



Mid-term review of Women Entrepreneurs Finance Initiative (We-Fi)

Final report

KPMG International Development Advisory Services (IDAS)

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Acknowledgement

This mid-term review has been prepared by KPMG Norway International Development Advisory Services for the We-Fi Governing Committee.

The mid-term review team comprises Thomas Fugelsnes, Team Leader, Juan Carlos Mendoza, Development Finance Expert, Lena Ryde Nord, Evaluation Analyst and Elisabeth Fosseli Olsen, Women Entrepreneur, Gender and Innovation Expert.

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The report is the product of its authors and the responsibility for the accuracy of data included in this report rests with the authors. The findings, interpretations, and conclusions presented in this report do not necessarily reflect the views of the members of the Governing Committee.

Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
A2F	Access to Finance
A2M	Access to Markets
A2S	Access to Skills
EBRD	European Bank of Reconstruction and Development
FCS	Fragile and Conflict-affected Situations (also referred to as fragile environments in short)
FIF	Financial Intermediary Fund
GC	Governing Committee
IDA	International Development Association
IDBG	Inter-American Development Bank Group
IFC	International Finance Corporation
IFI	International Financial Institution
IBRD	International Bank for Reconstruction and Development
IsDB	Islamic Development Bank
IP	Implementing Partner (Multilateral Development Bank)
MDB	Multilateral Development Bank
MTR	Midterm review
PFI	Private Financial Institution
SME	Small and Medium-sized Enterprise
TA	Technical Assistance
ToC	Theory of change
ToR	Terms of Reference
WB	World Bank
WBG	World Bank Group
WSME	Women-owned/ led Small and Medium-sized Enterprise

Summary

Mid-term review objective

On behalf of the Women Entrepreneur Finance Initiative (We-Fi) Governing Committee (GC), the We-Fi Secretariat has commissioned KPMG in Norway (KPMG AS) to conduct a mid-term review of We-Fi to assess the overall operational and developmental effectiveness of We-Fi. The main objectives of this mid-term review are to:

- Draw lessons learned from the initiative
- Assess progress towards the We-Fi objectives
- Recommend any changes to design and management

In accordance with these objectives, the mid-term review is expected to provide an independent assessment of the design and delivery of We-Fi. As We-Fi is still in early days, the mid-term review will focus on We-Fi governance, processes, project management frameworks, Implementing Partner processes for managing We-Fi programs, project objectives for the first three rounds of funding, and commitment progress against the first two rounds of funding. However, the mid-term review will not include individual project evaluations.

We-Fi

The Women Entrepreneur Finance Initiative or We-Fi was established in 2017 to address financial and non-financial constraints faced by women-owned/-led small and medium enterprises (WSMEs) in developing countries and territories. The initiative seeks to leverage We-Fi funding to mobilize resources from private and public sources to augment the number of interventions supporting WSMEs. We-Fi's work covers four key focus areas: 1) increasing access to finance, 2) increasing access to training, mentoring, and networks, 3) increasing access to markets, and 4) improving the enabling environment.

By the end of October 2020, the We-Fi Governing Committee had allocated \$298.4M in three rounds of funding to six Implementing Partners (IPs). The IPs submitted proposals to carry out programs in response to specific themes covered by each funding round. In addition, IPs implement We-Fi programs through a series of projects whose preparation, approval, and implementation follow their respective internal operational processes.

Key findings

We-Fi is making a critical contribution to strengthening the ecosystem supporting WSMEs. We-Fi offers a unique value proposition to donors compared to other programs and modalities and has a key role to play as a coordinator, convener, and knowledge producer within the ecosystem, and by working through multilateral development banks, We-Fi is well positioned to work on transformative reforms. The following key findings emerged from the mid-term review:

1. **We-Fi is filling a critical gap in the international development architecture in supporting women-owned and -led SMEs (WSMEs).** As reflected in interviews with GC members, IP representatives, and their national counterparts, We-Fi is the only international initiative supporting WSMEs at scale. The four focus areas of We-Fi – access to finance, skills, markets, and enabling environment – are informed by the current literature and knowledge on women's empowerment and economic development. These focus areas also address the main obstacles faced by WSMEs in low-income and fragile and conflict-affected situations. The review of the ecosystem in which women entrepreneurs operate, confirmed the mutually reinforcing role that these focus areas play. Accessing capital cannot deliver sustainable results if WSMEs lack access to markets. Therefore, WSMEs need the necessary know-how and access to peer networks that can open up new business opportunities. The review notes, however, that there is an apparent trade-off between covering all gaps versus focusing efforts in certain areas. As We-Fi covers most gaps across the portfolio, the demand is enormous and We-Fi might consider focusing on certain areas in the future, allowing other ecosystem stakeholders to cover remaining gaps.

2. **We-Fi is making progress on certain targets and indicators, however the overall implementation timeline may need to be adjusted.** Compared to other initiatives of this scale, We-Fi has managed to implement efficient processes for calls for proposals, swiftly allocating resources. The pace of deployment of funds by IPs is uneven and several of the programs are at risk of not completing within the given implementation periods. IPs report that the pandemic has caused delays (up to 3-6 months) in programming, but for the most part, programs have continued with adaptations to the approach and/or implementation modality. Although it is difficult to project when results will be reported, a simple analysis projects that substantial parts of results will not show up in annual reporting before 2023 and up until 2026. This implies that the remaining implementation period left in current programs will not be sufficient enough to execute all the funds at the current pace. Therefore, an extension of implementation timelines is needed unless programs can be restructured, including through the cancellation of allocations already made or their redirection to other activities that could generate results more quickly.
3. **It is too early to assess We-Fi's overall impact, but currently the strongest indication of impact is with respect to IP's focus on WSMEs.** We-Fi has enabled IPs to scale up WSME-focused activities and to some extent introduce new products and services. While We-Fi to a lesser degree has had an impact on IP strategies and policies at this stage, scaling of activities and increased focus may contribute towards this in the longer-term. Similarly, it is too early to conclude whether impact of projects will be sustained, but there is evidence that IPs have introduced elements in their project design to increase the likelihood of long-term sustainability.
4. **We-Fi is on track to achieving its portfolio distribution by income level and fragility.** We-Fi currently has active projects in 47 countries with 62% of the funding committed to projects in IDA/FCS countries against a target of 50%. Furthermore, 28% of the current committed portfolio is in FCS countries only. A trade-off between maximizing mobilization and working in fragile environments has been identified in the review.
5. **The results framework and tracking of indicators have been found appropriate, but a few shortcomings have been identified:** (1) The current IP results reporting requirements without project-level specific information appears to limit the GC and Secretariat's ability to manage We-Fi's portfolio, (2) the approach and methodology for measuring mobilization still needs to be refined and harmonized across IPs to take into account the diverse set of blended finance instruments used by We-Fi, (3) We-Fi's core indicators are in general focused on program outputs, not outcomes or impact, (4) the framework for measuring impact might not be adequate and the ongoing and planned impact evaluations are fragmented and may not facilitate systematic learning and accounting for impact.
6. **Governance arrangements are relatively efficient and effective for decision-making.** Some teething issues have been reported and if We-Fi grows, it might warrant that We-Fi reviews its current consensus model and make outcomes of proposal calls more predictable. Some shortcomings regarding the roles of Observers, Leadership Champions and the Technical Expert Panel have also been made. Most stakeholders think the Secretariat is fulfilling its obligations as indicated in We-Fi's governance documents and operating manual. The IP fees have remained below the allowed ceiling of 7%. However, as in most funding initiatives similar to We-Fi, IPs do not disclose systematically how their fees are used.

Key recommendations

The following key recommendations are brought to the consideration of the Governing Committee:

During implementation of current programs

1. **Program execution periods may have to be extended in order to successfully complete all programs.** Given current progress status, We-Fi should carry out a detailed program review with each IP to identify a more realistic execution timeline and if necessary, restructure the activities originally planned. If programs are extended, the Governing Committee and Secretariat should reassess whether additional funding has to be set aside for monitoring the extension, in addition to what will happen after the implementation period is closed, and the program enters into the post implementation stage (three to seven years).
2. **Enhance project-level reporting for improved portfolio management.** Currently IPs report on progress on indicators only at the program level. This approach limits We-Fi's analytical

capabilities, portfolio management and the ability to measure We-Fi's true added value as all indicators are aggregated up to the program level. Providing the Secretariat with more data for portfolio analytics for current and future programs should be considered and periodicity as well (more frequent reporting, every quarter). This should not imply additional work for IPs if the project-level reporting is using the same indicators at project level as already used at program level. In order to improve portfolio management and identify the type of projects that are not only more impactful but also faster at delivering results, commitments and disbursement schedules should be reported on.

3. **Strengthen knowledge management.** We-Fi is facilitating collaboration among IPs and key partners, but knowledge sharing could be more structured and research-driven to be effective so that lessons learned can feed into potential future funding rounds as well as other initiatives to support women entrepreneurs. Knowledge management will only increase in importance as the portfolio matures and there will be more opportunities for We-Fi to capitalize on the lessons from portfolio implementation.
4. **Improve measurement of mobilization across IPs.** This would require agreeing with the IPs on a more detailed methodology for measuring mobilization, particularly with respect to some of the new approaches to blended finance pioneered by We-Fi, such as performance-based incentives to promote the inclusion of WSMEs in supply chains. The current guidelines, based on the DFI principles on blended finance, do not have the necessary level of detail to more systematically measure mobilization across IPs. We-Fi may consider building upon more detailed guidelines currently being discussed by the OECD-DAC to define approaches to measure mobilization for each type of blended finance product deployed with We-Fi funding.
5. **Consider providing additional guidance to differentiate costs that ought to be covered by the IP fees and not be part of project costs.** Currently, the guidance provided by We-Fi is that the fee is to be used for project preparation and supervision plus other required costs that IPs are mandated to recover by their respective internal policies when administering external funds. We-Fi could provide additional guidance by listing some expenditures that are not to be incorporated into project costs such as IP staff costs related to project supervision as opposed to IPs staff costs linked to project implementation. This would require developing a more detailed guidance note. An approach to define "ineligible" project expenditures would be more effective and more aligned with proper governance considerations than seeking to prescribe how the IP fees ought to be spent.

Considerations for potential future replenishments

1. **Continue to address the tradeoff between closing gaps and a do-everything approach versus identifying key priorities.** Given that the needs are limitless, We-Fi may consider its comparative advantage in the ecosystem by prioritizing specific objectives and gaps over others. Such approach could be carried out through the use of thematic funding rounds (as was done with the third round) or by more formally establishing windows within We-Fi for specific purposes. In either case, the GC could ask the Secretariat for a technical note to identify those prioritized themes and ensure strong buy-in from the GC for the focus themes, moving forward.
2. **Enhance the predictability of calls for proposals.** If additional funds were to become available for allocation, We-Fi could establish a calendar of call for proposals, with a time horizon of 12-18 months or so, to make the process more predictable for IPs. In addition, We-Fi may consider asking IPs to include preliminary pipelines as part of their submission of funding proposals, which may increase the speed at which funds are committed by IPs once they are approved by We-Fi. Alternatively, We-Fi can accept funding requests on a rolling basis while requesting IPs to commit to a higher level of readiness for the underlying projects that would be funded and, in the case of programmatic approaches, ensuring that an initial set of projects have been identified and a clear timeline for program implementation is defined.
3. **Adjust governance and Secretariat arrangements.** The Governing Committee makes decisions by consensus. With increased membership, some members and stakeholders suggested that the introduction of selected committees could make decision-making more efficient and effective. The extent to which Observers and Leadership Champions effectively fulfill expectations is mixed and warrants a review to ensure that their participation is optimal if there is a replenishment. An enhanced approach to portfolio management at the project level may also require additional capacity in the Secretariat to carry out such enhanced level of monitoring.

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1. Introduction

1.1 The We-Fi initiative

The Women Entrepreneur Finance Initiative (We-Fi) was established in 2017 to contribute to address financial and non-financial constraints faced by women-owned/ -led small and medium enterprises (WSMEs) in developing countries and territories.¹ The initiative seeks to mobilize resources from private and public sources that leverage We-Fi funding and augment the number of interventions supporting WSMEs along four focus areas:

- **Increasing access to finance** through the provision of capital, risk mitigation, and capacity building to enable financial intermediaries to expand women entrepreneurs' access to debt, equity, venture capital, and insurance
- **Increasing access to training, mentoring, and networks** by building the capacity of women entrepreneurs and connecting them to mentors and networks to take their businesses to the next level
- **Increasing access to markets** creating more linkages for WSMEs to access new markets and working with corporations to include WSMEs in domestic and global supply chains
- **Improving the enabling environment** by working with public and private sector actors to break down gender biases and legal and regulatory constraints that women entrepreneurs face in running their businesses.

We-Fi's aim is to mobilize an additional \$1B in commercial and International Finance Institution finance and deploy half of its resources in IDA and FCS countries. This additional mobilization is to be achieved by leveraging donor grant funding contributed directly into We-Fi with additional funding from IPs and from private sector institutions such as financial intermediaries, funds and other market actors (see We-Fi Board Paper). Total donor contributions pledged to We-Fi to date amount to \$353M therefore implying a target leverage ratio of close to 1:3 for the initiative². As discussed later, IPs have, in their funding proposals, established a substantially higher leverage ratio of close to 1:10. We-Fi funding allocation targets seek to deploy 50% of its funding to IDA and fragile and conflict affected countries and territories.

The governing and administrative bodies of the We-Fi are:

- **Governing Committee** is the governing body of We-Fi. It comprises 14 decision-making members (Members) and non-decision-making observers (Observers). All Members of the Committee are financial contributors to We-Fi
- **Secretariat**, hosted by the World Bank, supports the Governing Committee in all of its work. The Secretariat is responsible for managing the day-to-day operations of We-Fi and it is led by a Head and comprised of a small team of professional and administrative staff employed by the World Bank. The Secretariat carries out its roles and responsibilities in accordance with World Bank policies and procedures and We-Fi governance documents
- **Trustee:** The World Bank serves as the Trustee for the We-Fi.

Implementing Partners – Program/ project implementation is led by Implementing Partners (IPs) accredited by the We-Fi Governing Committee based on their track record including investment and advisory capabilities and overall soundness of internal processes. Currently, all the accredited IPs are multilateral development banks: Asian Development Bank (ADB), African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank Group (including the IDB, IDB Invest, and IDB Lab), Islamic Development Bank and the World Bank Group (International Finance Corporation (IFC) and World Bank). IDB and IDB Invest, and World Bank and IFC

¹ Developing countries and territories are those eligible for financing by the World Bank's IDA and IBRD windows.

² Leverage is defined as the targeted additional resources mobilized by We-Fi funding (i.e., \$343:\$1,000)

each signed separate Financial Procedures Agreements to become IPs as they are legally separate IPs. By the end of October 2020, the We-Fi Governing Committee has allocated \$298.4M in three rounds of funding to the IPs. The IPs submitted proposals to carry out programs in response to calls from the Governing Committee. The first two rounds of funding allocated resources based on IP proposals meeting the overall objectives of We-Fi. The third call for proposals focused on specific themes³ that had been deemed underrepresented in the previous IP submissions. IPs implement their We-Fi programs through a series of projects whose preparation, approval, and implementation following the We-Fi program allocations and are conducted under the respective IPs' internal operational processes.

Round I (April 2018)	Round II (May 2019)	Round III (August 2020)
ADB \$12.6M Promoting Women's Entrepreneurship in Sri Lanka	ADB \$20.2M Women Accelerating Vibrant Enterprises in South-East Asia and the Pacific (WAVES)	EBRD \$7.4M Stepping Up for Women
IsDB \$32.2M Business Resilience Assistance for Value-Adding Enterprises for Women (BRAVE Women)	AfDB \$61.8M Affirmative Finance Action for Women in Africa (AFAWA)	IDBG \$14.7M Women Entrepreneurs Aspire, Activate and Accelerate (We3A)
WBG \$75.1M Creating Finance and Markets for All	EBRD \$22.9M Women in Business Program in Central Asia (Women of the Steppe)	IsDB \$11.3M Empowering West African Women SMEs in the Rice Value Chain (EWASME)
	IDBG \$24.3M Women Entrepreneurs for Latin America and the Caribbean (WeFor LAC)	WBG \$16M Enhancing Seed Capital, Technology and Value Chain Solutions for WSMEs

1.2 Objective of the mid-term review

The objective of this mid-term review (MTR) is to:

- Draw lessons learned from the initiative
- Assess progress towards the We-Fi objectives
- Recommend any changes to design and management.

1.3 Limitations

A program review, not a project review. As specified in the terms of reference, the mid-term review is an independent assessment of the design and delivery of We-Fi – with a focus on We-Fi governance, processes, project management frameworks, IP processes for managing We-Fi programs, project objectives for the first three rounds of funding, and progress against targets for the first two rounds of funding – not a review of individual projects or IPs.

1.4 Structure of the report

The report is written so that the reader does not have to read the whole report but can focus on sections of interest. The summary presents the overall findings and recommendations for the mid-term review, drawing on all the analytical components of the review. The program review section begins with a summary of the findings from each of the OECD-DAC review criteria. These findings also draw on the takeaways identified in the IP snapshots, deep dives and the ecosystem gap analysis (Appendix).

The report is organized as follows:

- Section 2 presents the review approach and methodology, including details on the data collection and analysis
- Section 3 provides an overview of the We-Fi portfolio

³ These themes were: (i) Women-led SMEs in Value Chains; (ii) Disruptive Technologies and Digital Financial Inclusion for Women-led SMEs; and (iii) Scaling Early Stage Finance for Women-led SMEs.

- Section 4 presents the program review findings organized by the review criteria. The section begins with a summary of the findings for each OECD DAC criteria
- Appended to the report are snapshots of each IP implementation status, four thematic deep dives, and the ecosystem gap analysis. For each appendix we have identified findings (factual statements and evidence) and summarized key takeaways relevant for the overall mid-term review.

