the change in the director of ONCAE. The director of the public procurement entity has changed so it took some time to educate the new director about the objectives and importance of the program. The activities should commence shortly.

A training workshop on *sello mujer* was carried out in January 2021. At this training, public officials from the procuring units learned about the certification process, what it entails and how to implement it.

With regard to the diagnostic assessment and a corresponding action plan, the terms of reference have been prepared and it is expected that this work will be completed by the end of 2021.

We-Fi Indicator	Target
Indicator 12: Total number of women owned/ led SMEs supported by We-Fi.	50
Diagnostic assessment and action plan (Not mapped to We-Fi Indicator)	1
“Sello Mujer” Certification Program Designed (Not mapped to We-Fi Indicator)	1
Virtual Platform Improved (Not mapped to We-Fi Indicator)	1
Training Workshops Delivered (Not mapped to We-Fi Indicator)	3
Awareness raising campaigns designed/implemented (Not mapped to We-Fi Indicator)	1
Working Papers prepared	1

**INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
KNOWLEDGE GENERATION AND IMPACT EVALUATION FOR WeForLAC (IDB INVEST)
(RG-T3746)**

Project Type: Research

Project Start Date: September 8, 2020

Geographical Focus: Regional

Project End Date: June 6, 2025

We-Fi Funding Committed: \$1,500,000

Total project size: \$ 1,500,000

***WeForLAC budget line item “Impact Evaluation”**

CONTEXT:

Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million formal women-owned/led SMEs (WSMEs), and women manage 25- 43% of very small and small as well as 26-29% of medium-sized businesses. The vast majority of women-led businesses in the region, however, are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. Women-led firms are smaller than those led by men, with fewer employees and lower profits.

While it is difficult to generalize about which factors are the most binding due to the heterogeneity of country contexts, WSMEs are more likely than SMEs led by men, at all business sizes, to cite access to finance as a major or severe constraint. Up to 73% of women entrepreneurs in the LAC region report being financially unserved or underserved, and the need for savings, insurance and other financial products to strengthen their businesses. WSMEs are often unable to access more sophisticated forms of financing; for example, only 36% of businesses managed by women use banks to access working capital. At the same time, a significant hurdle in the identification of potential beneficiaries and the design of interventions aiming to help women-led businesses is the lack of disaggregated, firm-level data for SMEs in the region.

Despite a significant financing gap for WSMEs in LAC, most banks in the region have not acted upon the market opportunity presented by this segment of the market. A 2016 IDBG-supported survey of 100 banks in LAC found that only 28% of banks thought that the WSME market was unserved. The IDBG has been addressing this issue since the launch of the women entrepreneurship Banking initiative (weB) in 2012; weB has supported 19 “first mover” financial intermediaries (FIs) to develop products and services targeting WSMEs in 12 countries, which in turn have supported over 200,000 WSMEs. The weB initiative has had a catalytic effect: an increasing number of banks in the region are connecting and exchanging practices among themselves including through the Financial Alliance for Women (previously GBA) peer learning activities on how to better serve the women’s market. At the same time, many actors—including factoring/leasing firms, fintech firms and impact investors—are poised to better serve WSMEs.

In addition, a limited but growing number of multinational and national firms as well as governments in LAC are demonstrating a commitment to sourcing from WSMEs to improve the sustainability of their supply chains and facilitate better and fairer access to markets. Governments are developing policies that promote WSME access to government procurement processes; Chile and the Dominican Republic have recently done so with IDB support. Such policies have long-term benefits, as many WSMEs and professionals use the public sector market as a foundation to become more competitive and viable in the

private sector. However, private sector companies are not consistently looking to integrate WSMEs into their value chains. This stems from the lack of knowledge by corporate anchors and Fintechs on the barriers that WSMEs face in order to grow, including restricted access to procurement opportunities and value chains; inability from procurement players to identify WSMEs and scarce network opportunities for WMEs to connect and generate business. These challenges persist because value chain interventions have focused on male dominated value chains; the corporate ecosystem has had a limited understanding of the importance of networking; and gender norms and traditions limit WSMEs from benefitting from informal and formal networks.

CLIENT/PARTNER DESCRIPTION

The IDB is the project's executing agency given the regional nature of the evaluations planned and acknowledging the need for a significant level of coordination with regional public/private sector stakeholders/partners.

PROJECT DESCRIPTION

The objective of this TC is to generate data on WSMEs in priority countries and build robust evidence about the effects created by WeForLAC-supported interventions in order to guide replication and scalability of successful interventions.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

Globally, LAC has the third largest credit gap for WSMEs (US\$93 billion of a global gap of US\$1.7 trillion). However, the lack of data that would allow us to characterize and study in a proper way the gender gap related to SMEs remains a big issue in the region as it is difficult to find enough information to describe the main attributes of WSMEs in the region.