2. Methodology

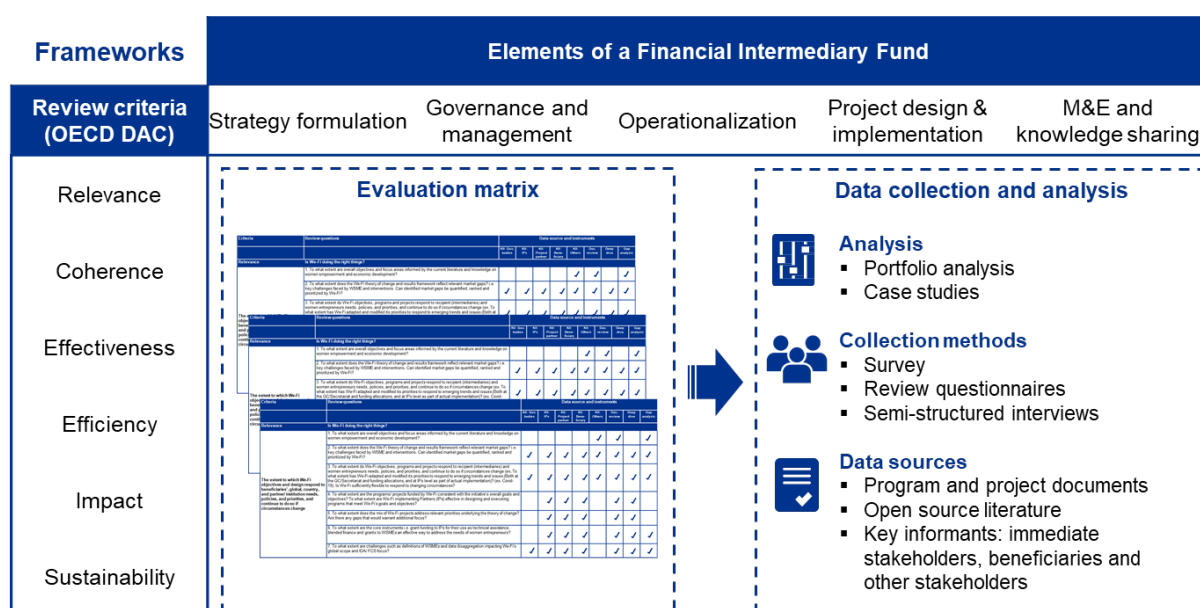
2.1 Overall approach

A formative review using the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) criteria. As specified in the terms of reference (TOR), we used the OECD DAC evaluation criteria⁴ for this review. The mid-term review was formative in nature as it was carried out while activities are still ongoing. Unlike a summative evaluation, which seeks to assess the overall worth of an initiative at the end of its implementation period, the mid-term review could not evaluate the overall performance of We-Fi because most of the activities that underlie the initiative's theory of change are still under implementation. The importance of a formative evaluation lies in its relevance to propose changes which can be implemented in time to positively affect the outcomes of the initiative.

Scope. The mid-term review is as an independent assessment of the design and delivery of We-Fi. As We-Fi is still in early days, the mid-term review is focused on We-Fi governance, processes, project management frameworks, implementing partner processes for managing We-Fi programs, project objectives for the first three rounds of funding, and progress against targets for the first two rounds of funding, but the MTR will not include individual project evaluations.

Progress review. Although it is too early to measure impact and there is limited quantitative data and on the ground results to rely on, effectiveness (objective achievement) and impact was captured by reviewing whether We-Fi and its IPs are progressing as expected to eventually achieve targets.

Review framework. The review framework was developed based on the OECD DAC criteria, the questions specified in the ToR and an assessment of specific processes and structures of a Financial Intermediary Fund that are relevant to We-Fi's review.



⁴ <https://www.oecd.org/dac/evaluation/revised-evaluation-criteria-dec-2019.pdf>

2.2 Methodology

2.2.1 Review matrix

The review matrix is structured along the six categories of evaluation questions in the OECD DAC framework (relevance, coherence, effectiveness, efficiency, impact and sustainability). The questions for each category were built based on our experience and lessons learned on best practice for program evaluations, the questions specified in the ToR, our understanding of key elements of a Financial Intermediary Fund structure and the preliminary findings from reviewing key documentation and interviews with IPs during the inception phase.

2.2.2 Stakeholder analysis

During the inception phase we developed a stakeholder analysis to further identify We-Fi's key stakeholder groups, their role in or in relation to the initiative, the envisioned engagement strategy for the mid-term review for each stakeholder group and the insights each group was expected to bring to the assessment of We-Fi's performance. This insight fed into the development of the review matrix.

2.2.3 Data collection and analysis

A broad set of instruments and methods was applied to collect data for the mid-term review:

Semi-structured interviews

Semi-structured interviews were carried out with Governing Committee members (13 out of 14), representatives from the Secretariat, program teams from all IPs, selected IP project managers and leads, observer representatives and selected intermediaries (counterparts) and a few beneficiaries.

Review questionnaires

To maximize efficiency and avoid placing an undue burden on the interviewees, a word format review questionnaire was used for some of the review questions which was shared with each IP program team.

Portfolio data

A portfolio data spreadsheet was developed and shared with IP program teams to capture portfolio information at the project level and additional detail not included in available reporting submitted to We-Fi. This data collection instrument in particular sought to collect more nuanced information related to the spending of We-Fi funds on each of the initiative's four focus areas as well as the distribution across different types of interventions (financing, advisory assistance, capacity building and research). Also, IPs were asked to provide timeline information such as the dates for project identification, approval, effectiveness and disbursement, targets and results for each project.

Survey

An online survey of IP project managers and their partner counterparts using the Questback platform was conducted. The survey focused on questions related to relevance, effectiveness, impact (additionality) and sustainability of We-Fi, and was intended to complement and inform the other data collection activities.

The survey has 70 respondents in total, 28 (40%) representing IP project managers and 40 (60%) representing project counterparts (intermediary partners). The overall response rate was about 40%.⁵ AfDB did not participate in the survey as its program is still not in execution and therefore project managers and partners have not been identified. The majority of project manager responses were from IFC (32%) and World Bank (28%), which may have skewed the data and should be kept in mind when interpreting the results. However, this is a reflection of the current We-Fi portfolio in terms of number of active projects. Among counterparts, 17% identified themselves as representing government entities, 17% private financial institutions, 17% local NGOs, 14% private equity or other non-banking institutions, 7% accelerators or incubators, 2% public financial institutions and 2% international NGOs. The remaining respondents identified as others (24%). Respondents work across We-Fi's four focus areas with a slight overweight on

⁵ The exact response rate could not be determined as some IP project managers preferred to share the survey link with some of their counterparts directly due to confidentiality considerations. Among the 140 invitations distributed by KPMG 52 responses were received, implying a response rate of 37%. 18 additional responses were received from invitations shared by the IPs.

access to finance, deploying both financing, advisory, capacity building and research activities (with a slightly higher representation of capacity building projects).

Deep dives

Four thematic deep dives were undertaken as part of the mid-term review. Criteria for selecting the deep dives were ensuring usefulness for the overall mid-term review in terms of identifying lessons learned, sufficient data availability including access to relevant stakeholders, geographic balance and project/instrument balance to ensure the deep dives were representative of the overall portfolio.

Based on these criteria, a high-level portfolio review and consultation with the Secretariat and respective IPs, the review team developed a long-list of deep dive suggestions during the inception phase. The long-list was discussed with the Governing Committee and the following deep dives were retained:

1. Blended finance
2. Supporting WSMEs in fragile environments
3. Sex-disaggregated data
4. We-Fi's impact on IPs.

Data for the deep dives were collected using all instruments deployed for the mid-term review: questions included in the review questionnaires, survey, portfolio data request and in semi-structured interviews with stakeholders. In addition, project documentation was requested for the specific case studies for each deep dive and semi-structured interviews were conducted with project teams as well as counterparts and to a limited extent also with end-beneficiaries.

2.3 Methodological lessons learned

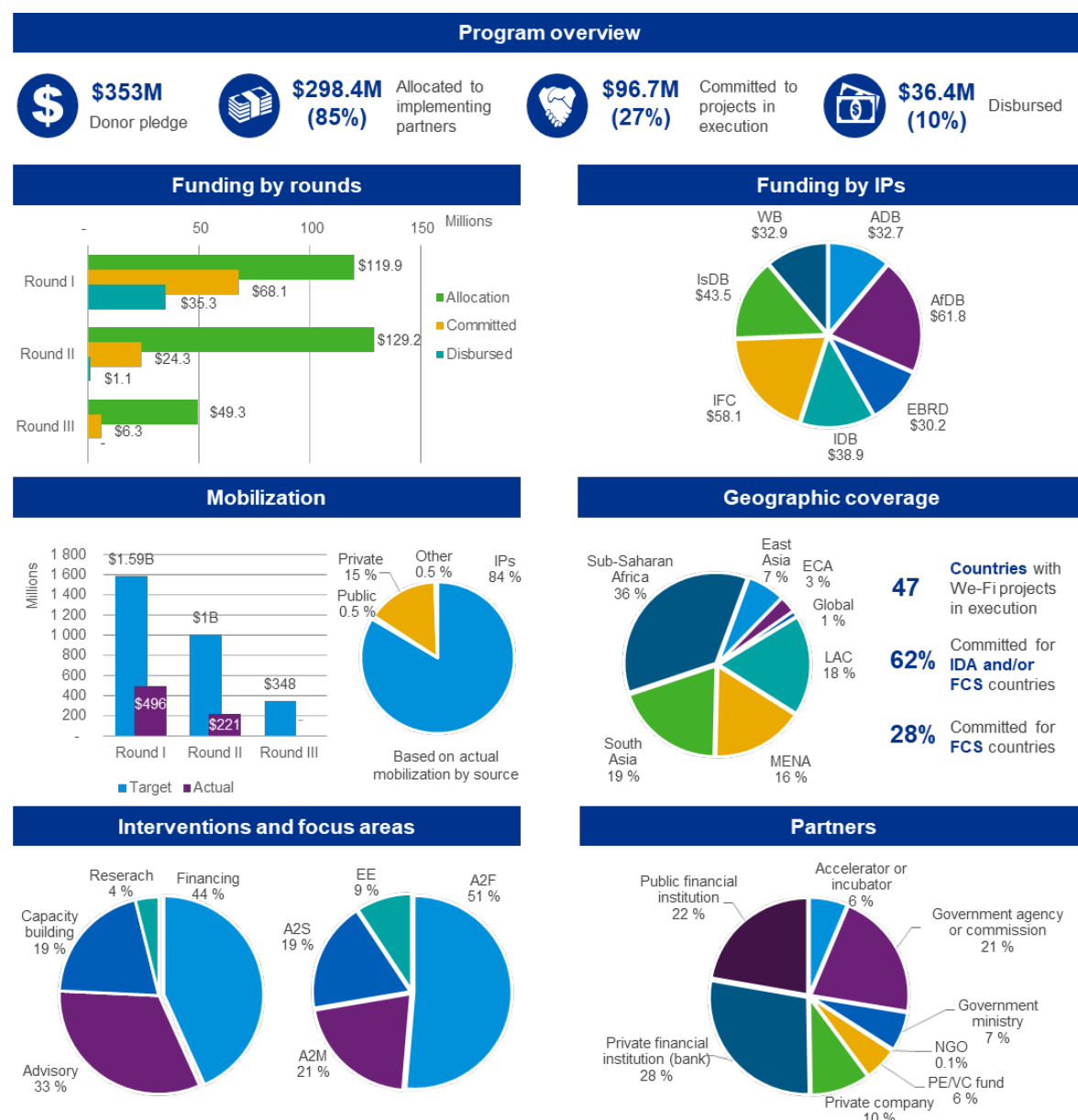
Obstacles, limitations, difficulties in carrying out the MTR

1. **Timeline:** Given that the mid-term review was carried out over the holiday season and IPs are not used to reporting project level data for their programs, the timeline was tight.
2. **Data limitations:** IPs are not reporting project level data to the Secretariat today, so this was the first time the IPs had to go through this exercise. This slowed down the review and there were a few teething problems. The data is consider of good enough quality for trend analysis, but We-Fi is encouraged to build on this exercise to build more robust data for analytics in the future.
3. **Scope and focus:** Future reviews might benefit from a narrower focus on key issues faced at the time of review as opposed to a comprehensive set of questions in addition to deep dives and literature review.

3. Portfolio overview

3.1 Status of We-Fi portfolio⁶

Three years into We-Fi's operations, a total of \$298.4M, 85% of donor contributions to date, has already been allocated to IPs, \$119.9M in the first round in April 2018, \$129.9 million in May 2019 and finally \$49.3M in August 2020. As of February 2021, \$96.7M (27%) has been committed by the IPs to projects (in execution), while \$36.4M (10%) has been disbursed.



Note: All charts are based on We-Fi funds committed for active projects (in execution). Partners reflect the types of *main* project partners and does not capture the full specter of partners involved. Some IP executed (IDB and EBRD) and multi-stakeholder (WB) projects are excluded.

⁶ Note on terminology: **We-Fi allocation** refers to the total funding allocation approved by the Governing Committee. **Committed amount** refers to funding allocated to projects in execution by IPs (excluding IP fees/ non-project expenditure). **Disbursed amount** refers to funding disbursed by IPs to their projects/clients. For certain investment instruments, funding may be disbursed only when specified triggers occur. **Mobilized amount** refers to additional (non-We-Fi) funding mobilized by the Implementing Partners (from within the IPs or from their partners) and routed towards We-Fi programs.

IPs have so far mobilized \$716.6 million in additional funds out of an expected mobilization of \$2.9 billion (total mobilization target after three funding rounds). This implies a current leverage ratio of 1:2.4 (\$716.6 million over \$298.4 million) at this point in time. The majority (84%) of additional funds are mobilized from the IP's own resources. Some of the IPs have also mobilized resources from their private (\$108 million), public (\$5 million) and other partners (\$4 million). The majority of mobilization derives from blended finance projects.

Active projects are addressing all four We-Fi focus areas with access to finance totaling 51% of the portfolio. 19% of funds committed for projects are addressing access to skills, 21% access to markets and 9% of funds are spent on improving the enabling environment. Financing interventions, including investments, loans and grants represent 44% of committed funds, followed by 33% advisory and 19% capacity building interventions.⁷ Funds committed for research and impact evaluations account for 4%.⁸

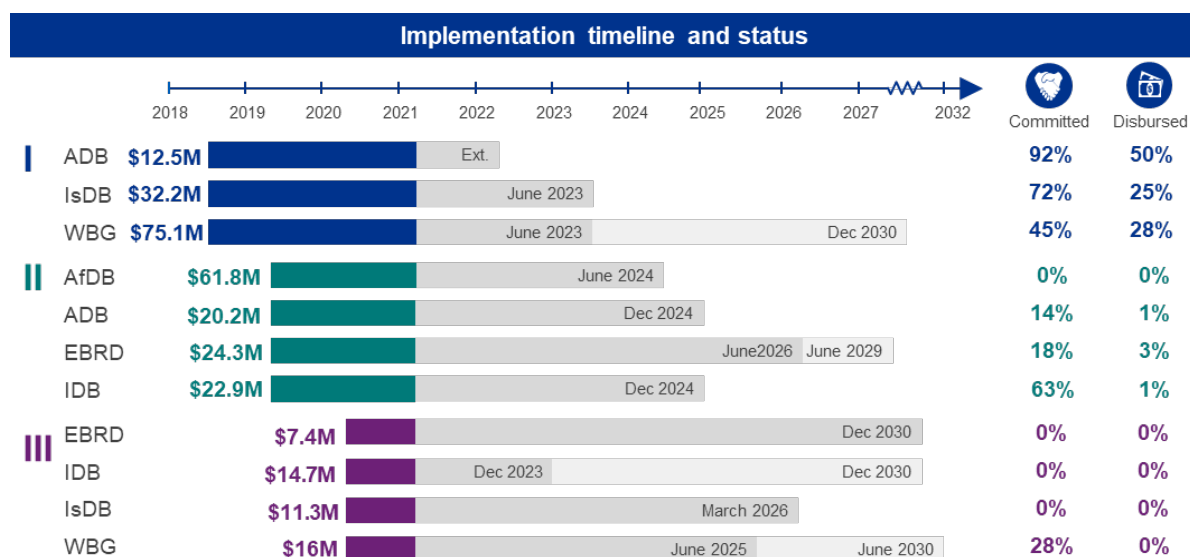
Approximately 25% of committed funds are to be disbursed as blended finance using a wide array of instruments. More than half of these blended finance resources are supporting new instruments such as performance-based incentives to financial and non-financial intermediaries and fund managers and the issuance of new gender-focused capital markets instruments.

We-Fi's active projects are implemented across all regions with a majority in Sub-Saharan Africa and 62% of funds are committed to IDA and/ or FCS countries. We-Fi currently works in 47 countries with projects in five countries amounting to 51% of funds committed to active projects (Nigeria, Sri Lanka, Yemen, Honduras and Vietnam). 62% of the portfolio is committed to IDA and/or FCS countries with 27 IDA countries representing 44% and 13 FCS countries representing 28%. Nigeria alone receives 20% of total committed funds and 50% of funds committed for FCS.

Projects are implemented in partnership with a range of stakeholders. Private financial institutions (banks) are the main partners in 28% of active projects (based on amount of committed funds), followed by public financial institutions and various government agencies at about 20% each. Partnerships with other stakeholders such as private companies (corporates), accelerators or incubators or private equity or venture capital funds represent 4-7% of committed funds. NGOs are the main partners in two active projects (0.1%).

3.2 Status across Implementing Partners

IPs receive We-Fi allocations in different funding rounds and are at different stages of implementation. The programs have a two to five-year implementation timelines. Some IPs such as WBG and IDB (round III) have also indicated an additional 3 to 7-year post implementation investment period to monitor and manage investment etc.



⁷ Advisory services refers to policy advice, technical assistance etc. provided to partners such as PFIs or governments, while capacity building refers to training, mentorship activities etc. for WSMs. It should be noted, however, that the distinction between these terms is often blurred and since data is self-labelled by IPs this may affect findings.

⁸ Note that there were some inconsistencies in how funds committed for impact evaluations were reported for the purpose of the mid-term review, and the committed funds for this purpose might be higher.

There are differences within each funding round in terms of how quickly IPs were able to start implementation and their progress to date.

- Round I: On average, two thirds into the implementation period, 62% of We-Fi funds allocated to implementing partner have been committed for active projects; 32% of funds have been disbursed. ADB has committed and disbursed 92% and 50% of funds for projects respectively, IsDB 72% and 25%, while WBG is at 45% committed and 28% disbursed (IFC 30% and 28%⁹, World Bank 72% and 29%). It should be noted that ADB's program in Sri Lanka built on an ongoing project, which allowed ADB to start implementation immediately. Similarly, IsDB's We-Fi program in Yemen was built on a previous program that had focused on SMEs in general. Programmatic programs with approval of projects on a rolling basis are slower to commit projects.
- Round II: On average 24% of funds have been committed and 1% has thus far been disbursed. There are significant differences in how far IPs have progressed however. Most notably, AfDB has yet to start implementation two years in. ADB's WAVES program is reported as delayed due to the Covid-19 pandemic's significant impact on the economy of Fiji and subsequent reluctance from program partners to start implementation. Activities have started in Vietnam. IDB and EBRD's programs are progressing with commitment rates of 62% and 19% but are yet to disburse any significant amounts.
- Round III: Only the World Bank has active projects so far.

3.3 Results to date

Three years into We-Fi operations, results are starting to emerge across some indicators in We-Fi's results framework.¹⁰ However, many programs is still in early stages and this is reflected in the achievements reported to date. Mainly the IPs that received funding in the first round have reported results so far, with a few exceptions (EBRD and IDB) in the programs approved in the second round.

Apart from progress on the mobilization targets, We-Fi is mainly reporting results related to partner institutions' offerings to WSMEs as well as on the regulatory work. 24% of We-Fi's accumulated mobilization target is reached so far (target set by IPs in their programs which exceeds the target set by the Governing Committee for We-Fi of \$1B). Otherwise main progress includes 101 partner institutions offering new or updated approaches, services or products benefiting WSMEs, closing in on the round I target of 140 (33% of the total accumulated target of 303). IPs further report that 26 legislations and/or regulations have been screened, drafted or revised by We-Fi IPs and/or their partners to remove constraints and support women's entrepreneurship (22% against the accumulated target of 120). This has also reportedly led to the formal enactment of 4 (out of 14) legal and regulatory reforms to remove constraints and support to women's entrepreneurship, one of We-Fi's two impact indicators.