Considering such lack of information on WSMEs, through the WeForLac program, the IDB and IDB Invest evaluation team have been working in Honduras, one of WE-Fi's prioritized countries, to build alliances with multiple public and private organizations in the country to identify and characterize WSMEs as a key first step to further design effective programs and achieve WeForLAC's goals. Specifically, a diagnosis and mapping of potential sources of information to identify and describe the realities of WSMEs in Honduras and their existing support ecosystem was performed during 2020 and continued in 2021.

The mapping was achieved by partnering with the Latin American consultancy firm, Fundes, and establishing collaborations with institutional actors to obtain and analyze multiple databases that gather information on WSMEs. The initiative also involved qualitative data collection through interviews with key stakeholders and WSMEs. As a result of this diagnosis, 27 institutional actors were interviewed out of which eight shared their databases on WSMEs. The interviews were focused on their role within the SMEs ecosystem as well as the opportunities and challenges they perceived for WSMEs in the country. Through the collection of their databases, more than 5,000 WSMEs were identified with their respective relevant characteristics, such as their location, contact information, main business activity, and number of employees. The results of this assessment provide a fundamental base from which future WeForLAC programs in Honduras can be built and will help to develop more targeted strategies to reach WSMEs, increasing the efficiency of WeForLAC work in the country.

The results of this first assessment pointed out also to the need of extending its scope to further enrich the analysis and the inputs for WeForLAC teams. At the moment, the team is preparing an extension to the contract with Fundes in order to include a mapping of the characteristics of SMEs led by men to identify potential gaps and provide more insights that can help to improve the WSMEs ecosystem in Honduras. The second phase will also include more key actors in the country that due to time and budget constraints were left behind in the first consultancy, but that are key to include given their work with WSMEs. The team expects that this second phase will enrich the actual database and provide further insights. A report is being prepared with the results of all this assessment and is expected to be disseminated at the end of the year.

As the opportunities for impact evaluation are increasing with the execution of WeForLAC and more content becomes available, such as the assessment of Honduras previously mentioned, the team has identified and is finalizing the contracting process of an external consultant that will support impact evaluation tasks for WeForLAC, including data analysis, preparation of reports, and dissemination of material.

The IDB and IDB Invest WeForLAC evaluation teams have also worked during the first semester of 2021 in the scoping of a research project looking at the COVID-19 impacts on WSMEs in the LAC region, including the role of digitalization and access to credit. This research is expected to be implemented in collaboration with academics from the University of Berkeley and the University of Northwestern and data will be collected from multiple financial institutions in the region, including some WeForLAC beneficiaries.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

We-Fi Indicator	Target
Indicator 10: Number of rigorous impact evaluations commissioned by We-Fi Implementing Partners	2

**INTER-AMERICAN DEVELOPMENT BANK GROUP
WeForLAC
WOMEN ENTREPRENEURS FOR LATIN AMERICA AND THE CARIBBEAN
KNOWLEDGE GENERATION AND IMPACT EVALUATION FOR WeForLAC (IDB)
(RG-T3770)**

Project Type: Research

Project Start Date: December 21, 2020

Geographical Focus: Regional

Project End Date: September 12, 2025

We-Fi Funding Committed: \$1,500,000

Total project size: \$ 1,500,000

***WeForLAC budget line item “Impact Evaluation”**

CONTEXT:

Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million formal women-owned/led SMEs (WSMEs), and women manage 25-43% of very small and small as well as 26-29% of medium-sized businesses. The vast majority of women-led businesses in the region, however, are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. Women-led firms are smaller than those led by men, with fewer employees and lower profits.

While it is difficult to generalize about which factors are the most binding due to the heterogeneity of country contexts, WSMEs are more likely than SMEs led by men, at all business sizes, to cite access to finance as a major or severe constraint. Up to 73% of women entrepreneurs in the LAC region report being financially unserved or underserved, and the need for savings, insurance and other financial products to strengthen their businesses. WSMEs are often unable to access more sophisticated forms of financing; for example, only 36% of businesses managed by women use banks to access working capital. At the same time, a significant hurdle in the identification of potential beneficiaries and the design of interventions aiming to help women-led businesses is the lack of disaggregated, firm-level data for SMEs in the region.