We-Fi reports 3% achievement of the accumulated target for WSMEs beneficiaries reached. So far 4,535 WSMEs out of an accumulated target of 132,415 has benefited from We-Fi programs (10% of the round I target). 2,549 WSMEs accessed new financing from We-Fi supported institutions (6% of round I target and 4% of total accumulated target), and 2,634 WSMEs accessed entrepreneurial support activities from We-Fi supported institutions (44% of round I target and 9% of the total target from all rounds). \$79M in financing has so far been provided to WSMEs by We-Fi supported financial service providers (5% of the accumulated \$1.6B target).

⁹ It should be noted that IFC has reported its performance-based incentives commitments as already disbursed in this mid-term review. IFC disbursement would be 15% (compared to 28%) excluding disbursements for performance-based incentives.

¹⁰ Targets for We-Fi's indicators are set by IPs and accumulated for the initiative. IPs are free to choose which indicators to set targets for and report on. Total targets refer to the targets accumulated from all IPs and all three funding rounds.

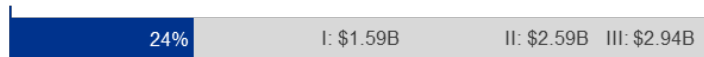
Results towards targets

We-Fi indicator

Accumulated targets per funding round (I, II & III)



1: Amount of additional financing mobilized for We-Fi supported activities



Increasing Access to Finance



2: Financing provided to WSMEs by We-Fi supported financial service providers



3: WSMEs that accessed new financing from We-Fi supported institutions



Increasing Access to Skills



4: WSMEs accessing entrepreneurial support activities



5: WSMEs that increase their use of digital tools and services



Increasing Access to Markets



6: Value of payments made to or by WSMEs with enhanced market linkages*

7: WSMEs with increased market linkages



Improving the Enabling Environment



8: Legislations and/or regulations screened, drafted, revised by IPs and partners



9: Supported institutions that put in place systems for capturing and reporting WSME data



10: Rigorous impact evaluations commissioned by Implementing Partners



Overall We-Fi indicators



11: Supported partner institutions that offer new or updated approaches, products or services benefiting WSMEs



12: WSMEs supported by We-Fi



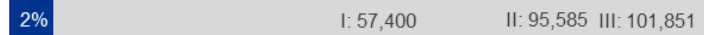
13: Number of We-Fi supported WSMEs reporting an increase in annual revenues



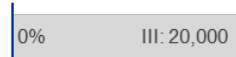
14: Number of legal and regulatory reforms to remove constraints and support women's entrepreneurship that are formally enacted



15A: Additional direct jobs created



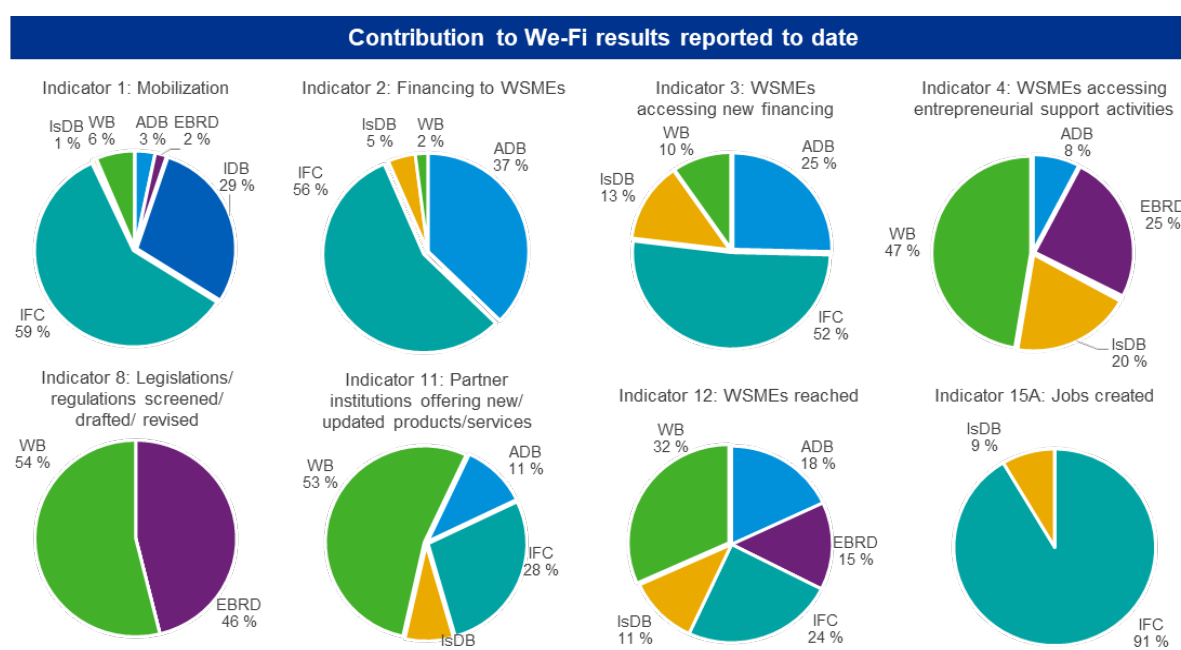
15B: Number of jobs supported by the We-Fi beneficiary WSMEs



Note: Achievements presented as percentage of total cumulative targets. Indicator 6 was added in round II, no targets has been set for this indicator by implementing partners so far.

IPs are progressing towards targets at different pace. Looking across IPs at two of We-Fi's core indicators, *additional funding mobilized* (1) and the *number of WSMEs reached* (12), we note:

- Round I: ADB has reached its mobilization targets and targeted WSMEs reached is reported at 62%. ADB's program was scheduled to close in February 2021 but ADB was granted a one year extension. IsDB is progressing with 34% WSMEs reached, however its mobilization target appears at risk with 7% achieved so far. WBG is progressing towards the mobilization target (of which IFC accounts for 90%) and somewhat slower towards the WSME target. It should be noted however that results reported by IFC are from end of 2019, as compared to June 2020 for other IPs.
- Round II: IDB reports to have overachieved on its mobilization target (although we have identified some inconsistencies in reporting on mobilization), but has not reported any results in terms of WSMEs reached. EBRD is starting to progress on both indicators, while ADB and AfDB programs have yet to report any results.



IPs contribution to We-Fi results reported to date reflect their approaches and varying progress.

- IFC is the main contributor to results on mobilization (59%) and new financing for WSMEs (52%). This reflects IFC's nature as a Development Finance Institution and ability to execute high-leverage transactions such as loans or equity investments paired with We-Fi funded performance-based incentives. IFC is also the main contributor to results for the indicator on jobs created (91%).
- World Bank takes a holistic approach to its We-Fi programming with interventions spanning advisory, capacity building and research activities and is in particular contributing to access to skills (47%) and enabling environment indicators (54%), as well as the overall WSMEs reached indicator (32%).
- ADB's round I program has contributed 37% to the new financing to WSMEs indicator and 25% on the number of WSMEs accessing new financing indicator. ADB's advisory and capacity building interventions have also contributed to 11% of the partners who offer new or updated products or services, as well as 18% of total WSMEs reached. No results are reported from the round II program.
- IsDB's round I program has contributed to 20% of WSMEs accessing entrepreneurial support activities, 13% to WSMEs accessing new financing and 8% of partners introducing new offerings to WSMEs.
- EBRD is contributing 46% of results on the indicator relating to enabling environment (indicator 8) as well as 25% of WSMEs accessing entrepreneurial support activities and 15% of total WSMEs reached.
- IDB has not reported any results to date apart from on mobilization.
- AfDB has not yet started implementing.

4. Program review

4.1 Summary

This section summarizes the main findings from the review questions, organized around the OECD DAC evaluation criteria:

Relevance

The review finds We-Fi highly relevant. Key dimensions include:

- **Objectives and focus areas:** We-Fi is filling a critical gap in the international development architecture in supporting women owned and led SMEs. We-Fi is the only international initiative supporting WSMEs at scale. The overall We-Fi objectives and focus areas are informed by the current literature and knowledge on women empowerment and economic development. We-Fi's theory of change and results framework reflects the obstacles that WSMEs are facing in developing countries. We-Fi has managed to come up with a model that provides freedom to project counterparts and implementing partners while ensuring that key gaps and barriers in the ecosystem are addressed. The review notes however that there is an apparent trade-off between covering all gaps versus focusing efforts in certain areas, as although We-Fi covers most gaps across the portfolio, the demand is enormous and We-Fi might consider honing certain areas in the future and let other ecosystem stakeholders cover other gaps.
- **Scope of the initiative:** The focus on addressing the missing middle, not micro firms or subsistence enterprises, challenges several of the implementing partners to re-examine their focus and definitions of WSME. In reality however, many WSMEs are smaller and implementing partners end up focusing on the smaller firms, less on the medium ones. The ability to also focus on Very Small Enterprises and exemptions (usually given for high growth startups accelerator and venture capital funds projects) from the eligibility criteria in certain projects, appears to have given implementing partners the ability to develop programs and projects relevant to beneficiaries, WSMEs. We-Fi's scope and ability to reach WSMEs is affected by the lack of sex-disaggregated data, but We-Fi's support has helped improve the availability and quality of sex-disaggregated data in many of the countries where We-Fi projects are deployed. We-Fi is also well-positioned to align and convene the ongoing work on sex-disaggregated data in the global ecosystem.
- **Program-level:** The programs/ projects funded by We-Fi are consistent with the initiative's overall goals and objectives. We-Fi's portfolio as a whole balances financing, advisory assistance and capacity building and research and evaluation interventions to address the needs of women entrepreneurs, though financing is most dominant. In sum, the mix of We-Fi projects address relevant priorities underlying the theory of change. No major gaps have been identified in this review, however some key opportunities to better support WSMEs were identified in the literature review for the gap analysis.
- **Responsiveness to changing circumstances:** WSMEs needs and intermediaries' priorities have changed due to Covid-19. While Covid-19 has slowed down some program implementation We-Fi and IPs seem able to respond to the changing priorities and circumstances. IPs report that the pandemic has caused some delays (up to 3-6 months) in programming, but for the most part, programs have continued with adaptations to the approach and/ or implementation modality. It should be noted however that the impact of Covid-19 is still in early stages and that in many We-Fi countries it will be felt in the next couple of years and this may have a further impact on We-Fi.

Coherence

We-Fi offers a unique value proposition to donors compared to other programs and support modalities. Throughout this review, stakeholders have identified several unique selling points pertaining to the scale and impact of We-Fi. We-Fi is adding value and complementing other programs and initiatives at a global level. There is no other global initiative identified through this review with a similar scale and impact

as We-Fi on women owned/led enterprises. While We-Fi's approach to implementation through MDBs can be slow-moving, members see the potential of scale and impact.

We-Fi has a key role to play as a coordinator, convener, and knowledge producer within the ecosystem. The need for these roles has been magnified under the Covid-19 pandemic, as a systematic approach in the response to the needs of WSMEs during the crisis has been lacking. There is also a need for a greater emphasis on sharing experiences, mobilizing funding for specific research on gaps in the ecosystem, connecting ecosystem players, and ensuring that successful projects are replicated and scaled in other markets and countries. Additionally, a particular focus on developing those ecosystems that are less mature would be welcomed.

While We-Fi and its projects add value and complement other programs at a regional, country, and sector level, stakeholders, including IPs, are encouraging We-Fi to facilitate further coordination among partners at the country level. We-Fi could also explore how to leverage partnerships within the ecosystem further. For instance, more strategic engagement with non-traditional actors such as FinTech companies and digital platforms would contribute to further align WSME development to innovative approaches particularly important in developing countries where digitalization may facilitate leapfrogging across multiple technologies.

Effectiveness

The results framework and tracking of results has been found appropriate, but a few shortcomings have been identified and the mid-term review makes some suggestions on how to address those, including recommendations of how to harmonize and improve the approach to measuring mobilization in the portfolio and across IPs.

We-Fi is making progress on certain targets and indicators, however the overall implementation timeline may need to be adjusted. We-Fi is starting to deliver results in terms of mobilization (Indicator 1), regulatory work (indicator 8 and 14) and partner institutions that offer new updated products and services (indicator 11). It is difficult to say whether We-Fi will achieve its targets as many programs are still in early stages, ramp-up stage and data available is weak for such as a projection – and the likelihood of achieving the results also varies across the IPs. Although it is difficult to project when results will be reported, a simple analysis projects that substantial parts of results will not start showing up in annual reporting before 2023 through 2026 and the remaining implementation period left in current programs will not be enough to execute all the funds at the current pace. An extension of implementation timelines for some program partners may be needed unless programs can be restructured or funds can be clawed back.

We-Fi is on track to achieving its portfolio distribution by income level and fragility. We-Fi currently has active projects in 47 countries with 62% of the current committed funding to projects in IDA/ FCS countries against a target of 50%. 28% of the current commitment is for fragile and conflict affected countries.

Efficiency

The funding allocation process and the calls for proposals are reportedly relatively well organized and structured. Teething problems during the first two calls for proposals are reported, but the last call was reportedly better planned and effectively adapted to the virtual context of the pandemic. This included ample time for IPs to provide input to the call documentation and a well devised application and approval process. The GC members find the Technical Expert Panel necessary and useful, especially as members lack capacity (i.e. lack of time they can dedicate, expert resources, etc.) to evaluate proposals. However, the Panel's inputs can be made more relevant for the Governing Committee's decision-making by aligning Committee priorities with Panel criteria better before calls for proposals are issued, although this has improved with each call window.

Governance and management arrangements are relatively efficient and effective for decision-making. The Governing Committee is governing by consensus – with increased membership, some members and stakeholders think the introduction of selected committees could make decision-making more efficient and effective. The extent to which Observers and Leadership Champions effectively fulfill expectations is mixed and warrants a review to ensure that their participation is optimal if there is a replenishment. Most stakeholders think the Secretariat is fulfilling its obligations as indicated in the We-Fi governance documents and operating manual.

Reporting and communication are perceived to be efficient but with room for improvement. The current periodicity and structure of reporting may limit the Governing Committee's ability to oversee We-Fi

progress and take timely action. The review sets out some suggestions for how to make reporting more analytical and useful for decision-making. With regard to fundraising, members are asking for a clear strategy on how We-Fi will engage political leaders, take advantage of G20 engagements, and improve communication to facilitate buy-in from member countries. The Governing Committee has acknowledged this and decided to look into it after the mid-term review.

We-Fi has allocated funds relatively quickly. In contrast, the commitment of funds by IPs is, however, lagging and is severely delayed in some instances. For instance, AfDB has not started implementing projects and others are behind, too. There are several reasons for this. In the case of AfDB, it was not able to receive and execute the We-Fi grant due to its current trust fund policies and procedures (see AfDB IP snapshot). Another observation is that the time it takes, from the approval of proposals to the implementation of projects, appears to have been underestimated, especially in instances where projects cannot build on existing project structures and projects are developed on rolling basis under the programs. The time it takes from proposal to execution also varies according to how complex the interventions are, contextual complexity, among other considerations. The review proposes some measures to consider, such as the introduction of project preparation grants or 'claw-back' measures. Regardless, the issue warrants a deeper conversation among IPs, members and We-Fi to agree on a way forward (see also Progress, results and outlook section under effectiveness below).

Value for money is not tracked directly but mobilization can be used as a proxy for it along with We-Fi funds per SME reached. Neither We-Fi core indicators nor IP project/ program frameworks explicitly consider value for money indicators. In practice, We-Fi and IP reports use the amount of resource mobilization as a proxy to show how efficient the initiative is in delivering results per amount of funding provided. However, We-Fi has yet to ensure that mobilization measurements of leverage and mobilization in blended finance is harmonized across IPs, which could lead to under or over estimations of the value for money provided by the initiative. Another indicator that can be used is the amount of We-Fi resources per SME reached by the initiative. This indicator would need to be disaggregated further though and analyzed at the project level (e.g. the development impact of a WSME reached with \$1 of finance versus \$1 of technical assistance may be different.) Within the same country or among countries with similar levels of financial and market development, some variations in efficiency levels have been identified in the portfolio.

The level of administrative costs and IP fees are within the norms and thresholds agreed. As is the case in most funding initiatives similar to We-Fi, IPs do not disclose systematically how their fees are used or calculated. We-Fi may consider providing additional guidance to differentiate what costs ought to be covered by the IP fees and those that are not eligible under project costs.

Impact

It is early to assess the impact of We-Fi, the review has therefore examined the impact objectives and ability to measure them, We-Fi's impact on IPs, intermediaries/ partners and knowledge management. Key takeaways include:

- **We-Fi's theory of change and impact objectives are adequate, but impact measurement may be limited by the fact that only two of the We-Fi M&E indicators are linked to the theory of change impact.** We-Fi's theory of change defines five impacts: (i) More women start enterprises; (ii) more WSMEs thrive and grow; (iii) Improvements in WSMEs' performance and rising incomes; (iv) increased number of jobs created by WSMEs; and (v) empowered and educated women. The only two We-Fi indicators linked to these impacts are indicator 13 and 15 reflecting increase in WSME revenues and jobs created directly or indirectly by WSMEs. Some implementing partners such as IFC have highlighted methodological challenges in accounting for jobs created in access to credit interventions for instance. This might make an assessment for We-Fi later on difficult. We-Fi could consider taking advantage of its sex-disaggregated data work to ensure that appropriate methods for capturing jobs created is harmonized across the portfolio and implementing partners. The IPs have several impact evaluations underway that spans a range of interventions. These evaluations would not provide a systematic analysis across the We-Fi portfolio, so We-Fi needs to assess whether this is adequate for the portfolio as a whole.
- **Impact on IPs:** Concerning the potential impact on IPs, the review focused on three dimensions: scale, introduction and development of new products and services by IPs and strategic and policy impact. It has been identified that We-Fi thus far has had the most impact on scaling activities within IPs and to some extent helping IPs introduce new products and services that the MDB has not done before and to a lesser degrees had an impact on strategies and policies at this stage.

- **Impact on intermediaries:** Although it is still early, the review found that there is emerging evidence that We-Fi and IPs are impacting the strategic approaches of the intermediaries receiving support as well as several avenues for ensuring impact (scale) and sustainability.
- **Knowledge management.** We-Fi is facilitating collaboration among IPs and key partners, but lessons sharing could be more structured and research-driven to be effective. Knowledge management will become of increasing importance as the portfolio matures as there will be more opportunities for We-Fi to capitalize on the lessons in the portfolio.

Sustainability

It is too early to conclude on whether impact of projects will be sustained, but there is evidence that IPs have introduced elements in their project design to increase the likelihood of long-term sustainability. We-Fi is also contributing to the deployment of new approaches and products, despite the fact that the bulk of funding goes to accelerate, deepen and scale known WSME-segment approaches to working with more clients and countries. There is also some evidence that We-Fi is contributing to the financing of innovation among WSME, and this is expected to increase once round III programs are implemented.