Despite a significant financing gap for WSMEs in LAC, most banks in the region have not acted upon the market opportunity presented by this segment of the market. A 2016 IDBG-supported survey of 100 banks in LAC found that only 28% of banks thought that the WSME market was unserved. The IDBG has been addressing this issue since the launch of the women entrepreneurship Banking initiative (weB) in 2012; weB has supported 19 “first mover” financial intermediaries (FIs) to develop products and services targeting WSMEs in 12 countries, which in turn have supported over 200,000 WSMEs. The weB initiative has had a catalytic effect: an increasing number of banks in the region are connecting and exchanging practices among themselves including through the Financial Alliance for Women (previously GBA) peer learning activities on how to better serve the women’s market. At the same time, many actors—including factoring/leasing firms, fintech firms and impact investors—are poised to better serve WSMEs.

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private sector. However, private sector companies are not consistently looking to integrate WSMEs into their value chains. This stems from the lack of knowledge by corporate anchors and Fintechs on the barriers that WSMEs face in order to grow, including restricted access to procurement opportunities and value chains; inability from procurement players to identify WSMEs and scarce network opportunities for WMEs to connect and generate business. These challenges persist because value chain interventions have focused on male dominated value chains; the corporate ecosystem has had a limited understanding of the importance of networking; and gender norms and traditions limit WSMEs from benefitting from informal and formal networks.

CLIENT/PARTNER DESCRIPTION

The IDB is the project's executing agency given the regional nature of the evaluations planned and acknowledging the need for a significant level of coordination with regional public/private sector stakeholders/partners.

PROJECT DESCRIPTION

The objective of this TC is to generate data on WSMEs in priority countries and build robust evidence about the effects created by WeForLAC-supported interventions in order to guide replication and scalability of successful interventions.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

Globally, LAC has the third largest credit gap for WSMEs (US\$93 billion of a global gap of US\$1.7 trillion). However, the lack of data that would allow us to characterize and study in a proper way the gender gap related to SMEs remains a big issue in the region as it is difficult to find enough information to describe the main attributes of WSMEs in the region.

Considering such lack of information on WSMEs, through the WeForLac program, the IDB and IDB Invest evaluation team have been working in Honduras, one of WE-Fi's prioritized countries, to build alliances with multiple public and private organizations in the country to identify and characterize WSMEs as a key first step to further design effective programs and achieve WeForLAC's goals. Specifically, a diagnosis and mapping of potential sources of information to identify and describe the realities of WSMEs in Honduras and their existing support ecosystem was performed during 2020 and continued in 2021.

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The results of this first assessment pointed out also to the need of extending its scope to further enrich the analysis and the inputs for WeForLAC teams. At the moment, the team is preparing an extension to the contract with Fundes in order to include a mapping of the characteristics of SMEs led by men to identify potential gaps and provide more insights that can help to improve the WSMEs ecosystem in Honduras. The second phase will also include more key actors in the country that due to time and budget constraints were left behind in the first consultancy, but that are key to include given their work with WSMEs. The team expects that this second phase will enrich the actual database and provide further insights. A report is being prepared with the results of all this assessment and is expected to be disseminated at the end of the year.

As the opportunities for impact evaluation are increasing with the execution of WeForLAC and more content becomes available, such as the assessment of Honduras previously mentioned, the team has identified and is finalizing the contracting process of an external consultant that will support impact evaluation tasks for WeForLAC, including data analysis, preparation of reports, and dissemination of material.

The IDB and IDB Invest WeForLAC evaluation teams have also worked during the first semester of 2021 in the scoping of a research project looking at the COVID-19 impacts on WSMEs in the LAC region, including the role of digitalization and access to credit. This research is expected to be implemented in collaboration with academics from the University of Berkeley and the University of Northwestern and data will be collected from multiple financial institutions in the region, including some WeForLAC beneficiaries.

Additionally, on the IDB side, the WeForLac evaluation team has also worked on the design of the impact evaluation for the project that is going to be implemented in Ciudad Mujer (HO-T1353). We have developed a potential identification strategy to evaluate the program and design the different tools and instruments that we will use for the enrolment of women in the program that would allow to select better the beneficiaries based on the WEFI definition and keep track of their performance.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

We-Fi Indicator	Target
Indicator 10: Number of rigorous impact evaluations commissioned by We-Fi Implementing Partners	2

INTER-AMERICAN DEVELOPMENT BANK GROUP
WE3A
WOMEN ENTREPRENEURS ASPIRE, ACTIVATE, AND ACCELERATE
IMPROVING ACCESS TO VALUE CHAINS FOR WOMEN ENTREPRENEURS
(RG-T3901)

Project Type: Capacity-Building

Geographical Focus: Regional

We-Fi Funding Committed: \$7,039,317

Total project size: \$8,039,317

Project Start Date: May 21, 2021

Project End Date: April 19, 2025

CONTEXT:

Women continue to be underrepresented in business leadership and labor markets in Latin America and the Caribbean (LAC), especially in less developed economies such as Guyana, Ecuador, and many Central American countries. This lack of equal economic representation follows a global trend as estimated show that purchases from companies headed by women represent only 1% of total contracts worldwide. Throughout LAC existing evidence points to limited access to equitable economic opportunities in the local supply and value chains across the region, as well as in public procurement opportunities, especially in natural resource-dependent economies. The challenge of incorporating a diverse supply chain in any sector stems, in part, from difficulties in identifying and supporting women-owned businesses, as well as these businesses having limited access to finance and capacity-building opportunities.

Across the LAC region, there are between 1.2-1.4 million women-owned/led SMEs (WSMEs). However, most women owned/led businesses in LAC are unable to grow beyond microenterprises or move out of the informal economy or other lower-productivity sectors. 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. 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. Therefore, this TC will focus on countries considered to have nascent or emerging entrepreneurship ecosystems, as well as regular (male-dominated) value chains and support systems.

Compared to other regions, LAC has the third-largest credit gap for WSMEs (USD 93 billion out of a global gap of USD 1.7 trillion) with only 36% of businesses managed by women use banks to access working capital. Additionally, women entrepreneurs need savings, insurance, and other financial products to strengthen their businesses. Research shows that financial capital is one of the most critical resources for growing a high-impact company. Young companies that access outside financing can grow up to 30% faster than those that do not. However, it is difficult for entrepreneurs in nascent ecosystems, especially women, to access critical capital, limiting their ability to implement innovative developmental solutions to grow. This project will offer opportunities to access the capital WSMEs need to start, sustain, and grow their businesses with an approach targeted toward value chain integration.

Aside from financial and market limitations, WSMEs are currently facing an unprecedented market shock due to the COVID-19 pandemic. The most visible economic consequences are revenue loss, unexpected

cost increases, unstable supply chains, financial strain, and even business closures. These impacts will be felt especially by women entrepreneurs and business leaders, many of whom are shouldering increased childcare, healthcare, and household responsibilities. Restrictions in gathering and travel has also negatively impacted women's access to on-site training programs and networking opportunities. The global transition to virtual resources highlights the lack of efficient online programs for WSMEs in the LAC region, as well as the dire need for increased digital literacy and access to information. However, the crisis has also brought new opportunities for creative entrepreneurs who seek to find timely and effective solutions and provides an excellent opportunity to empower women to take advantage of current shifts through training, advising, and match-making activities specifically designed for this unique context.

The project will target some of Latin America's lowest-income economies and nascent entrepreneurial ecosystems, allocating 50% of the Women Entrepreneurs Finance Initiative's (We-Fi) resources to WSMEs in three countries (Honduras, Guyana, and Nicaragua). It will also emphasize C&D countries, the most underdeveloped economies per IDB Group Country Grouping, including those in Central America (El Salvador, Guatemala), and the Andean region (Ecuador). These countries are targeted given their lack of resources and support programs for women entrepreneurs. Thus, the present solution aims at contributing to fill that support gap to WSMEs.

This project has a total cost of USD 8,039,317 of which USD 1,000,000 (12%) will be provided by the IDB Lab, and USD 7,039,317 (88%) by We-Fi,

CLIENT/PARTNER DESCRIPTION

Thunderbird is the main executing agency of the project and is a unit of the Arizona State University Knowledge Enterprise established in the state of Arizona, USA. Thunderbird will train the business centers and organize the accelerator programs with local entities, contracted by IDB Lab, such as Chambers of Commerce and other business centers, and in coordination and oversight by IDB Lab and the IDB country specialists. The school will also develop value chain curriculum and will provide access to their DreamBuilder program. Thunderbird was selected due to their proven expertise in developing women's entrepreneurship programs in the region, the previous experience working with the IDB on other projects, and their selection by the U.S. Department of State (ECA) as the curriculum providers for the Academy for Women Entrepreneurs. Thunderbird has provided entrepreneurship education to over 185,000 women entrepreneurs over 110 countries.

PROJECT DESCRIPTION

This project, which has three components, Aspire, Activate and Accelerate – will seek to strengthen women-led/owned SMEs (WSMEs) by combining value chain integration for women with high quality business training delivered through a range of innovative, digital means. Each component will get progressively more focused on individual beneficiaries with more intense engagements. In Aspire, the project will use “edu-tainment” style storytelling to promote a positive impression of women's entrepreneurship as a true profession, worthy of respect and investment to a broad audience. In Activate, We3A will employ a wide range of digital interventions that will enable the engagement of many WSMEs in the region, while at the same time increasing the capacity of local partners who will have long-term access to the digital resources beyond the project's life. Finally, in Accelerate, the women will be provided an intensive accelerator experience and buyer match-making opportunities WSMEs who are ready to integrate into value chains.