Concessionality and blended finance. All IPs are part of the Development Finance Institutions (DFI) Working Group that developed the blended finance principles. Consistent with this, the internal approval process in each IP verifies that these principles have been incorporated. To facilitate the assessment of We-Fi sustainability and efficiency, IPs ought to include in its reporting to We-Fi the analysis undertaken to ensure minimum concessionality in its projects with the understanding that certain parameters linked to their pricing to private entities may have to remain confidential. Most IPs reported that the concessionality mechanism (e.g. incentive payment, interest rate) was set based on their internal analyses. However it is difficult to assess whether a systematic process was followed to set interest rates or the level of incentive payments (for instance, we have seen that the IPs apply different degrees of rigor when they report mobilization). Given the importance of the minimum concessionality principle, We-Fi may adjust its funding request template to include a summary of the analysis carried out at the program level and the process to be followed when each project is funded. This can enhance We-Fi's ability to report to its donors on the overall sustainability and efficiency of the initiative.

Sustainability in fragile, and especially deteriorating, environments will be challenging. This is generally the case and it is not something inherent to We-Fi interventions, particularly when grants are being used. We-Fi may consider, if a thematic or focused approach is used in potential future funding rounds, to single out 'graduation strategies' from high concessionality/ grants in fragile contexts as a focus area. It might be better if such projects also incorporate elements of advisory support, capacity building and product development for banks, like in Afghanistan, Mozambique or Myanmar as illustrated in the case studies for the deep dive on fragility.

We-Fi is addressing policy barriers and cultural norms and thus works towards transformative change. Currently 9% (\$ 8.6M) of the committed We-Fi funds (mainly WB and EBRD) are spent on improving the enabling environment. Given the increase in gender equity from such support, and We-Fi's unique position to address policy barriers and eventually impact cultural norms relevant to WSMEs, We-Fi should assess whether it could do more and how it could maximize its impact in this area going forward.

IPs have a strong program level risk monitoring but additional reporting on project level risk ought to be considered. While We-Fi has an enterprise-wide risk management framework that focuses on strategic, project/ portfolio and financial risks, reliance on the IP's internal processes is the basis of the We-Fi operating model. The discussion on risks in the IP's annual report is therefore uneven and mainly focused on the program level. It would be important for the IPs to provide additional information that would allow the GC and the Secretariat improved program and project level risks monitoring. For instance, the annual reports could have a more standardized section on risks and potentially a "heat map" of those projects with a higher level of unmitigated risk. This would allow the IPs, and the GC, to focus the risk discussions in their reports on those projects that may be putting the delivery of timely results more at risk.

4.2 Relevance: Is We-Fi doing the right things?

The relevance section reviews whether We-Fi is doing the right things i.e. assessing the extent to which We-Fi objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, priorities and continue to do so if circumstances change. Key review questions examined include:

- **Objectives and focus areas:** Are objectives and focus areas informed by the current literature and knowledge and does the We-Fi theory of change and results framework reflect relevant market gaps?
- **Scope of the initiative:** What is the impact of the WSME definition and data disaggregation challenges on We-Fi's global scope and IDA/ FCS focus?
- **Program level:** Are programs and projects consistent with the initiative's overall goals and objectives and what are the relevance of instruments and interventions used to address the needs of WSMEs?
- **Responsiveness to changing circumstances:** Does We-Fi remain relevant if circumstances change i.e. is We-Fi sufficiently flexible in responding to changing circumstances such as Covid-19?

Objectives and focus areas

We-Fi is filling a critical gap in the international development architecture in supporting women owned and led SMEs. We-Fi is the only international initiative supporting WSMEs at scale. The overall We-Fi objectives and focus areas are informed by the current literature and knowledge on women empowerment and economic development. The ecosystem gap analysis – the literature review for this mid-term review – concludes that the We-Fi funding is relevant, making a meaningful contribution to tackling key obstacles faced by WSMEs in developing countries. We-Fi has taken a multidimensional ecosystem approach aimed at addressing (all) gaps that constrain the WSME entrepreneurship ecosystem. For details, see ecosystem gap analysis (Appendix 3).

We-Fi's theory of change and results framework reflect the obstacles that WSMEs are facing in developing countries. As a financial intermediary fund, We-Fi provides grants to multilateral development banks that support public and private sector partners with financing and technical assistance to strengthen their capacity to support WSMEs. We-Fi's approach, model, and strategy have been informed by studies conducted by the We-Fi Secretariat since the implementation of the program. The theory of change and results framework provide a structure in which the implementing partners are free to propose programs responding to client demands, resulting in a comprehensive portfolio covering a breadth of topics and interventions.

We-Fi has managed to come up with a model that provides flexibility to project counterparts and implementing partners while ensuring that key gaps and barriers in the ecosystem are addressed. In the first two funding rounds, the Implementing Partners were free to propose programs responding to client demands, resulting in a portfolio covering a breadth of topics and interventions. With the third funding round, We-Fi introduced a thematic call to plug some of the gaps identified in the initiative's theory of change and ecosystem gap analysis. Implementing partners were therefore encouraged to submit proposals targeting value chains, digital transformation, and early-stage finance. The use of thematic priorities was effective in prompting implementing partners to propose programs responding to identified gaps. Furthermore, thematic priorities as deployed in the third round of funding can be an effective way to balance the range of interventions in the portfolio. However, such an approach requires a continuous and systematic review of unmet gaps against the existing We-Fi portfolio, while also ensuring that interventions are demand-responsive and recipient-owned. The review notes however that there is an apparent trade-off between covering all gaps versus focusing efforts in certain areas, as although We-Fi covers most gaps across the portfolio, the demand is enormous and We-Fi might consider honing certain areas in the future and let other ecosystem stakeholders cover other gaps.

Scope of the initiative

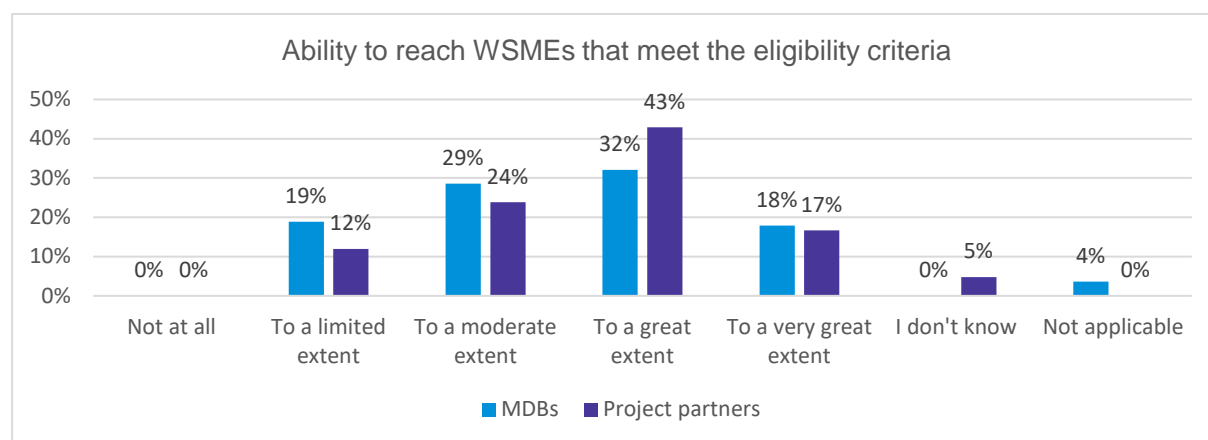
We-Fi was set up to focus on WSMEs – specifically to address the missing middle – not micro firms or subsistence enterprises. This challenges several of the implementing partners to re-examine their focus and definitions of WSME. There are many initiatives focusing on micro entrepreneurs and SMEs that are in need of extra capital that are often too large for micro credits (due to their higher level of firm complexity compared to small enterprises), but too small for regular loans from a bank. Therefore, We-Fi defines WSMEs using certain criteria in terms of sales, assets, financing and number of employees, as well as thresholds related to women ownership and leadership, including representation on board and/ or

women in management positions. The WSME definition is used to determine eligibility of who can benefit from We-Fi support. Several implementing partners such as AfDB and IsDB report that We-Fi has positively enabled a shift in thinking on women economic empowerment and enterprise development within respective institutions as a result of their involvement in We-Fi i.e. that job creating WSMEs are gaining currency and focus, as well as the micro and subsistence entrepreneurs.

We-Fi is not only defining a WSMEs by its size, but also by ownership, and EBRD is reporting that its collaboration with We-Fi has caused EBRD to re-examine the definition of what is considered women owned/ led applied to its women in business programs (a more sticker definition i.e. operational management responsibility is no longer sufficient to qualify for women owned/ led), but EBRD is reporting that its wary of the implications it will have for its programs.

In reality however, many WSMEs are smaller which leads to implementing partners focusing on smaller firms, with little focus on the medium-sized firms. The definition of a WSME has been adapted from the IFC SME definition. We-Fi has relaxed the definition to accommodate the fact that many WSMEs are small and to also include Very Small Enterprises (VSE), which are defined as enterprises with more than five staff or using a financing proxy of minimum \$5,000 for non-investment projects, and the loan size proxy for VSEs (same amount) for investment projects. In addition, implementing partners can request exemptions from the eligibility criteria in certain projects (e.g. for working with high growth startups via accelerators and VC funds), which have been granted in some instances by the Governing Committee. This has helped implementing partners identify sufficient numbers of SMEs, particularly in fragile environments. In FCS markets, banks are struggling to understand and meet needs and demands of SMEs in general, and they may struggle even more to meet the needs of WSMEs as it is a sub-segment of the SME market.

According to survey results, the ability to work with very small enterprise, seems to have resulted in 57% of the project counterpart respondents reporting that they are able to reach eligible WSMEs to a great or very great extent, while 39% responded with moderate or limited extent. However, survey findings revealed that MDB operational staff seem to find it a little more difficult than their project partners, with 48% responding either limited or moderate, as compared to 36% of project partners responding the same.



We-Fi's scope and ability to reach WSMEs is affected by the lack of sex-disaggregated data. There is increasing recognition that a lack of sex-disaggregated data on WSMEs is a significant bottleneck for improving women's economic empowerment. Among survey respondents, 29% of project managers and 21% of project partners state that access to sex-disaggregated data is an obstacle for the design and implementation of their We-Fi projects. 43% of IP staff and 46% of project partners said that data was a lesser constraint. This may be due to the general lack of data, and sex-disaggregated data in developing countries (and in particular in FCS). Secondly, available data is often of poor quality, irrelevant, limited, and therefore difficult to aggregate for analysis. There is broad agreement within the ecosystem that more and better sex-disaggregated data is a prerequisite for improving the support to WSMEs. There is also a strong expectation that We-Fi will contribute significantly in this regard.

Program level

The programs/ projects funded by We-Fi are consistent with the initiative's overall goals and objectives. Implementing Partners have been able to design and execute programs that align to We-Fi's goals and objectives. Programs and projects address obstacles within all of the four main focus areas identified by We-Fi with the majority of interventions targeting access to finance constraints (51%), while

access to skills represent 19%, access to markets 21% and enabling environment interventions comprise 9% of committed funds. We-Fi currently has active projects in 47 countries and is on track to achieve its portfolio distribution by income level and fragility with 62% of the funding committed to projects in IDA/ FCS countries and 28% in FCS countries alone.

Although We-Fi's portfolio balances financing, advisory assistance, capacity building, research and evaluation interventions to address the needs of women entrepreneurs, financing is the most dominant intervention. About 44% of committed We-Fi funds are spent on investments, loans and grants. While advisory assistance comprises 33%, capacity building 19%, and research and evaluation activities 4%. It should be noted, however, that the distinction between advisory services (policy advice, technical assistance etc) and capacity building activities (training, mentorship activities etc) is often blurred which may affect findings, due to different labelling by the IP. The mix of interventions vary among the IPs. For instance, most World Bank, IDB, and IDB Lab projects have components of policy advisory to partners, capacity building of WSMEs and research activities. Typical IFC and IDB Invest projects on the other hand are mostly financial transactions – loans or equity investments paired with We-Fi funded performance-based incentives, some advisory assistance to partners and little or no direct interaction with WSMEs. The other IPs are somewhere in between, with ADB and IsDB providing larger shares of their committed funds as financing (mainly grants) and EBRD working more directly with capacity building for WSMEs. AfDB which received funding in May 2019 has not started implementation due to trust fund issues and is now revamping their pipeline of projects.¹¹

In sum, the mix of We-Fi projects address relevant priorities underlying the theory of change. No major gaps have been identified in this review, however some key opportunities to better support WSMEs were identified in the literature review for the ecosystem gap analysis. For instance, there is an untapped opportunity to provide loans and grants to WSMEs dedicated to innovation, integrate aspects of psychosocial training into more business training programs, and bring in the support of male mentors to assist WSMEs in male-dominated sectors. The literature review also highlighted a gap in addressing the increasing inequalities relating to the responsibility for care as well as an opportunity to leverage a stronger collaboration and inclusion of grassroots, bottom-up, and business-oriented women's groups.

The relevance of projects in responding to WSMEs needs was confirmed by IP operational staff, intermediaries and end-beneficiaries alike, however consultations were limited. As part of the online survey conducted for the mid-term review, the majority of IP operational staff and their counterparts (intermediary recipients of We-Fi funds such as banks, funds, governments) responded that the support from We-Fi can be used to address the critical needs and obstacles faced by WSMEs. Among those who responded less favorably (mainly IP staff), social norms were identified as a major obstacle not addressed by their projects. Also, consultations with WSME end-beneficiaries discussed how the support received met their needs. However, the number of beneficiary consultations were limited due to the scope of the review (a program, not project-level review).

Responsiveness to changing circumstances/ Covid-19

WSMEs needs and intermediaries' priorities have changed due to Covid-19. 65% of survey respondents reported that WSMEs needs have changed to a moderate, great or very great extent due to Covid-19. Respondents point to the needs of WSMEs becoming more acute, and in particular the need to quickly become more digital to continue operations during lockdowns including e-commerce, digital marketing, handling digital payments etc. Furthermore, IP program staff report that demand for capacity building services actually increased during these periods, contrary to expectations, especially in terms of learning and experience sharing around leadership in crisis, managing remote teams and engaging with financiers in this context. IPs also report that some projects and partners have been more affected than others. For instance, EBRD reported that their advisory projects to governments were less affected, whereas their banking portfolio was more affected. This may be explained by banks becoming more risk-averse and focused on core customers and clients. In addition to being reluctant to extend the portfolio in Covid-19 affected sectors (sectors in which WSMEs often operate). The survey confirmed that project counterparts' priorities and circumstances for participating in We-Fi projects have changed due to Covid-19, with 29% of partners responding that priorities had changed to a moderate extent, and 33% either to a great or very great extent. There are no clear findings in the survey data regarding whether the priorities of certain types of intermediaries/ partners changed more or than others in response to Covid-19.

¹¹ AfDB funds were redirect towards Covid-19 (non-We-Fi activities) responses in 2020 and this might affect the priorities of the Bank with respect to the We-Fi project pipeline.

4.3 Coherence and value addition: Is We-Fi fit for purpose?

The coherence and value addition section reviews whether We-Fi is fit for purpose i.e. the extent to which We-Fi fits and adds value to other programs and interventions at global level, IP/ MDB, country, sector or institution. Key review questions addressed are:

- **Value proposition:** Unique selling proposition to donors compared to other programs, delivery modalities complementarity with other programs and initiatives at global level and at regional/ country/ sector level
- **Delivery model:** Ability and limitation to addressing WSMEs needs while working through MDBs.

Value proposition

We-Fi offers a unique value proposition to donors compared to other programs and support modalities. Stakeholders have identified several unique selling points:

- Offers a route to catalytic impact and an opportunity to accelerate and expand the gender-focused lens and programming of multilateral development bank (MDB) activities
- Opportunity to forge partnerships and collaboration across members that may not otherwise have the platform to work together on gender equality issues thanks to We-Fi's broad membership (i.e. donors and implementing partners)
- Opportunity to define the women economic empowerment development agenda and build common policy definitions
- Opportunity for donors to look at WSMEs issues holistically. Many members recognize that their limited individual resources and implementation capacities often result in a narrow, reduced or limited scope to supporting WSMEs: 'we could have just worked with Banks, private equity etc.'
- Anchored at the highest levels of government, from individual Heads of States to collective bodies like the G20, offering profile and attention
- Reduced risks given the fiduciary experience and resources available being housed within World Bank.

We-Fi is adding value and complementing other programs and initiatives at the global level.

Financial Intermediary Funds can be powerful instruments for impactful collective action in supporting the provision of critical global public goods. They provide the global development community with independently governed multi-donor collaboration platforms and innovative financing mechanisms to address vertical themes launched at high-level, multilateral forums.¹² We-Fi complements other programs, for instance through collaborations with partners such as Data2x, Alliance for Financial Inclusion, and others in the ecosystem in order to accelerate progress on increasing WSME sex-disaggregated data.

No other global initiative was identified through this review with a similar scale and impact as We-Fi on women owned/led enterprises. Most Governing Committee members report that We-Fi complements their other bilateral and multilateral efforts. For instance, several of We-Fi's donors also support Affirmative Finance Action for Women in Africa (AFAWA) at AfDB, in which We-Fi is also a contributor.¹³ See also ecosystem gap assessment for details on ecosystem and actors in the field.

Delivery model

While We-Fi's approach to implementation through MDBs may be slow-moving, it has the potential of substantial impact.¹⁴ The MDBs are unique and significant players in the ecosystem given their role in promoting economic development, as channels of financing to developing countries and with extensive partnerships with key national decision-makers. At the same time, they are large multinational institutions with complex bureaucracies. Improving conditions for WSMEs through such institutions require time and bold efforts, but over time the impact on gender equality may be significant. Working through MDBs has

¹² <http://documents1.worldbank.org/curated/en/479871602859721372/pdf/2020-Trust-Fund-Annual-Report-Moving-the-Needle-for-Greater-Impact.pdf>

¹³ AFAWA was approved by We-Fi after which AfDB scaled it and asked for more bilateral funds.

¹⁴ See progress and results and efficiency and effectiveness sections for details on timeliness.

allowed We-Fi to develop and implement projects targeting gaps for WSMEs within the all four objective areas.

Furthermore, MDBs are uniquely positioned to work on transformative reforms, such as legal, regulatory, and normative reforms. The MDBs also bring different models, experiences, and lessons learned into We-Fi through the programs and activities designed and deployed through allocated We-Fi funding, which can potentially culminate in an increased and systemized learning between and across the various IPs. There are, however, certain gaps in the ecosystem and in current We-Fi programming that could be strengthened (see ecosystem gap analysis).

We-Fi has a (potential) key role to play as a coordinator, convener and knowledge producer within the ecosystem. Working with all the MDBs, We-Fi has the opportunity to increase and systematize learning between and across the MDBs and take a strong position as convener and facilitator within the ecosystem supporting WSMEs. The need for this function has been magnified by the Covid-19 pandemic, as there has been a lack of a systematic approach in the response to the needs of WSMEs during the crisis. There is also a need for greater emphasis on sharing experiences, mobilizing funding for specific research on gaps in the ecosystem, connecting ecosystem players, and ensuring that successful projects are replicated and scaled in other markets and countries. A particular focus on developing those ecosystems that are less mature would therefore be welcomed. In order to play that role, resources probably need to be dedicated for it.

We-Fi and its projects add value and complement other programs at a regional, country, and sector level. Stakeholders, including IPs, are encouraging We-Fi to facilitate further coordination among partners at country level. For instance, Nigeria accounts for 50% of the We-Fi funding for fragile and conflict-affected countries and several IPs are involved in implementation. Yet, different approaches among IPs can potentially create contradictory incentives and ultimately hinder progress. Coordinated efforts and sharing of information and lessons learned across stakeholders in the ecosystem on the other hand, may create synergies and accelerate impact.

We-Fi's ripple-effect in the ecosystem depends on the partnerships, models and instruments the IPs deploy. The approach and the extent to which the IPs engage with the ecosystem varies. While progress on collaborating with global practices and alliances targeting WSMEs in developing countries has already been made, We-Fi could also explore how to leverage partnerships within the ecosystem further. For instance, more strategic engagement with non-traditional actors such as FinTech companies and digital platforms would contribute to further align WSME development to innovative approaches particularly important in developing countries where digitalization may facilitate leapfrogging across multiple technologies. Similarly, advocacy work related to women's rights and well-being is primarily driven forward by local, national, and international NGOs, as well as multilaterals, with UN-Women at the forefront. Fostering closer ties between these actors and the entrepreneurship ecosystem could ensure that a mix of stakeholders together collectively push forward the complexity of areas constraining women as entrepreneurs, successful business owners, and managers. Whether and how to refine the incentive structures (roles of IPs vs. Secretariat and/ or the use of call process) need to be examined.

4.4 Effectiveness: Achieving objectives

The effectiveness section reviews whether We-Fi is achieving its objectives i.e. the extent to which We-Fi is achieving or is expected to achieve its objectives and its targets. Key review questions addressed are:

- **Results framework and tracking of results:** Adequacy of results framework, use of SMART indicators, reporting on results and measurement of mobilization
- **Progress, results and outlook:** Whether We-Fi is on track to achieving its objectives and targets

Results framework and tracking of results

We-Fi's results framework is based on the initial strategic objectives outlined in the World Bank Board document that established the financial intermediary fund. Building upon the objectives of We-Fi outlined in that Board document, the Secretariat prepared, and the GC approved, a first version of the results framework for the initiative that was included with the first call for proposals, issued in late 2017. This framework included 12 core indicators. We-Fi did not set targets for these indicators ex-ante but, they are being built based on the targets from each IP approved funding proposal. The current results framework has 15 indicators and was revised after the second call for proposals.

We-Fi's results framework is built bottom-up. The Secretariat has developed a set of core indicators to be used in all We-Fi projects. During proposal calls, IPs are asked to submit results frameworks and a theory of change for their proposals in addition to descriptions of how their project/ program frameworks are linked to the We-Fi overall results framework. Having a common set of core indicators facilitates aggregation across projects and IPs to obtain a measurement of these indicators for the entire initiative. As part of their funding proposals, IPs included a minimum of two We-Fi core indicators in their project/ program results framework for the first call of proposals. IPs then complement the framework with a set of custom indicators to reflect the specific characteristics of the projects/ programs. We-Fi has continued to improve the initiative's results framework through an iterative process incorporating the project/ program results frameworks submitted by IPs, starting with the second round of funding. This round of funding required IPs to use a minimum of six We-Fi core indicators in addition to custom indicators, including the development of new core indicators reflecting emerging focus areas such as access to markets and refine the language of the indicators to ensure results reported by different IPs are comparable. The use of custom indicators ensures that IPs can adapt their frameworks to the needs of individual projects. This combination of core and custom indicators is a good practice to enable both aggregate measurements of impact as well as allowing for project-specific results measurement.

The use of core and custom indicators is appropriate in individual program and projects, but it should be emphasized that these measure *outputs*. This approach is correct as these indicators are the first step in the output – outcome – impact chain. The revised results framework appropriately links each indicator to the four focus areas of We-Fi (increasing access to finance; increasing access to training, mentoring, and networks; increasing access to markets; creating and improving the enabling environment). These indicators represent the outputs generated by the We-Fi interventions. For example, the use of We-Fi resources to provide performance-based payments (*inputs*) can lead to increases in the amount of financing provided to WSMEs (*output*; indicator 2).¹⁵ As correctly reflected in We-Fi's TOC, this leads to *outcomes* such as a decreased level in the financing gap to WSMEs and *impacts* such as improvements in WSMEs' performance and rising incomes.

The indicators have been established using a SMART (Specific, Measurable, Achievable, Relevant and Time-bound) approach and their monitoring period may extend beyond 2030. Some of the projects supported by the initiative, particularly those involving blended finance with 5-7 year credit lines, involve the achievement of results through 2030 and for some of them beyond 2030. This will have to be considered in a potential final evaluation of We-Fi if the initiative is not extended. IPs will have to continue reporting through that period and this information will have to be made available to Governing Committee members regardless of what supervision mechanism is put in place.

¹⁵ In M&E practice, the difference between output and outcomes is not always well defined and it can be considered to be a continuum. For example, We-Fi indicator 2, *amount of financing provided to WSMEs*, is closer to an outcome (i.e. the ultimate result of the We-Fi intervention that leads directly to a positive impact) than indicator 10, *number of rigorous impact evaluations commissioned by We-Fi IPs* in so far as carrying evaluations is farther from a direct positive impact.

Key findings and potential enhancement to the results framework include:

1. **We-Fi builds in results indicators in a bottom up fashion rather than having an ex-ante sets of targets to be achieved.** Given the flexibility that the periodic calls for proposals imply, whereby IPs shape the specific We-Fi interventions, this bottom-up approach is appropriate. However, We-Fi could establish targets for at least a limited number of indicators as a way to communicate its level of ambition to all stakeholders as it was done in the initial World Bank Board paper with respect to the \$1B mobilization target.
2. **Linkages between indicators and We-Fi's theory of change could be refined further.** The core indicators are located in a continuum of output, outcome and impact in We-Fi's theory of change. For example, indicator 8 (number of regulations screened/drafted/revised) is an output (currently listed as an outcome) of the IP activities and well removed from impacts because many additional steps need to occur after regulations have been screened for this activity to have an effect on WSMEs. That is, many necessary steps and outcomes are needed for this indicator to generate impact, e.g., regulation adopted, implemented, enforced, potential benefits disseminated, and incorporated into WSME's practices ultimately leading to an enhanced environment for WSMEs. Indicator 14 (number of reforms formally enacted) captures some of this, but is currently listed as an impact indicator rather than an outcome. On the other hand, indicators 13 (number of WSME reporting an increase in revenues) and 15 (number of direct jobs created) are closer to the impact sought by We-Fi. Additional indicators more directly linked to the theory of change impacts could include: (i) number of new WSMEs created as the result of We-Fi activities and (ii) percentage increase in sales/ profitability of WSMEs benefitting for at least one year from We-Fi support. These could be complemented by periodic survey of participating women entrepreneurs to measure their economic empowerment.¹⁶
3. **IPs ought to incorporate appropriate baselines into their projects and program results frameworks.** In their funding proposals, IPs do not always include baselines for their indicators. This may be appropriate when these are understood to be zero, as would be the case in a completely *de novo* program (e.g. a new training program). However, several of the access to finance interventions build on existing programs and understanding the baseline is critical for future project level evaluations and appropriate portfolio analytics during implementation. For example, projects aiming to increase the percentage of WSMEs in the SME portfolio of financial institutions or of WSME suppliers in supply chains. In cases where these baselines cannot be readily established due to lack of gender disaggregated data, IPs should propose alternatives, such as an analysis of a small percentage of the portfolio (sampling) before the We-Fi intervention in the type of financial institutions they are considering to use as intermediaries in their programs or existing country-level diagnostics.
4. **Enhanced project-level reporting for portfolio management.** IPs submit (for the most part) funding proposals for programs, with specific projects developed and prepared once funding has been approved. But even after the project has been developed and is under implementation, IPs report on indicators only at the program level. IPs should rather report on the We-Fi indicators at project level. This should not imply additional work for IPs as projects have to be monitored to allow aggregation at program level. This should also be complemented by reporting the variation with respect to the expected profile of disbursement that the IP identified for respective projects during preparation. This enhanced reporting would facilitate We-Fi's portfolio management and identify the type of projects that are not only more impactful but also faster at delivering results.

Leveraging We-Fi resources through the mobilization of additional funds is at the core of achieving the initiative's objective. From the perspective of We-Fi's theory of change, leveraging resources from both the IPs and others, particularly the private sector, is critical at two levels that have implications for We-Fi's effectiveness, efficiency, and sustainability:

- Leveraging additional resources from IPs contributes to the alignment of operations and investments of the IPs to We-Fi objectives in a way that is expected to have longer term implications than if they were not contributing their own resources.

¹⁶ Measuring economic empowerment is an evolving field. The World Bank held a symposium on this topic in late 2018 that discussed different approaches developed by the World Bank's Africa Gender Innovation Lab, GroW, IFPRI and Corewoman. Link to the summary of the proceedings: <https://www.worldbank.org/en/events/2018/09/10/measuring-economic-empowerment-from-innovation-to-action>.

- Leveraging funding from others, particularly the private sector, facilitates the creation of self-sustaining markets essential to the long-term sustainability of the We-Fi interventions.

Measuring the leverage achieved by We-Fi and its impact will require detailed project-level analysis to ensure proper attribution. Most IPs use the entire cost of the project supported by We-Fi, including all sources of funding, for calculating leverage. However, many of these projects also include activities that are not directly related to WSMEs. For example, several blended finance projects support SMEs at large, not just WSMEs. The guidance provided by the We-Fi Secretariat to the IPs in such cases, is that the funding that is combined with We-Fi resources to directly contribute to achieve We-Fi aligned results is considered leverage. Similarly, the results obtained by the projects need to identify those that can be attributed to We-Fi activities and are incremental. For example, We-Fi is supporting the issuance of gender-based bonds by financial intermediaries. However, only a fraction of the proceeds of those bonds are expected to be used to generate an incremental impact on lending to WSMEs. It should be only that part of funding and the incremental impact that should be counted both for leverage as well as We-Fi's results calculation.¹⁷

The We-Fi Secretariat is working with IPs to further refine the approach to measuring leverage, particularly with respect to the private sector. In this process, it will be important to define an approach that provides more specificity than the ones in existing approaches used by the multi-lateral development banks or the OECD-DAC.¹⁸ The Secretariat prepared, in early 2018, a guidance note, based on the DFI Principles on Blended Finance (these principles are discussed in more detailed in the blended finance deep dive), on how to measure leverage in We-Fi projects. In the case of the more innovative instruments on which We-Fi is breaking new ground, such as those involving performance-based payments to companies that incorporate WSMEs into their supply chains, there are no established methodologies to measure leverage. We-Fi could work jointly with the IPs using these products to agree on a methodology that allows comparisons across IPs and across different blended finance instruments.

We recommend creating early in the project-level M&E framework, a “synthetic carve-out” and enhanced guidelines to measure leverage. This approach would define a hypothetical sub-project that would be more directly pertinent to We-Fi activities, funding, and results. It would also be important to further modify the current leverage measurement guidelines to weigh or at least separate different sources of mobilized resources. For purposes of long-term sustainability, IPs should be considering how to mobilize more private sector resources. Overreliance on leverage based resources from the IP's own account may put sustainability at risk. The current guidance note, consistent with the DFI's principles, does not explicitly make this distinction and also states that concessional resources mobilized from other donors would not be counted as leverage. The latter point should be further developed since some of the funding provided by the current set of IPs may actually be concessional in nature. Furthermore, the use of additional concessional resources is not, *prima facie*, inconsistent with the We-Fi's objectives. For example, IDA recipient countries allocating a higher proportion of their IDA concessional funding to WSME-oriented interventions would be consistent with addressing the WSME financing gap.

Progress, results and outlook

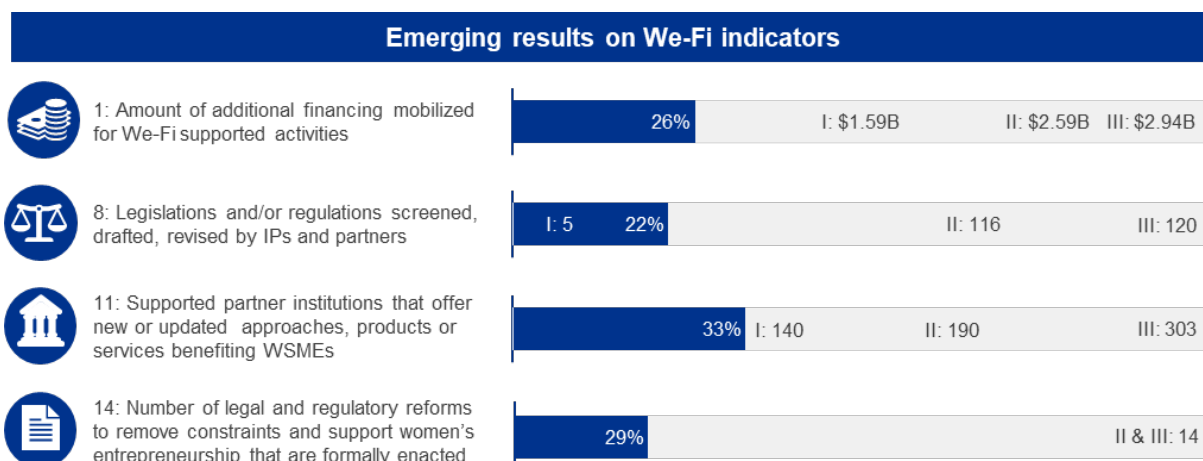
Results are starting to emerge for a few key indicators in We-Fi's results framework. In terms of mobilization (Indicator 1), the IPs report that they have already mobilized 24% (\$716.6M) out of a target of \$2.9B. In addition to progress on the mobilization targets, We-Fi is also delivering progress on indicators regarding increasing partner institutions' focus and services to WSMEs (indicator 11) as well as on identifying regulatory constraint (indicator 8). So far IPs report that 101 out 303 (33%) targeted partner institutions offer new or updated approaches, services or products benefiting WSMEs, closing in on the round I target of 140. IPs further report that 26 of the total target 120 legislations and/ or regulations have been screened, drafted, and revised by We-Fi IPs and/or their partners to remove constraints and support women's entrepreneurship. This has also led to the formal enactment of 4 (out of 14) legal and regulatory reforms to remove constraints and support to women's entrepreneurship (see Table below or progress and results section).

¹⁷ The concept of incremental impacts can be illustrated by assuming that the part of the proceeds of the gender-based bond, in this example, is used to support the same level of WSME lending that the financial institution already was delivering before We-Fi. In such case, there would be no incremental impact.

¹⁸ The multi-lateral development banks issue an annual *Mobilization of Private Finance* report which considers direct and indirect mobilization. The most recent one was published in January 2021. The OECD-DAC has a more restrictive approach to measuring mobilization and relies on more directly attributable causal link between the public and private investment.

We-Fi is on track to achieving its portfolio distribution by income level and fragility. We-Fi currently has active projects in 47 countries with 62% of the funding committed to projects in IDA/ FCS countries combined and 28% in FCS countries.

Only 15% of current mobilization is from the private sector. The majority of the remaining 84% of funds mobilized by We-Fi comes from the IPs themselves (see progress and results section for illustration). Mobilization from the public sector and other partners (including other donors) is less than 1%. Given We-Fi's emphasis on impact and sustainability, this issue should be monitored and addressed if needed as discussed above.



Note: For details on all indicators, see portfolio overview section.

It is difficult to say whether We-Fi will achieve the results as many programs are still in early stages, ramp up stage and data available is weak for such as projection. Mainly the IPs that received funding in the first round have reported results so far, with the exception of EBRD's second round program. Some of these programs have a reporting lag which may underestimate the current level of progress. For instance, IFC reports results data (other than mobilization) as of December 2019, so in reality it is likely that the results are higher at this stage. Programs approved in the third round are still in project development stage, except for the World Bank which has two projects in execution. We note however that the overall trend for targets set for committed projects exceed the targets set in approved proposals when taking into account the current commitment ratio. Assuming that targets set for individually approved projects are more realistic, We-Fi could over time deliver results beyond current targets in its results framework. **The likelihood of achieving the results also varies across the IPs.** Overall, We-Fi is on track to achieving its mobilization targets, especially if the target of We-Fi of \$1B is used as opposed to the target provided by IPs in their proposal (\$2.9B). The mobilization results have been identified as being at risks for IsDB however, which currently only reports 7% achievement (See IsDB snapshot for details). The mobilization target by IsDB is negligible within the overall portfolio however. Other IPs such as AfDB has not confirmed its pipeline and has yet to start implementation of its programs, which makes it difficult to assess whether AfDB will achieve its targets once implementation starts. For example, one risk identified concerns that AfDB's reports that it may have difficulties in the mobilization of AfDB funding due to changing priorities under the Covid-19 response (See AfDB Snapshot for details).

Although many IPs report that implementation is on track, the overall implementation timeline may need to be adjusted. On average, 61% of the planned implementation time for round I programs has been spent while 62% of funds under the programs have been committed and only 32% of the funds disbursed. This implies that on average, nearly three years after proposals were approved, more than one-third of the funds remain uncommitted with less than two years of the original implementation timeline. For round two, on average one-quarter of the implementation time has been spent with 24% of funds committed as of and only 1% of the funds disbursed. It should be noted however that the degree of implementation varies greatly from AfDB that has not started committing funds for projects to IDB that has committed two-thirds of its funds, ahead of WBG that started a year earlier. EBRD has so far committed 19%. Both EBRD and IDB report low disbursement figures (see table below). It should be noted that funds committed for performance-based incentives or first loss risk covers are not expected to be disbursed before certain targets are met or losses occur. About 30% of the current IFC and EBRD commitments are for performance-based incentives or first loss risk coverage and about 6% of the current IDB commitment is for performance-based incentives. It should be noted though that IFC has reported its performance-based incentives commitments as already disbursed in this mid-term review, whereas EBRD and IDB has not reported it as disbursed.