The program's specific objectives will be to improve WSMEs' access to value chains and WSMEs' access to disruptive technologies and digital financial inclusion. The project has three main goals: (i) to improve WSMEs' access to value chains, (ii) to improve WSMEs' access to and use of disruptive technologies and digital financial inclusion, and (iii) promote high-growth WSMEs' access to early-stage finance. Furthermore, this TC will pay special attention to mitigating post-COVID-19 economic turbulence, both by supporting WSMEs that have been negatively impacted and identifying solutions and new business opportunities, such as WSMEs that leverage disruptive technologies to innovate in health, education, and financial sectors, among others. By leveraging digital technology and other innovative aspects, the women entrepreneurs will build resilience and overcome intrinsic barriers that hinders their ability to grow and strive in today's business climate. The project thereby is congruent with both reactivation and women's economic empowerment, two of the pillars of the 2025 vision of the IDBG.

The project will target some of Latin America's lowest-income economies and nascent entrepreneurial ecosystems in seven countries (El Salvador, Guatemala, and Costa Rica Honduras, Guyana, and Nicaragua and Ecuador).

The project will be executed by Thunderbird School of Global Management in cooperation with WEConnect International and local business ecosystem partners such as business training centers, chambers of commerce, incubators, and accelerators.

IMPACT:

Direct beneficiaries will be 6,400 women-led SMEs trained, 160 will be enrolled in the accelerator, and 128 WSMEs will graduate. The project will also involve men in project activities to foster support, and to create an enabling environment for women's empowerment.

KEY ACTIVITIES DURING THE REPORTING PERIOD:

The project was approved on May 27, 2021. Immediately after the team started working on the agreement between IDB Lab and the main executing agency, Thunderbird School of Global Management ("Thunderbird"), a unit within Arizona State University (ASU). The agreement has been prepared and it is ready to be signed. At the same time IDB Lab and ThunderBird have worked together to estimate the financial needs for the first six months of the project, which facilitated the request of the first disbursement to WeFi. As part of this preparation work, IDB Lab is already working closely with IDB Country Offices where the project will be implemented. They will be key stakeholders in identifying potential synergies with other initiatives and projects in the field, as well as in connecting with potential local executing institutions, among others. Currently, the work is focused on supporting ThunderBird to fulfill IDB's first disbursement's pre-conditions so that when WeFi's money becomes available, the project will start its execution.

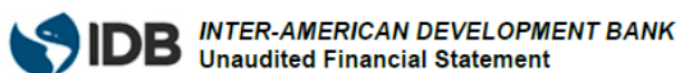
Moreover, IDB has leveraged additional funding to start working on Guyana, where WeConnect did not have previous experience. The objective has been to avoid potential delays in implementation in regard to the other countries. Thus, ThunderBird was hired to start training Women's Chamber of Commerce and Industry Guyana (WCCIG) on DreamBuilder, the capacity building tool to be used to train WSMEs. In this sense, ThunderBird has conducted two training sessions on DreamBuilder to the WCCIG, including training and materials on the features and benefits of the IDB LMS system and an overview of best practices. Thunderbird also provided a separate training session on network capabilities for reporting and administrator rights, including access to the DreamBuilder Administrators platform to the appointed future

network administrator. Additionally, WeConnect was subcontracted by ThunderBird, as it will in all other 6 countries, to develop the ecosystem analysis. Desk research has been conducted to assess the state of the entrepreneurial and business ecosystem for women-owned businesses, and stakeholder identification, at the public and private level that interact to support the development of women-owned businesses, with emphasis on the relation to market opportunities in global value chains. Additionally, interviews are being conducted with key stakeholders to understand their perception on the state of the ecosystem, opportunities and challenges for women-owned businesses and services and business development support available. Also, a survey is being conducted with women-owned businesses to get their feedback on their perception, challenges, and opportunities. Although these activities were not financed with WeFi funding, they do respond and provide value to indicators in the project's Results Matrix.