Round	IP	Program start date	Program end date	Time spent (%)	Days left	Amount allocated	% committed	% disbursed
Round I (April 2018)	ADB	08.06.2018	28.02.2022	75 %	343	12 551 800	92 %	50 %
	IsDB	31.07.2018	30.06.2023	53 %	841	32 240 000	72 %	25 %
	WBG	30.05.2018	30.06.2023	55 %	841	75 100 000	45 %	28 %
	IFC			55 %	841	49 400 000	30 %	28 %
	WB			55 %	841	25 700 000	72 %	29 %
Average				61 %	733		62 %	32 %
Round II (May 2019)	ADB	16.09.2019	31.12.2024	28 %	1,383	20 189 000	14 %	1 %
	AfDB	01.01.2020	30.06.2024	27 %	1,207	61 800 000	0 %	0 %
	EBRD	07.06.2019	30.06.2029	18 %	3,033	24 279 370	19 %	3 %
	IDB	31.07.2019	31.12.2024	30 %	1,391	22 900 000	63 %	1 %
Average				26 %	1,745		24 %	1 %

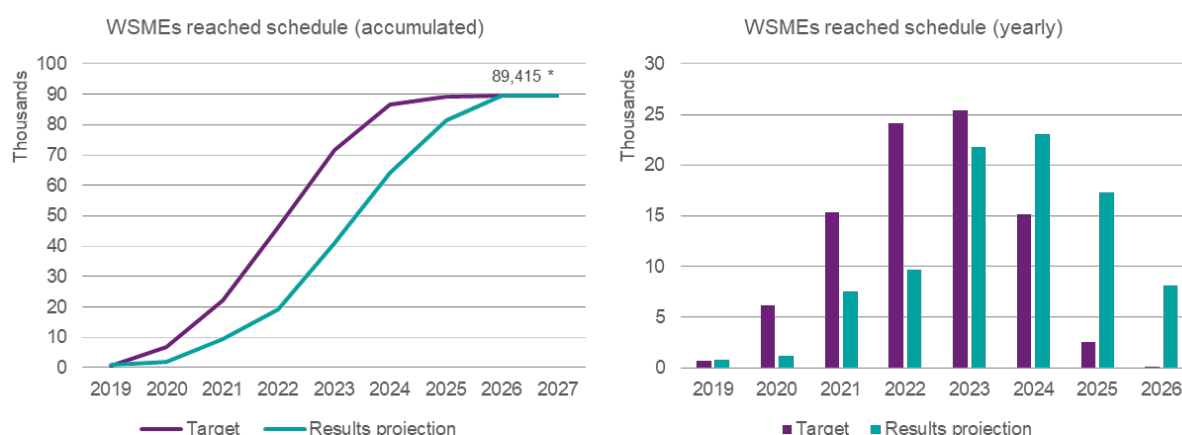
Note: Only implementation period is included here. Some IPs such as WBG, EBRD and IDB (round III) have included a post implementation investment period (varies from three to seven years) to track results and monitor investments and reflows following the implementation/ investment period. It should be noted that IFC has reported its performance-based incentives commitments as already disbursed in this mid-term review. IFC disbursement would be 15% (compared to 28%) excluding disbursements for performance-based incentives. Note also that allocation amounts include 5-7% IP fees which will not be committed for projects.

There are several reasons for lag and delays in the reporting:

- **Program lag:** Implementing partners usually plan to start implementing programs 1-7 months after approval of the proposals
- **Programs have not yet started:** AfDB which constitutes about 20% of We-Fi allocations have not yet started implementation
- **Programmatic approach to project development:** Many of the programs (IFC, IDB, ADB round II, partly EBRD and AfDB which has not yet started) utilize programmatic approaches with ongoing pipeline development and rolling project commitments, which in nature makes commitment of approved funding longer compared to predefined projects and programs
- **Reporting lag:** There is a lag in the results reporting from implementing partners. For instance, the current reporting by IFC is from the end of 2019, creating up to 9 months of lag time in reporting to We-Fi (as We-Fi reporting is done in the middle of the year whereas IFC project reporting follows the calendar year).

It is difficult to project when We-Fi targets will be achieved. In addition to mobilization and commitment and disbursements, We-Fi uses WSMEs reached (indicator 12) as a proxy to track overall progress. As of February 2021, We-Fi reports that 4,535 (1,989 without taking into account World Bank Group round I results that is not included in analysis below due to lack of a target schedule in proposal) out of a target of 132,415 (89,415 without the results from WBG round I) WSMEs has been reached by implementing partners, implying a delay. If we project forward in time based on actuals to date and some simple assumptions, we see that significant numbers will not be reached before 2023. AfDB is a key contributor to this delay given that its program constitutes 40,000 out of the 132,415 WSMEs reached target and it is already two years delayed.

WSMEs reached: Schedule of targets and results projection



Note: Target refers to the actual yearly targets as per IP proposals. Results are actual reported results in 2019 and 2020 and projections thereafter. The projections are based on the following:

1. Targets are actual targets as per respective IP proposals.
2. The World Bank Group round I proposal has been excluded from the analysis since the proposal did not include a schedule for targets and results reporting. The World Bank Group has informed the review team that it will work with its program teams to establish indicative targets and provide these targets to the Secretariat and Governing Committee within some reasonable timeframe.
3. In order to make realistic projections for the timing of results, the following assumptions were made:
 - ADB: Round I program will be achieved in 2021. For the round II program the targets were moved one year forward in time as no results have been reported to date/ per schedule.
 - AfDB: The round II schedule was moved two years forward in time since implementation is two years behind schedule.
 - EBRD: The part of the round II target not met in 2020 (remaining: target less result) moved forward till 2021.
 - IDB: The round II schedule was moved one year forward in time as no results except mobilization are reported to date/ per schedule.
 - Round III: Target schedule in proposals was used for the projections although it is reasonable to conclude that some of them would have some delays.

* Due to the exclusion of WBG's round I the total WSMEs reached target is reduced from 132,415 to 89,415 in this projection.

Based on the projections of WSMEs reached and trend data for allocations by We-Fi, commitments and disbursement figures by IPs, a more realistic projection of when targets will be met is presented below. It is based on several assumptions and is only meant to provide a more realistic understanding of when results can be expected to come in. Each IP should reassess its own programs and portfolio to provide the Governing Committee and Secretariat with more realistic projections based on their understanding of their respective programs and portfolio. It is important to note that the progress varies across IPs and that some approved program proposals have included a post implementation investment period (of three to seven years for accounting for results and reflows etc) whereas others have not. See portfolio overview and IP snapshots for details.

Rounds by commitment	Results projections	Comment
Round I: Committed projects	2023	Several projects are ongoing with lag in results reporting
Round I: Non-committed project	2023-2025	Assuming that the majority of funds are committed in 2021-2022
Round II: Committed projects	2023-2024	Disbursement is lagging behind round I committed projects, but this is expected to improve as the programs started one year behind
Round II: Non-committed projects	2023-2026	This assumes that AfDB commits its pipeline and commits projects in 2021-2022
Round III	2024-2026	WB has already committed a substantial part of the program and IDB and IsDB report to be well into project development

Note: This is a high-level estimate based on the assumptions listed above.

4.5 Efficiency: Are resources well used?

The efficiency section reviews whether We-Fi is using resources well i.e. the extent to which We-Fi delivers, or is likely to deliver, results in an economic and timely manner. The efficiency review questions are organized as follows:

- **Governance and management:** effectiveness of decision-making arrangements, observers, leadership champions, Secretariat, reporting and communications.
- **Timeliness and allocation process:** Commitment of funds timeliness and impact of Covid-19, efficiency of calls for proposals, relevance of Technical Expert Panel and proposal documentation and criteria.
- **Use of funds:** Value for Money, use of funds and IP fees, deployment of Secretariat budgets, allocation of funds efficiency and economic deployment as compared to feasible alternatives.

Governance and management

Governance and management arrangements are relatively efficient and effective for decision-making. The Governing Committee is governing by consensus. Although recognizing that the consensus model can slow down certain decisions and processes, the GC members report that they appreciate the consensus model adopted by the Governing Committee – and do not encourage the introduction of other models such as a weighted voting model. Several members shared that decision-making is smooth, and some use We-Fi as an example in other Financial Intermediary Funds and Trust Funds. Some members also report that 'despite (the fact that the members) are from very different countries, the priorities are pretty much aligned'.

However, with increased membership, some members and stakeholders think the introduction of selected committees could make decision-making more efficient and effective. For instance, We-Fi could introduce an 'Investment Committee' for the review of proposals. Now that We-Fi has the experience of holding calls for proposals, there is room for making the calls more predictable. This could be done by giving Implementing Partners sufficient guidance upfront, so that all members do not need to be involved in the discussion of the proposals, but rather discuss and agree the overall principles and objectives of calls for proposals (see discussion of Technical Expert Panel below).

The extent to which observers effectively contribute to the Governing Committee and broaden the voice of industry stakeholders is mixed. The observers include the private sector, NGOs, multilateral organization and the W20 Chair¹⁹ as well as the Implementing Partners (MDBs). As for all financial intermediary funds, observers are one of the stakeholder groups of the funds. When it comes to external observers (non-IPs), stakeholders report that the usefulness of the participation of observers comes down to the individuals representing the observers. However, most Governing Committee members acknowledge that We-Fi, like many funds of its kind, is struggling to make use of observers. During this mid-term review, it was also difficult to interview observers, which is an indication of their involvement and ownership of We-Fi's direction. Most members think that the current arrangement is good enough, but it may be necessary to review how to improve the use of observers if We-Fi continues.

The role of the Leadership Champions is unclear, and the expectations of the Leadership Champions vary among the members. Members with active national Leadership Champions are more positive and there are a few Leadership Champions that stand out to most members. A few members express that they didn't really know about the Leadership Champions before the review team asked about it or they shared that they had limited understanding of the purpose of the Leadership Champions. Others point to time constraints and a mismatch of skills and experience of Leadership Champions. It is therefore clear from the interviews that the role of the Leadership Champions needs to be reevaluated if there is a replenishment. Generally, members recognize that there is untapped potential for Leadership Champions in terms of raising awareness, fundraising, and acting as role models.

Most stakeholders think the Secretariat is fulfilling its obligations as indicated in the We-Fi governance documents and operating manual. Although most stakeholders recognize that there were some problems in the beginning and that the replacement of the Secretariat staff in 2018 caused some issues, ensuring that the new Secretariat had to find its feet, most reported that they are pleased with developments. Many members recognize that it is not an easy role and that the Secretariat needs to balance 'pushing us (Governing Committee) while listening and following' Governing Committee decisions. Many members also acknowledged that the Secretariat is doing a good job. Some members think the

¹⁹ Current Observers are representatives from UN Women, ONE Campaign, Vital Voices and Women 20 (W20).

Secretariat is understaffed and that the communication could be better, while others think the staffing level is fine. Although members recognize improvements, some feel that the Secretariat could help facilitate Governing Committee decisions better by involving the Committee earlier in important decision processes. The resistance to the introduction of thematic calls for proposals by the Governing Committee, for instance, is mentioned as an example of where the Governing Committee should have been involved earlier in the process. Given the workload of the Secretariat, some members feel that the Secretariat should spend less time on public engagement and more time on the underlying work for the Governing Committee meetings.

Overall, the program's decision-making and reporting is perceived to be transparent and available to the public, subject to legitimate confidentiality requirements – and no members showed any indication that they are unable to meet national reporting demands. Some areas of improvement emerging from the review include suggestions that the reporting could be more analytical and concise in terms of progress and performance. The review team also found that with the current reporting by the Implementing Partners with focus on lengthy word documents and power points, it is difficult for the Secretariat to produce up-to-date analytics on the portfolio.

The current periodicity and structure of reporting may limit the Governing Committee's ability to oversee We-Fi's progress and take timely action, if needed. The Governing Committee could gain a more realistic understanding of progress and results, if the Secretariat is able to more frequently report on use of funds (allocation to programs, amounts transferred to Implementing Partners, commitment of program funds to projects by implementing partner, disbursement, expenditure ratios, in addition to actual mobilization presented thematically and by type of intervention etc.) as well as results. As the current arrangement with IPs only requires annual reporting, this would require the GC requesting increased periodicity in reporting as well as providing additional guidance on its content. Many members expressed that results reporting is insufficient, but that could be a reflection of the stage at which the portfolio is in since for example one implementing partner hasn't yet started implementation, while the majority of the portfolio is in early stage implementation.

Potential changes to the reporting requirements may also consider the constraints that IPs have with respect to their own policies as well as confidentiality matters in private sector transactions. Changes to reporting requirements should balance the need for additional and timely information with the fact that IPs have agreed to a certain level of fees based on existing reporting requirements. Furthermore, most IPs' policies on joining initiatives such as We-Fi require that any reporting requirements would rely either on existing IP practices or, if any additional reporting is needed, that it be paid directly by the fund. Additionally, IPs may be constrained in providing certain information linked to private sector operations given existing confidentiality agreements with clients or, in the case of the issuance of new capital markets instruments, regulatory requirements. The GC may also consider:

- Increasing the periodicity of formal reporting to four times a year. This would complement the current updates that the Secretariat produces quarterly (based on additional voluntary information provided) as well as the more high-level bi-annual IP presentations
- Require that the report includes project-level We-Fi indicators that the Secretariat could aggregate, across IPs and projects, to provide the GC with additional analytics. In principle, this should not increase the IPs workload since if they are bound to report results at the program level, it is expected that they have project-level indicators
- Jointly with the IPs agree on a protocol to report on confidential issues. This may include the use of executive sessions within GC meetings.

The stakeholders expressed that the communication of the program is effective, but with room for improvement. Stakeholders express that the communication – both internally and externally is good – and some point out that We-Fi has been an active voice for women entrepreneurs with regard to Covid-19. Some members feel that more efforts could be made both regarding internal and external communications. Internally, some members would like shorter, and more frequent reports (quarterly, 3-4 pages) – and that one should agree on a template that would make it easier to report to the Governing Committee (see section above). More beneficiary stories are also requested by some members. In terms of external communication, some members emphasized that it is important for them to be visible as donors to We-Fi and the support for women entrepreneurs (We-Fi). With regard to replenishments, some members are asking for a clear strategy on how We-Fi will engage political leaders and take advantage of G20 etc. as it is difficult to bring We-Fi to the attention of the right level of decision-makers for member representatives. Others expressed that We-Fi should strive to communicate in other languages such as Russian, Arabic, and Spanish – both to reach out to beneficiaries, WSMs, but also to facilitate buy-in from member countries.

Timeliness and allocation process

We-Fi resources were allocated fairly quickly. This may have led to a lack of readiness and absorption capacity, delays in implementation, and limited opportunities for incorporating lessons learned. We-Fi approves resources for programs primarily based on funding proposals from IPs that outline the potential projects that will be prepared and implemented under the program. This approach provides flexibility to IPs and ensure that they do not incur preparation costs prematurely. Also, IPs expressed concerns about engaging their private sector clients in preparing transactions before funding is approved. However, this approach may lead to We-Fi approving programs with low levels of “readiness” that lead to lags and potential delays (as evident in the current portfolio) when moving from approval to project development, implementation, and results reporting. Some of the IPs in fact do not submit funding requests based on existing pipelines or even feasibility studies. Such lags and potential delays may be particularly important in the case of more innovative blended finance projects, which require longer preparation periods. Furthermore, the relatively short period between funding rounds may have prevented incorporating lessons learned from experiences during early implementation, as expressed by some implementing partners and Governing Committee members.

There is a trade-off between the flexibility that programmatic approaches provide and the potentially shorter start-up period for stand-alone projects. Most of the IPs have submitted funding requests using a programmatic approach which presents the overall objectives, expected results and geographic areas of implementation. The process of specific project identification and preparation starts only after funding has been approved. A programmatic approach provides flexibility to IPs and also ensures that beneficiaries have a higher degree of certainty of funding before project preparation efforts begin. However, this may lead to delays between GC approval of funding and commitment and disbursements to final project beneficiaries.

We-Fi may consider several alternatives to address the delay in the process of commitment of resources by IPs. Options to achieve this includes:

- Making Project Preparation Grants (PPGs) available: To address the concern of IPs about incurring preparation expenses in the absence of funding, We-Fi could make PPGs available to IPs, which could be provided independently of any specific funding round. These grants could be non-conditional grants where IPs would have to show that the funding has been used to prepare projects to be submitted to We-Fi. Alternatively, the PPG could be provided as a contingent grant whereby IPs commit to make their best effort to not only prepare the project and submit it to We-Fi, but to also get it funded through other mechanisms in case We-Fi declines to fund it. The PPG would have to be returned to We-Fi if the project is not funded within a certain period, after it was turned down by We-Fi. Such approach could help ensure that We-Fi's results include those achieved by projects *prepared* but not necessarily *funded* by We-Fi.
- Including IP performance in committing funds from previous rounds as a criterion in approving funding. Such approach could, however, provide perverse incentives (i.e., commit and disburse at all costs) so it should be considered only after a detailed analysis of the causes for slow commitments.
- Making approvals of funding valid for a limited of time (e.g. funds need to be committed within 12 months and disbursed²⁰ within 24 months). After that time has elapsed, the IP would need to come back to the GC to request an extension or the allocation would be void.
- Requesting that IPs submitting programmatic approaches include a more detailed expected timeline for implementation and/ or include the work program for the first year, including an initial list of projects pre-identified for preparation.

While the pandemic has caused delays to implementation, many projects are unaffected or have been able to adapt their approach. IPs report that the pandemic has caused some delays (up to 3-6 months) in programming, but for the most part, programs have continued with adaptations to the approach and/or implementation modality. Several project managers explain that they have been able to continue implementing training programs using online platforms and by using more local consultants. Others have adjusted the focus of interventions towards those most relevant for Covid-19 recovery for WSMEs, such as trainings on business survival and resilience or use of digital tools. Programs have also adjusted the topical

²⁰ If the disbursement criterion is used, it should be adapted to the instrument being used. For example, for loan guarantees, it should be related to when the funds are set aside by the ultimate recipient to support a portfolio of loans.

focus areas to those most relevant to Covid-19 recovery for WSMEs or the increased demand for training in using digital collaboration and ecommerce platforms (see also Progress and Results section and IP snapshots).

The Implementing Partners report that the funding allocation process and the calls for proposals is relatively well organized and structured. The Implementing Partners report a few teething problems during the first two calls for proposals e.g. certain Governing Committee expectations were not reflected in the eligibility criteria (for instance eligible countries), lack of, or delayed feedback from external technical reviewers and several rounds of comments by Governing Committee (members), leaving little time for Implementing Partners to respond. Many Implementing Partners feel however, lessons were learnt, and those early shortcomings have been sufficiently addressed. The last call for proposals was reportedly better planned and effectively adapted to the virtual context of the pandemic, with ample time for Implementing Partners to provide input to the call documentation, and a well devised application and approval process. Similarly, the upcoming call was pushed back by a few months upon a consultation process with Implementing Partners to determine Implementing Partners' capacity to prepare and deliver additional projects. However, several Implementing Partners report that they would prefer fewer calls for proposals, but with higher allocation of funds in each call as it takes a considerable amount of time and resources to put together and coordinate the submission of a proposal.

The Governing Committee members find the Technical Expert Panel necessary and useful especially as members lack capacity (lack of time they can dedicate, expert resources etc.) **to evaluate proposals – but the Panel's inputs can be made more relevant for the Governing Committee's decision-making**, although it has improved with each call for proposals. Some members report that during the first two rounds of calls for proposals, there were questions about the independence and skills of the Panel (a former World Bank expert was heading it), but that this improved for the third call. Several members point out that the Governing Committee should continue to improve the evaluation criteria so that it becomes easier for the Implementing Partners to understand the Committee's expectations and the evaluation by the Panel becomes more relevant and aligned to expectations by the Committee. Although there is some caution that there will always be tension between the technical evaluation and the differing interests of donors.