TARGETS - CONFIDENTIAL INFORMATION – FOR REFERENCE ONLY

We-Fi Indicator	Target
Indicator 3: Number of women owned/led SMEs that accessed new finance from We-Fi supported	680
Indicator 4: Number of women-owned/led SMEs accessing entrepreneurial support activities from We-Fi supported institutions.	8720
Indicator 5: Value of payments made to or by WSMEs with enhanced market linkages	4072
Indicator 9: Number of institutions supported by We-Fi that have put in place a system for capturing and reporting data on WSMEs.	7
Indicator 10: Number of rigorous impact evaluations commissioned by We-Fi Implementing Partners	1
Indicator 11: Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting WSMEs.	60
Indicator 12: Total number of women owned/ led SMEs supported by We-Fi.	8720
Indicator 13: Number of We-Fi supported women-owned/led SMEs reporting an increase in annual revenues.	960
Indicator 15 A: Number of additional direct jobs created by the We-Fi beneficiary WSMEs.	486

ANNEX IX. FINANCIAL STATEMENT



WEF - 1755

Women Entrepreneurs Finance Initiative (We-Fi)
June 30, 2021
(Expressed in United States Dollar)

Statement of Assets

Cash	57,869
Investments	798,746
Receivable from donors	35,061,542
Total Assets (1)	35,918,157
	=====

Administrator's Accountability:

	Prior Years Accumulated	Current Year	Total
Fund contributed	38,995,126	-	38,995,126
Transfer to other Funds	(655,939)	(927,714)	(1,583,653)
	<u>38,339,187</u>	<u>(927,714)</u>	<u>37,411,473</u>
Income from investments	18,269	477	18,746
Expense from cash accounts	(3,724)	(1,163)	(4,888)
Technical cooperation expense	(12,916,000)	(10,681,810)	(23,597,810)
Other finance expense	(2,360,000)	(500,000)	(2,860,000)
Administrative commissions	(932,431)	-	(932,431)
	<u>(16,193,886)</u>	<u>(11,182,496)</u>	<u>(27,376,382)</u>
Total Fund Balance	22,145,301	(12,110,210)	10,035,091
	=====	=====	

Interfund accounts payable (receivable)	930
Undisbursed technical cooperation	23,019,736
Undisbursed other financing	2,860,000
Other liabilities	2,400
Total Liabilities and Fund Balance (1)	35,918,157
	=====

Information to be included in the We-Fi public annual report			
Additional Instructions			
Multi-client/partner projects: Engagements with distinct clients (clients with which the IP engages in separate contractual agreements related to the use of We-Fi funds) need to be listed separately if possible. Public sector activities should be listed separately by country.			
*PLEASE NOTE ALL START AND END DATES ARE NOTED IN ANNEX 5 -PROJECT LEVEL SUMMARIES			
IP	FY	Round	Client /Partner/Program Name
IDBG	FY21	Round II	Davivienda Gender Bond
IDBG	FY21	Round II	BAC El Salvador - Support to "Mujer Acelera" Program
IDBG	FY21	Round II	Grant WeHonduras TA for WSMES in Climate Smart Agriculture
IDBG	FY21	Round II	Support for the Promotion of Women in Public Procurement in Honduras

CONFIDENTIAL Data							
The performance of individual projects will not be assessed by the Secretariat and the GC. The IPs are only expected to meet their overall targets listed in the Results Framework.							
		Indicate percentages (your best estimate). For projects with multiple components, the sum needs to equals 100%. Leave blank if the focus areas do not apply to the project.					
WSME Targets (previously reported in project summaries)	WSMEs Results	Focus Area (% of committed We-Fi funding)				We-Fi Funding Disbursed	Actual Mobilized Funds
		A2F	A2M	A2S	EE		
		100%					50,000,000
		100%					60,000,000
385		50%		50%			
50			100%			7,200	

IDBG	FY21	Round II	WeForLac – Enabling the Growth of Women-Led SMEs by Accelerating their Access to Markets
IDBG	FY21	Round II	WeForLac - Enabling the Environment for the Growth of Women-Led SMEs Through Capacity Building and Dissemination
IDBG	FY21	Round II	Kubo Financiero
IDBG	FY21	Round II	Knowledge Generation and Impact Evaluation for WeForLAC (IDB Invest)
IDBG	FY21	Round II	Knowledge Generation and Impact Evaluation for WeForLAC (IDB)
IDBG	FY20	Round II	Grupo Elcatex/San Juan Textiles
IDBG	FY20	Round II	Business Development Services and Favorable Environment for Women Entrepreneurs in Honduras
IDBG	FY20	Round II	Supporting Women Entrepreneurs in STEM Areas in Central America
IDBG	FY20	Round II	WeForLac - Enabling the Growth of Women-Led SMEs Through Financial Institutions and Innovative Financial Instruments
IDBG	FY21	Round III	Improving Access to Value Chains for Women Entrepreneurs

3927			100%			80,000	
					100%	130,000	
		100%					10,000,000
						36,000	
		100					
3740				100		143,638	204,650
800	701			100		114,094	
8325		100				96,500	
8720			100				

25,947

701

607,432

120,204,650

ANNEX VIII. RISK FRAMEWORK

WeForLAC KEY RISKS IDENTIFIED AND MITIGATION MEASURES

WeForLAC Program Risk

Risk Description	Rating			Assessment	Response Measures and Plan of Action
	Probability	Impact	Overall		
Program/Project Design and Implementation Arrangements					
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.	Medium	Medium	Medium	<p>COVID-19 will affect women, health, safety, economic opportunities in general, and SMEs, and recalibration of program implementation may result</p> <p>1) The program has been designed taking into account impact evaluations, including RCTs as well as lessons learned outlined in multiple IDBG Sector Framework Documents related to Gender and Diversity, SME finance, Agriculture & Natural resource Management, and Innovation Science & technology.</p> <p>2) IDB and IDB Invest have a long experience of executing SME and WSME public and private sector support programs. Invest H, the executing agency of the Government of Honduras, was created specifically to implement multidisciplinary international donor funded programs like WeForLAC.</p> <p>3) WeForLAC will use IDBG procurement guidelines and will not require irregular procurement for the IDBG or for the government of Honduras.</p> <p>4) During the development of the WeForLAC proposal, the IDBG team consulted with key partners in the project, such as the Government of Honduras, the GBA, and WeConnect International; however there is a risk that IDB Invest’s clients are</p>	<p>Regarding COVID-19:</p> <ul style="list-style-type: none">Strong existing coordination mechanisms of WeForLAC programStrong existing in-country presence of WeForLAC project teams, so less affected by travel restrictionStrong existing ties with WeForLAC partners <p>1) A WeForLAC coordinator will be hired by the IDBG and will be based in Honduras to ensure the timely implementation of program activities and to coordinate between actors.</p> <p>2) To ensure Government of Honduras buy-in, a WeHonduras steering committee will be set up with public and private sector actors in the country. Similarly, GBA was chosen as a key partner because it represents the needs and perspectives of FIs and helps the IDBG better understand the WSME demand and FI capacity to serve this market.</p> <p>3) No irregular procurement is anticipated.</p> <p>4) The WeForLAC program has been specifically designed to ensure lessons are shared with public and private sector actors in WeForLAC priority countries in LAC in general through policy dialogues, knowledge dissemination, etc. The VozMujer Honduras and policy</p>

Risk Description		Rating		Assessment	Response Measures and Plan of Action
				not interested in pursuing this type of financing operations or that there is no interest in training WSMEs, facilitating their access to markets and networks, or integrating a gender component aiming to diversifying client's supply chain in the context of an IDB Invest financing operation. This reluctance may stem from weak commitment from top management of IDB Invest clients, a limited track record among niche FIs and corporates, or from factors associated to the business environment. There is a risk that even after demonstrating the business case and value proposition that the corporates and FIs may not invest in these new financial and non-financial products and services.	dialogue activities (Component 4) have been specifically designed to ensure women are consulted and that their opinions inform programming developed in WeForLAC. In order to generate clients' interest in incorporating WSME activities in a project, IDB Invest will provide advisory services to build capacity, innovative financial structures, and blended financial incentives that reward effective results in integrating women-owned/led SMEs. Further, IDB Invest will take care to measure results, both at client and WSME beneficiary level, to further develop the business case for corporates and FIs to invest in and serve WSMEs.
Political, Social and Governance Risks					
Risks relating to the political and social environment where the program/project(s) will be implemented	Medium	Medium	Medium	<p>During the development of the WeForLAC proposal, the IDBG team consulted with key partners in the project such as the Government of Honduras, however there is a risk that changes in government may shift government priorities.</p> <p>There is a risk that COVID-19 may induce changes in government priorities; however, this is counter-balanced by acknowledgment that SME support programs are now needed more than ever</p>	<p>In the case of Honduras, the country in which most resources will be deployed, the initiatives will harness the political power of the Secretariat of General Coordination of Government—strongly committed to the WeHonduras initiative—to align government ministries with the initiative.</p> <p>In addition, the proposal includes funds (see component 4) to finance technical assistance and a series of policy dialogues and workshops to disseminate best practices and sensitize policymakers, companies, and FIs from Honduras and Central America on the challenges and opportunities present in the WSME market.</p> <p>The IDBG will work closely with high-level executives of client companies and host governments to ensure their active participation from the start of all projects. It will leverage its in-country field presence and relationships on the ground to ensure effective design, implementation and course-correcting. In Honduras, WeHonduras envisions a Steering Committee made up of public sector agencies and private sector companies in order to guide the activities in WeHonduras and elicit high-level buy in for the initiative.</p>