The skills of the Technical Expert Panel could be leveraged further focusing their efforts on providing a technical assessment and less on summarizing the funding requests. The current scoring mechanism facilitates the GC's decision-making process. However, this process could be improved further by ensuring the panel focuses on making a critical technical assessment of the funding request. A review of the panel reports for the second and third funding rounds found that a substantial part of these reports focus on summarizing the requests and measuring certain indicators (e.g. how many IDA/ FCS countries are covered by a particular proposal). Such activities could be performed instead by the Secretariat to allow the panel to provide a critical assessment of the proposals and potential areas for improvement. These recommended improvements could be taken into account by the Governing Committee in its decision making and could be used to make funding allocations contingent on certain technical changes being made to the proposed programs.

There have been some teething issues with aligning the Governing Committee goals for each call for proposals and the implementing partner programs. We-Fi appears to be still working on coming up with a predictable call for proposals model for Implementing Partners and the need to respond to donor interests. Although We-Fi has a balanced portfolio, geographically and by implementing partner today, implementing partner proposals had to be cut significantly, which created some tensions and frictions. Some members do not think the Governing Committee should do the haircuts but rather come up with upfront decisions on geographic priorities etc. The alignment issue might have been amplified however by the speed at which We-Fi allocated funds in the beginning and We-Fi is in a better position to manage alignment issues going forward as it also starts learning about what works and what does not across the portfolio. Thematic calls with smaller batches of money would also make this easier, although some Implementing Partners report that the internal processes of mobilizing the institution for a call is demanding and costly, so too small calls might not be efficient use of internal resources of Implementing Partners.

Timeliness in the deployment of resources: The experience of other FIFs

Most multilateral initiatives supported through Financial Intermediary Funds (FIFs) track the timeline of deployment of resources. A systematic comparison of FIFs is difficult because of the uniqueness of each initiative. For example, some FIFs fund primarily individual projects that are identified and have undergone extensive due diligence as a pre-condition for board approval (e.g., Global Environment Facility); others allow for the approval of programs where specific projects are identified at a later stage (e.g., programmatic approach in some Green Climate Fund investments), while others rely on detailed investments plans that have been agreed with the recipient government and the implementing agency before funding is approved (e.g., Global Partnership for Education).

Three milestone time periods have identified by several FIFs: (i) *Preparation time*, from the point a potential project is identified until it has met the level of readiness necessary for submission to the secretariat to start the approval process; (ii) *Review period*, from receipt of the funding request by the secretariat until it is approved by its board; and (iii) *Time to implementation*, from board approval until the first disbursement made to the ultimate recipient of funding. Each one of the FIFs described below has made efforts to address potential delays in different periods.

The **Green Climate Fund** (GCF) has focused on reducing the review period of funding proposals which has gone down from an average of 267 days for projects approved through 2019, to 192 days for projects approved in 2020. The Fund has also made efforts to reduce the time between board approval and their definition of project startup, which is the time to first disbursement to the GCF entity currently reported as 109 days after signature of the project level agreement in the case of international entities (this group includes the MDBs that are part of We-Fi). The GCF does not currently measure the time to first disbursement to the ultimate recipient. With respect to programmatic approaches, funding proposals for programs identify the first set of projects that are to be supported under the program and the metrics to first disbursement are applied to those specific projects.

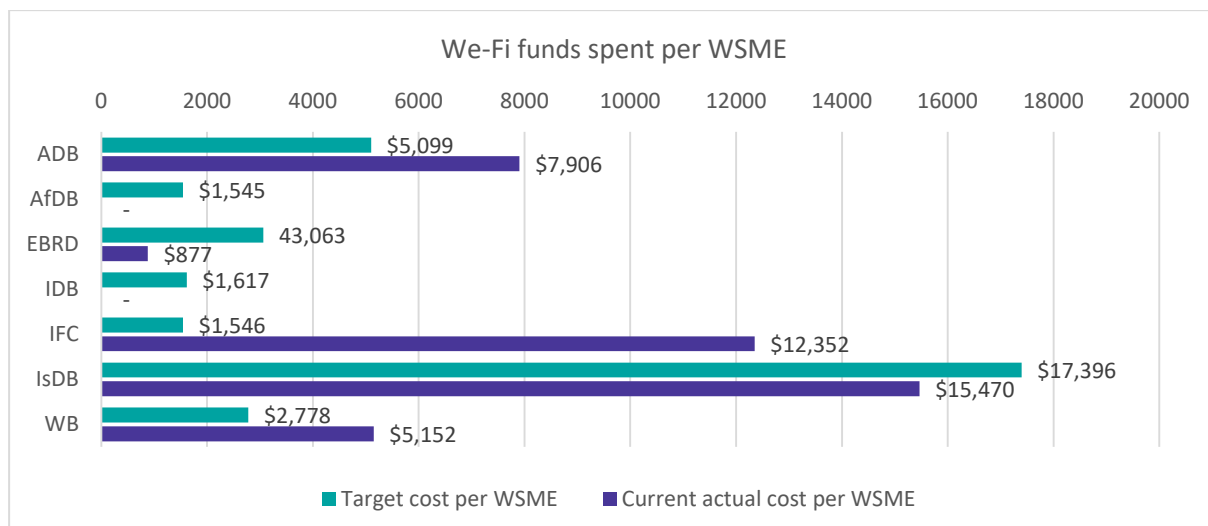
Starting in 2016, the board of the **Global Environment Facility** (GEF) asked its secretariat to systematically measure *time to implementation* to track the time it takes to deploy resources already approved by the board. At that time, it was found that after 17 months, about 81% of projects had had its first disbursement. There was substantial variation among GEF entities, with most MDBs taking 12-18 months to first disbursement, while UN agencies took 5-10 months. The GEF secretariat analysis concluded that this variation was to the fact that MDBs had to undertake additional steps after GEF approval as most funding was blended with MDB resources as part of larger projects, while UN agencies generally focused on stand-alone projects fully funded by the GEF. To address this issue, the GEF has since adopted a scorecard that includes several indicators in the category “Enhance the speed of operations”. One of them is the percentage of projects reaching first disbursement within 18 months, set with a target of 80 % or higher. This indicator was 78% in FY19 and dropped, due to COVID-19 restrictions, to 47% in FY20.

The **Global Partnership for Education** (GPE) in the case of its main financing window, Education Sector Program Implementation Grant (ESPIG), works with the recipient country in the preparation of the investment plan and sets a specific schedule for *Preparation Time* and *Review Period*. For each one of its four funding cycles per year, GPE issues a set of deadlines which begins ten months before approval for recipient countries to start preparation of funding requests and work jointly with its implementing partner and the GPE secretariat through a quality assurance process. This timeline forces the preparation process with a set period and facilitates project startup shortly after funding approval. The GPE focuses on measuring “on track performance” on each one of its projects by using a combination of percentage of funds disbursed and level of results achieved to establish a red/amber/green indicator.

Sources: *Forward Looking Performance Review of the Green Climate Fund*, GCF Independent Evaluation Unit, June 2019; *GCF At a Glance*, Performance Metrics as of 13 November 2020, GCF Secretariat; *Analysis of First Disbursement*, GEF Board Document GEF/C.50/Inf.05, May 2016; *The GEF Monitoring Report*, GEF Board Document GEF/C.59/03/Rev.01, November 2020; GPE Methodology for Indicator 25 Proportion of GPE program grants assessed as on-track with implementation, GPE 2018.

Use of funds

Value for money is not tracked directly but mobilization is a proxy as well as the amount of We-Fi funds invested per WSME reached (indicator 12). Neither the We-Fi core indicators nor the IP project/program frameworks explicitly consider value for money indicators. In practice, We-Fi and IP reports use the amount of resource mobilization as a proxy to show how efficient the initiative is in delivering results per amount of funding provided. Additionally, the amount of We-Fi resources invested per WSME reached can provide a high level indication of value for money with the understanding that a more granular analysis at the project level (or a sample of projects) is required since the impact and costs of a WSME being reached with technical assistance or with a large line of credit is very different. As shown below, this measure varies substantially across IPs, however at this stage of implementation, it is difficult to reach any overarching conclusions based on these numbers with the possible exception of the fact that IsDB's existing activities, focused on FCS, have a higher cost as would be expected in fragile environments.



Value for money can be derived from the indicators used for most programs but its accuracy is difficult to assess. The We-Fi core indicators as well as custom ones used for programs seek to reflect the 'output' generated by the We-Fi investments (i.e. the numerator) and the value for money could in principle be calculated by dividing by the amount of We-Fi resources invested to get that particular output (as discussed above with respect to indicator 12). However, in practice IPs generally report outputs generated by their projects without carving out the additional output facilitated by We-Fi resources. Therefore, the calculation of We-Fi's value for money requires adjusting both the numerator and denominator of this calculation, something that is not being done systematically by all IPs.

91% percent of We-Fi funds is reported to be budgeted for program activities and nine percent of the funds are budgeted for administrative and implementing partner trust fund fees. Of the nine percent of administrative and implementing partner fees, 0.6% are World Bank FIF fees and 2.4% are Secretariat budget. It should be noted though that the current cash transfer to IPs is \$159M (53% out of a funding decision of \$298.4M), so the fee as a share of actual current cash transfer is higher.

Funding decisions (as of 31 December 2020)			
IPs	IP fees	Total	Fees as share of sub-total
ADB	\$2.13	\$32.74	6.5%
AfDB	\$4.04	\$61.8	6.5%
EBRD	\$1.45	\$30.26	4.8%
IBRD (WB)	\$1.97	\$32.94	6.0%
IDB	\$2.52	\$39	6.5%
IFC	\$4.07	\$58.17	8.0%
IsDB	\$2.79	\$43.48	6.4%
Sub-total	\$18.97	\$298.39	6.4%
Administrative budget	Total As a share of total funding		
Secretariat*	\$7.42		2.4%
Trustee	\$1.71		0.6%
Sub-total	\$9.13		3.0%
Total funding decisions	\$307.52		9.1%

The average IP fees are below the maximum allowed. We-Fi established a maximum IP fee of 7% of program costs. This maximum is in line with the cap used by other financial intermediary funds for projects of size similar to We-Fi's. For example, the Green Climate Fund also allows a fee of up to 7% of project costs for projects of up to \$50M. There are no explicit incentives for IPs to lower their fees nor are they required to carry out a cost analysis to justify their fee requests. Therefore, the fact that, except for one,

they remained below the cap may reflect a strategic pricing decision to show to We-Fi its willingness to achieve efficiencies.

As it is the case in most funding initiatives similar to We-Fi, IPs do not disclose systematically how their fees are used. These fees are generally not allocated directly to the project teams, but they are absorbed into the general budget of the institutions. Teams working in We-Fi projects get budget allocations for preparation and supervision based on the policies and practices of each IP, rather than by linking the fee to the budget. This is in fact the practice with most trust funds and other financial intermediary funds, not just with We-Fi funding. This practice is based on the fact that the accreditation process undertaken to select the IPs should review their overall cost structure and verify that the level of cost recovery of their expenses achieved through the fees is reasonable. In the case of We-Fi, inviting IPs based on their track record and ensuring that the fees are aligned with those used in similar initiatives is appropriate and a more complex accreditation process would not be warranted given We-Fi's initial size.

We-Fi may consider providing additional guidance to differentiate costs that ought to be covered by the IP fees and not be part of project costs. Differentiating between activities to be funded by the fee and those to be funded by the project is a challenge in most initiatives of this type as there is always the risk of project costs incorporating activities that are linked to project *supervision*, rather than project *implementation*. Currently, the guidance provided by We-Fi is that the fee is to be used for project preparation and supervision. We-Fi could provide additional guidance by listing some expenditures that are not to be incorporated into project costs such as IP staff costs related to project supervision as opposed to IPs staff costs linked to project implementation. This would require developing a more detailed guidance note. An approach to define "ineligible" project expenditures would be more effective and more aligned with proper governance considerations than seeking to prescribe how the IP fees ought to be spent.

The Secretariat appears largely to deploy its annual budget allocations. This is not surprising however as the budget is planned and approved annually i.e. the periodic periods are relatively short and foreseeable. What this may imply however, is that the cumulative share of the administrative budget will rise once the Approval Period ends if no further allocations are made but supervision continues.

The level of Secretariat expenses is generally aligned with those of other financial intermediary funds. While direct comparisons are difficult given the substantial structural differences among FIFs, the current level of We-Fi administrative expenses is generally aligned with those of other funds. In the longer term, however, if We-Fi is not replenished and the Secretariat continues to operate until all We-Fi supported activities are concluded, the percentage of the total amount of We-Fi funds used for administrative purposes, 2.8% of funds received by the trustee as of Dec. 31, 2020, would continue to grow. As a reference point, if the Secretariat were to continue operating five additional years with an annual budget of \$2M, approximately 5.4% of We-Fi resources would be used by the administrative budget.

Financial Intermediary Fund	Cumulative Funding Approvals (US\$ million) a	Most recent available yearly administrative budget (US\$ million) b	Ratio b/a
Adaptation Fund	808	5.6	0.007
Global Partnership for Education	4,924	39.8	0.008
Green Climate Fund	6,360	86.6	0.014
We-Fi	307	2.7	0.009

Source: World Bank FIF Trustee Reports, Respective FIF Budget Documents.

Note: Administrative budget includes Secretariat, M&E, and Budget expenses. It does not include trustee fees.

The allocation of We-Fi funds has been fast, too fast, many members and implementing partners would argue. Currently 85% (\$298.4M out of \$353M) has been allocated for programs. Commitment of funds at implementing partner level is lagging however, with 27% (\$96.7M) of the total allocations committed (signed) for projects. There are several reasons for this. Please see the effectiveness section for details.

A proxy for efficiency is the leverage generated by the grants and blended finance instruments deployed. To a large extent the level of efficiency in the deployment of these resources match the perceived level of development of the domestic WSME ecosystems. Within the same country or among countries with similar level of financial development, there are however variations in efficiency levels. For

example, in Sri Lanka, the IFC payment for results credit line to local banks has, in principle, a much higher leverage than the ADB's matching grant credit line. As We-Fi systematically reviews and evaluates projects, it will be important to define cohorts of projects for analysis with similar characteristics and country contexts to allow for meaningful comparison.

Performance incentives and guarantees may appear to be more efficient than credit lines when deploying blended finance. The relatively small amount of the incentive payment or the set-aside to support guarantees compared to the size of the funding provided to WSMEs could imply a very high level of efficiency. However, a full assessment of efficiency of these instruments requires agreeing on a common framework to link We-Fi investments to the results being paid for, otherwise their efficiency (as well as their leverage) could be overstated.

The use of matching grants in non-IDA countries and countries with more developed financial systems should be discouraged in potential future funding rounds. From an efficiency perspective, the use of grants in the context of more developed financial sector such as in for example Nigeria or Sri Lanka is not warranted and has in fact the potential of distorting markets and prevent the long-term sustainability of the We-Fi intervention.

The use of stand-alone grants in fragile environments where more economically efficient alternatives are limited is reasonable. The use of grants in Yemen to support resilience of WSMEs in the context of a medium intensity conflict is such as an example. Local banks effectively operate as financial administrators to disburse grants although some of the banks have started extending bridge loans to help women cover their matching portion, but at a limited scale. In a country where the financial sector has a very limited exposure to SMEs, not just to WSMEs, this is a good first step that could progressively evolve to establish lending relations to WSMEs, although one has to be careful not to distort and hinder market development.

4.6 Impact: What difference does We-Fi make?

As We-Fi projects and programs are still in the early phases of implementation, it is premature to assess the impact of the initiative. Instead, this section reviews whether We-Fi is being implemented in a manner that is generating or is expected to generate significant positive or negative, intended or unintended, higher-level effects. The key review questions examined are:

- **Impact objectives:** A reflection on We-Fi's objectives and the ability to measure them
- **Impact on IPs:** Whether We-Fi contributes to scale, innovation and impacts strategies and policy priorities
- **Impact on intermediaries/ partners:** Whether and how We-Fi impact intermediaries (recipient of support by IPs)
- **Knowledge sharing:** Knowledge-sharing within We-Fi and to the broader stakeholder community.

Impact objectives

At this point, it is early to assess the impact of We-Fi. As discussed above in the effectiveness section, We-Fi is still in too early a stage of implementation to assess its impact with only about a third of its resources committed to projects in implementation. We-Fi has identified six impact objectives in its theory of change: (i) More women start enterprises, (ii) More WSMEs thrive and grow, (iii) WSMEs become more resilient, (iv) Rising WSME revenues and incomes, (v) Increased number of jobs created by WSMEs, and (vi) Empowered, educated and confident women. In the results framework, the We-Fi core indicators most directly related to these areas of impact is *increased number of jobs* and *increased WSME revenues*. In addition, We-Fi has identified *number of legal and regulatory reforms to remove constraints and support women's entrepreneurship that are formally enacted* as an impact indicator. This is not an impact indicator, rather an outcome indicator though. We-Fi projects have not reached the point at which these impact indicators can be assessed meaningfully. Currently the IPs report to have created 2,464 jobs, 2% of the overall target, but implementing partners such as IFC are reporting that they find it challenging to account for jobs created through access to credit interventions, but that they are working on improving their methodologies. We-Fi should consider taking advantage of its sex-disaggregated data work to ensure that appropriate methods for capturing jobs created is harmonized across the portfolio and implementing partners.

Several impact evaluations are underway and spans a range of interventions, but We-Fi may want to establish a coordination mechanism across IPs to ensure they generate a systematic analysis across the portfolio. \$4.2M of committed funds will be spent on research activities, which includes more than ten planned or started impact evaluations. These impact evaluations seem to cover a wide range of projects or issues within the We-Fi portfolio. ADB and IsDB will both study the impact of combining business trainings with financing; grants in the case of IsDB and loans for ADB. The World Bank Group is planning an impact evaluation program to inform the broader policy dialogue and has launched two evaluations to look at the effect of digital cash flow loans in Nigeria and the effectiveness of social gender role trainings in Mozambique. IDB is preparing two impact evaluations, with a first objective to generate baseline data on WSME beneficiaries in the region. EBRD is planning an impact evaluation of their first program, Women of the Steppe, commencing six years from the start of implementation. However, impact evaluations of specific projects or even of specific aspects of a project, will not provide for a systematic evaluation across the We-Fi portfolio. The wide variety of approaches and interventions in the portfolio might call for a more integrated approach in order to facilitate learning from the portfolio as opposed to ensuing accountability mechanisms for projects or certain parts of the program.

Impact on IPs

A deep dive was conducted as part of this review to provide insights into whether there is evidence of We-Fi impacting implementing partners and if so, how this came about (e.g. because of the proposal process, knowledge sharing, reporting criteria, etc.). The review focused on three dimensions: scale, introduction and development of new products and service offering and strategic and policy impact. It has been identified that We-Fi thus far has had the most impact on scaling up activities within IPs, to some extent helping IPs introduce or development new products and services that the IPs had not done before and, to a lesser degree, influence IPs strategies and policies.