Risk Description		Rating		Assessment	Response Measures and Plan of Action
					Invest H was specifically selected in this regard because it is already implementing IDBG loan operations linked to the WeHonduras program. 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, IDBG's Connect Americas for Women), to facilitate the connection between trained WSMEs and IDBG clients across the priority eight WeForLAC countries.
Macroeconomic and issuer risk	Medium	Low	Low	The successful issuance of these debt instruments requires appetite from investors, which is not only driven by country-specific economic environments, but also by the type of investor the instrument is targeting. There is a risk that the proposed gender bonds will not be subscribed if the country or issuer risk is above the investors risk appetite.	The gender bonds that We-Fi funds would help to structure would target impact investors, who are interested not only in financial but also social returns. Also, IDB Invest would structure bonds with issuers who have an acceptable credit risk profile. IDB Invest will also leverage its many years of experience issuing green bonds to inform the investor relations strategy and structuring with investors.
Fiduciary Risks					
Risk that project/program funds will not be used to achieve value for money with integrity in delivering project's intended outcomes	Low	High	Medium	It is possible that executing agencies do not use the money with integrity or for their intended outcomes, but this is a rare occurrence within the IDBG, given the strict implementation of procurement policies.	1) All executing agencies will be subject to the IDBG's Procurement Guidelines and Integrity Frameworks. 2) A WeHonduras public and private sector Steering Committee will be set up (see above) to help ensure project goals are implemented and, through the private sector, IDBG, and Invest H participants ensure continuity of activities and goals.
Environment and Social Safeguards/Standards					

Risk Description		Rating	Assessment	Response Measures and Plan of Action
<p>Risk that the IPs' safeguards/standards are not properly applied in project design, and that their implementation may not achieve their objectives</p>	<p>Low</p>	<p>Low</p>	<p>Low</p> <p>There is a low risk of the safeguards policies not being applied. The IDBG demonstrates a strong commitment to sustainability through its environmental and social safeguard policies, standards, and guidelines. Each IDBG 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, and mitigation of sustainability impacts throughout a project's lifecycle.</p> <p>IDB Invest is bound by the following: (a) IDB Invest Environmental and Social Sustainability Policy and guidelines; (b) IDB Environmental and Safeguards Compliance Policy and other IDB safeguard policies and sector guidelines; (c) the Performance Standards on Environmental and Social Sustainability of the IFC; and (d) the World Bank Group/IFC Environmental Health and Safety Guidelines. The IDB is bound by: (a) IDB Environment and Safeguards Compliance Policy; and (b) IDB Operational Policies, including the Policy on Gender Equality.</p>	<p>1) As per IDBG guidance, all WeForLAC projects will undergo an environmental and social 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 our policy in developing and implementing an Environmental and Social Management System to analyze and screen eligible investments for environmental and social risk. As a contractual requirement, FIs will not be permitted to on-lend to corporates (lending greater than 5 million) or to projects (36-month tenor and greater than US 10 million). As such, there will be no financing of Category A investments per IDB Invest's definition.</p> <p>2) Invest H will be selected as an executing agency because, among other qualities, it has implemented various IDBG, USAID, and Millennium Challenge Corporation projects which have included implementing the social and environmental safeguards processes of all these institutions.</p> <p>3) All IDBG projects will be subject to the Policy Establishing the Independent Consultation and Investigation Mechanism (MICI), the independent accountability mechanism of the IDBG. It receives and investigates complaints from two or more persons who consider themselves to have been harmed by projects financed by the IDB, IDB Lab, or IDB Invest as a result of their potential non-compliance with their relevant operational policies.</p> <p>4) The VozMujer Honduras report will allow for both quantitative and qualitative data collection tools that will help beneficiaries inform WeForLAC projects.</p> <p>5) All IDB Invest investments will follow IDB Invest's policies and will be observant of the IDB Invest's exclusion list for private sector operations. IDB Invest is subject to <u>the IDB Exclusion List for Non-Sovereign Guaranteed</u></p>

Risk Description		Rating		Assessment	Response Measures and Plan of Action
					<u>Operations.</u>
Risk that preferential treatment of women will lead to gender-based violence	High	High	High	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.	The IDBG 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. 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. In the case of work with cooperatives, GBV WeToolkit modules will be administered based on IDBG past experiences working with cooperatives on gender issues.

We3A. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

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</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>

				finance instrument is still a new concept.	
Risks relating to the political and social environment where the program/project(s) will be implemented	Possible	Medium	Medium	<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>
	Unlikely	Low	Low	It is possible that executing agencies will not use the money with integrity or for their intended outcomes,	1) All executing agencies will be subject to the IDB Group's

Risk that program funds will not be used to achieve value for money with integrity in delivering project's intended outcomes				but this is a rare occurrence within the IDB Group, given the strict implementation of procurement policies.	Procurement Guidelines and Integrity Frameworks.
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	Unlikely	Low	Low	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,	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

design, and that their implementation may not achieve their objectives				<p>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, 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>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 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>