- **Scale:** We-Fi allows IPs to expand the depth and breadth of WSME-focused interventions. IPs were already supporting or developing programs to support WSMEs before We-Fi funding became available. In many cases, these programs were supported by third party/ donor funds and were

aimed at SMEs, not necessarily WSMEs. This existing work was in fact the reasons why the IPs were selected to implement the We-Fi. In some cases, We-Fi projects entails providing additional funding to existing projects; in other cases, We-Fi funds new activities that the IPs could have potentially funded with their own resources, but at a smaller scale. Resources from donor programs such as We-Fi enable IPs to expand their work in areas aligned with their respective strategies and ultimately to expand the type of activities that they would be carrying out, maybe at a smaller scale, in the absence of additional external funding. This expansion of activities is carried out through two mechanisms:

- o Increasing the amount of financing available to be deployed by IPs (depth) through their existing instruments as it is the case when IPs blend We-Fi funding with their own resources to increase the size of available lending to WSMEs; and
- o Enabling the use of instruments that IPs are not able to deploy at scale from their own resources (breadth). This is the case with the use of grants for technical assistance or for payment of incentives, two mechanisms facilitated by We-Fi. IPs have very limited capability to provide grants from their own resources, particularly to private sector entities such as WSMEs or the financial intermediaries seeking to serve them.

The ability of We-Fi to help IPs scale its WSMEs portfolio is reflected in the survey for the mid-term review. 82% of MDB project managers and 62% of their project partners state that they would not at all or only to a limited extent have been able to design and implement their project without We-Fi support.

- **New product and service offering.** There is evidence that We-Fi is contributing to deployment of new approaches and products. While We-Fi funds are used to accelerate, deepen and scale known WSME segment approaches to work with more clients and countries, We-Fi funding allows IPs to introduce practices from other IPs or develop new gender-focused financial products and services to support WSMEs (See sustainability section, IP impact deep dive and gap assessment for details).
- **Strategic and policy impact.** There is some (mainly around definitions and increased attention to SMEs as opposed to micro, subsistence enterprises) albeit limited evidence of We-Fi having a strategic and policy impact on implementing partners. Although We-Fi has a positive impact on implementation of existing strategies and policy priorities of its implementing partners, it is too early to conclude on whether We-Fi or its work has an impact on implementing partners' strategic priorities and policies. Policies and strategies are written periodically however, so this may change over the next couple of years. (See IP impact deep dive for details).

Impact on intermediaries

In order to impact WSMEs and the ecosystem, IPs work through intermediaries such as government entities, banks and non-banking institutions, early stage financing funds, and non-financial corporations. We-Fi aims to provide different types of incentives to support the process of these entities adjusting their business plans to increase their focus on the needs of WSMEs. We-Fi is deploying resources through several mechanisms that are expected to contribute to the long-term change of these private entities business plans. These include:

1. **Bundling advisory services and long-term finance.** The provision of advisory services to develop WSME-focused products and strategies effectively subsidize the start-up costs of a new business line thus increasing the likelihood of sustaining long term changes of business models that what would be achieved only with finance
2. **Long term incentive payments.** The use of multi-year incentive payments linked to challenging but achievable targets are more likely to lead to sustainable changes in business model. Loan officers in Nations Trust Bank in Sri Lanka report, for example, that incentive payments have facilitated structural changes in their product offering to WSMEs that are seen as “here to stay”. Further, the use of private non-financial intermediaries to integrate WSMEs into their supply chains provide WSME with a potential stable client goes one step beyond that of providing finance, the most typical impact channel of other blended finance instruments

- 3. Creation of new markets.** Projects such as the IDB Lab Women Entrepreneurs Aspire, Activate and Accelerate (We3A) are seeking to achieve a demonstration effect that showing to existing early stage investors the richness and viability of WSMEs in IDA countries.

Although We-Fi has an impact on intermediaries, there appears to be a trade-off between doing projects that create sustainable institutional change and market change and the question of speed to market. It is notable that projects like ADB's Sri Lanka project and IsDB's Yemen project are providing matching grants to WSMEs, which can happen quickly, but alone they do not create sustainable institutional/ market change.

In the survey for the mid-term review, there is evidence that We-Fi and the IPs are able to impact the approaches of the intermediaries receiving support. 40% of project partners respond that their strategic approach has changed to a great or very great extent and 33% responds to a moderate extent, which is encouraging. There are too few data points to break this meaningfully down by type of project partners, but these messages come from a range of partners, especially financial partners (banks and non-banking partners) as well as government counterparts.

Knowledge sharing

We-Fi is facilitating collaboration among IPs and key partners, but lessons sharing could be more structured and research-driven to be effective. The We-Fi Secretariat has been quite proactive in hosting webinars and other events that encourage IPs to share insights and lessons learned from their respective programs or other related activities. In June 2020 for instance, the implementing partners reportedly participated as panelists on the We-Fi webinar 'What Works in Remote Training and Mentoring for Women Entrepreneurs', where they had the opportunity to both share their lessons learned from conducting know-how activities during the pandemic, as well as learn from other IPs doing the same. As the portfolio matures and opportunities for learning intensifies, We-Fi could provide a more structured learning agenda with planned learning outcomes. Some implementing partner are contributing to research and lessons learned produced, which could be more consistent across implementing partners. For instance, IFC and the WB have developed several reports and country/ case studies (see Box 1 below) but the other implementing partners have contributed less. It would be useful to have a more structured approach to both research and impact evaluation to make sure the most important things are resourced. As the portfolio matures, there will be more opportunities for We-Fi to capitalize on the lessons in the portfolio. Potential areas identified where We-Fi' added value may be of particular importance include:

- Ecosystem efforts in improving the access, usage and harmonization of sex-disaggregated data
- Research needed for policy reforms that improve the enabling environment for women entrepreneurs.

Box 1: IFC and WB We-Fi publications

Reports

Venture Capital and the Gender Financing Gap: The Role of Accelerators, IFC, Village Capital, in partnership with the World Bank Africa Gender Innovation Lab (GIL), and the Global Accelerator Learning Initiative (GALI)

Covid-19 and the Insurance Industry: Why a Gender-Sensitive Response Matters, IFC

The Virtual Market Place: Connecting Women-Owned SMEs to E-Commerce Platforms in MENA, World Bank

UNWTO Global Report on Women and Tourism, UN Women, World Bank Group, Amadeus and GIZ (German Development Agency)

Country/ Case Studies

Pakistan Startup Ecosystem Report, World Bank and Invest2Innovate

The Case of Insuring Women for a Better Tomorrow - Bangladesh, IFC and Green Delta Bangladesh.

The Case of Insuring Women for a Better Tomorrow - Nigeria, IFC and AXA Mansard

The Case of Insuring Women for a Better Tomorrow - South Africa, 1st for Women and IFC

Case Study: Gender-lens Investments Enable Women Entrepreneurs to Thrive in Pakistan, IFC

Case Study: Women Entrepreneurs Find Business Opportunities in Nigeria's Fast-moving Consumer Goods Sector, IFC and Daraju Industries, Ltd.

4.7 Sustainability: Will the benefits last?

The sustainability section reviews whether the We-Fi benefits will last i.e. the extent to which the net benefits of the intervention(s) continue or are likely to continue. As it is too early to conclude on whether benefits are sustainable, the sustainability review questions are organized as follows:

- **Mechanisms, processes and approaches:** Whether project design, innovation and alignment with blended finance principles increase the likelihood of long-term sustainability
- **Policy barriers and cultural norms:** Whether We-Fi support governments to address policy barriers relevant to WSMEs and cultural norms
- **Results framework:** Whether We-Fi projects identify risks to implementation and sustainability in accordance with the Risk Framework, and adequately mitigate/ manage those risk.

Mechanisms, processes and approaches

It is too early to conclude on whether project impact will be sustained, but there is evidence that IPs have introduced elements in their project design to increase the likelihood of long-term sustainability. A key challenge to sustainability if interventions are based on blended finance is that positive behavior and impacts cease once the public/ concessional resources are disbursed. IPs are implementing several approaches, some of which were discussed in the section above on impact, to strengthen sustainability:

1. Providing advisory services to intermediaries (both financial and non-financial) to contribute to make long-term changes in their business models to orient activities towards the needs of WSMEs;
2. Using innovative approaches, such as performance incentives, that may contribute to longer lasting business model changes than those that could be generated by the availability of a credit line. Staff of participating private sector intermediaries stated that the “signaling” provided by incentive-payments facilitates the internal business case to senior management to invest in structural long-term changes that incorporate WSMEs into their supply chains or target client base
3. Decreasing concessionality and/ or the level of matching grants associated with loans as project implementation progresses
4. Sex-disaggregated data work of We-Fi is increasing knowledge on needs and constraints of WSMEs and helps identify them for intermediaries. There is emerging evidence that this can help sustain results and interventions by intermediaries such as banks. Given the nature of We-Fi and its implementing partners, We-fi is well placed to contribute to the development of a more uniform approach to data issues within the ecosystem.
5. The IPs appear to balance building capacity of private and public sector stakeholders. We-Fi funded projects seem to approach capacity building of public sector partners more indirectly through advisory assistance that enhance knowledge, data or analysis on WSME relevant issues. The most concrete examples of capacity building of stakeholders other than WSMEs are of partner banks to help establish or expand their WSME portfolios (ADB, EBRD, IFC, IsDB).

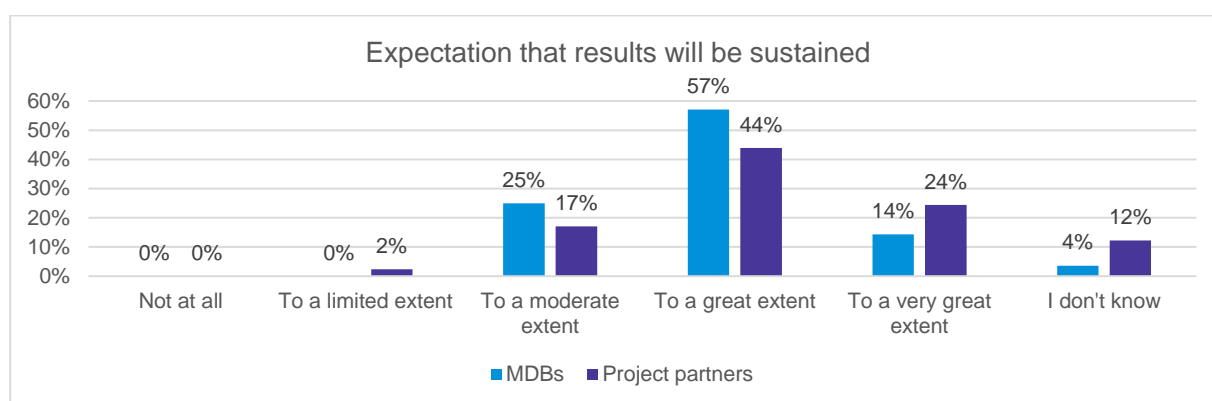
We-Fi is contributing to deployment of new approaches and products. While We-Fi funds are used to accelerate, deepen and scale known WSME segment approaches to work with more clients and countries, We-Fi funding allows IPs to develop new gender-focused financial products and services to support WSMEs. For instance, the World Bank is using We-Fi funds to test emerging research and pilot new approaches for upscaling to the World Bank and IFC portfolio in Mozambique. It is also developing digital cash-flow based lending products addressing the collateral constraints facing WSMEs in Nigeria. The fact that We-Fi funding can be used to test research findings in practice and pilot new services was highlighted by several IPs as a unique feature of the initiative compared to their other sources of funding. According to IPs there are also few donors willing to finance innovative financial instruments aiming at achieving gender outcomes. Hence, We-Fi funding has been instrumental to IPs’ ability to offer performance-based debt or equity instruments that incentivize increased lending to or inclusion of WSMEs in value chains.

There is some albeit limited evidence that We-Fi is contributing to the financing of innovation among WSMEs.²¹ Innovation loans and matching grants are increasingly being offered by public financial institutions as an instrument for enabling growth. Either in terms of financing R&D processes, developing and commercializing new products or services, and strengthening working capital or expanding markets. Financing sources for entrepreneurs aiming at innovation in developing economies are, however, limited. That does not imply that innovation does not occur in these markets – on the contrary, developing economies produce home grown innovations increasingly seen in products, services and delivery mechanisms. We-Fi projects are paving the way for female-led, tech-oriented startups. For example, We-Fi and IFC have contributed with equity investments in TIDE Africa Fund, which is an early stage venture capital fund for funding women owned tech startups in several African countries. IDB Lab is also supporting female STEM entrepreneurs and IFC has received funding to build a pipeline of women entrepreneurs in the digital space in Ethiopia. It is also expected that innovation projects will increase in the portfolio under round 3, as projects are approved and funds committed.

We-Fi blended finance projects are designed using blended finance principles. All of the IPs are part of the Development Finance Institutions (DFI) Working Group that developed the blended finance principles. Consistent with this, the internal approval process in each IP verifies that these principles have been incorporated. The only component of these principles that has not been reported in a systematic manner is the element of “minimum concessionality”. Most IPs reported that the concessionality mechanism (e.g., incentive payment, interest rate) was set based on their internal analyses. However it is difficult to assess whether a systematic process was followed to set interest rates or the level of incentive payments (for instance, we have seen that the IPs apply different degrees of rigor when they report mobilization). Given the importance of the minimum concessionality principle, We-Fi may adjust its funding request template to include a summary of the analysis carried out at the program level and the process to be followed when each project is funded. This can enhance We-Fi’s ability to report to its donors on the overall sustainability and efficiency of the initiative.

Sustainability in fragile, and especially deteriorating, environments will be challenging. This is generally the case and it is not something inherent to We-Fi interventions, particularly when grants are being used. We-Fi may consider, if a thematic or focused approach is used in potential future funding rounds, to single out 'graduation strategies' from high concessionality/ grants in fragile contexts as a focus area. It might be better if such projects also incorporate elements of advisory support, capacity building and product development for banks, like in Afghanistan, Mozambique or Myanmar as illustrated in the case studies.

When asked, the vast majority (71%) of IPs’ operational staff and their (68%) project counterparts expect the results of their projects to be sustained to a great extent. About one quarter of respondents assert that they expect results to be sustained 'to a moderate extent' or 'don't know'. This is encouraging, but it should be noted that the portfolio is in early stages of delivery and there might be biases in responses when respondents rate their own performance.



Policy barriers and cultural norms

We-Fi is addressing policy barriers and cultural norms and thus works towards transformative change. Legal discrimination is still a key constraint on women entrepreneurship, with 155 of 173

²¹ It should be noted that this is based on a high-level analysis, not a detailed project-level analysis that is needed to adequately analyze this (which is beyond the scope of this review).

economies still having at least one law restricting women's economic opportunities.²² In many countries, policy reforms to prohibit gender-based discrimination in ownership, property rights and access to finance is a critical first step to supporting women entrepreneurs and to unlock the potential of other interventions. MDBs, with their access and relationships with recipient governments, are uniquely placed to advance impact in this area. Several IPs' work on policy dialogue and regulatory assessments to inform governments. These include the World Bank's Women, Business and the Law reform memorandum planned in 12 countries, ADB's policy assessment in Sri Lanka, and EBRD's policy dialogue activities in Central Asia. There are also emerging results from this work, including the passage of a revised legislation in Tajikistan supporting women entrepreneurs on maternity leave with tax incentives.

Currently 9% (\$8.6M) of the committed We-Fi funds are spent on improving the enabling environment. A recent report from the World Bank Group found that in 131 countries there have been 274 reforms to law and regulations, leading to an increase in gender equity.²³ This demonstrates that programs such as We-Fi can help bring about more structural change. Given the increase in gender equity from such support, and We-Fi's unique position to address policy barriers and eventually impact cultural norms relevant to WSMs, We-Fi should assess whether it could do more and how it could maximize its impact in this area moving forward. While structural and regulatory changes have long time-horizons, and controlling for concrete outcomes and impact is challenging, We-Fi could benefit from more tweaking specific interventions in the program design as it continues to learn of its influence on wider, more structural change.

Risk framework

We-Fi's Risk Management Framework follows an enterprise-wide risk management to identify three types of risks:

- Strategic, linked to a lack of clarity of roles among We-Fi stakeholders or weak internal policies, processes, and systems underpinning the work of the GC. The Secretariat is the main entity responsible for reporting on this risk, which is to be managed by all We-Fi stakeholders.
- Project/portfolio, arising from the programs/projects financed by We-Fi not achieving their objectives. IPs are responsible for managing and reporting on these risks.
- Financial, related to the management of resources held by the trustee in the financial intermediary fund. The trustee is responsible for reporting on these risks as well as managing them along with the GC.

This Framework is consistent with the one used by other financial intermediary funds administered by the World Bank, such as the Climate Investment Funds and the Green Climate Fund.

Strategic and financial risk management is directly overseen by the GC. Through their discussions related to funding requests and policy issues, the GC reviews the strategic risks to the initiative with support from the Secretariat. Regarding managing financial risks, the process relies on the GC's analysis of trustee reports. The allocation of We-Fi resources, based on cash-on-hand, minimizes risks linked to contributor non-payment and basic risks while the trustee's investment policies control for market, interest and foreign exchange risks.

IPs use their own internal processes to identify and mitigate project risks. We-Fi's Risk Management Framework was adopted in October 2018 and was therefore not explicitly considered in the first round of funding proposals in late 2017. Once it was introduced for the second and third funding rounds, IPs discuss the risks identified in the program and the measures taken to mitigate them. The risk information provided by the IPs in the funding request is comprehensive and provides the necessary level of detail for the GC to make its decisions. The format and approach used by each IP to present this information varies according to their own practices and they do not necessarily follow the structure and type of questions as outlines in the We-Fi Risk Management Framework.

As a result, for portfolio monitoring purposes, there is limited reporting of risks at the program or project level. While We-Fi has a risk management framework that follows an enterprise-wide risk management focus on strategic project/ portfolio and financial risks, reliance on the IP's internal processes is the basis of the We-Fi operating model; IPs are required to keep to their own internal systems and processes for risk management. The discussion on risks in the IPs' annual report is therefore uneven, and

²² We-Fi Notes to ToC.

²³ <https://openknowledge.worldbank.org/bitstream/handle/10986/35094/9781464816529.pdf>

mainly focused on the program level. It would be important for the IPs to provide additional information that would allow the GC and the Secretariat improved program and project level risks earlier on in the process. For instance, the annual reports could have a more standardized section on risks and potentially a “heat map” of those projects, not just programs as is the current practice, with a higher level of unmitigated risk. This would allow the IPs, and the GC, to focus the discussions in their reports on the most important projects from a risk perspective.

Appendix 1 IP snapshots

The following section provide a snapshot of each IP's current implementation status and progress towards targets set for their programs. The objectives of these assessments were to review progress, identify any challenges and understand the outlook for each IP's We-Fi programs. The assessments build on project level data reported by the IPs for the purpose of the mid-term review as well as annual progress reports, interviews and written questionnaire feedback.

Note on terminology: We-Fi allocation refers to the total funding allocation approved by the Governing Committee. Committed amount refers to funding committed for projects in implementation by IPs. Disbursed amount refers to funding disbursed by IPs to their projects/clients. For certain investment instruments, funding may be disbursed only when specified triggers occur. Mobilized amount refers to additional (non-We-Fi) funding mobilized by the Implementing Partners (from within the IPs or from their partners) and routed towards We-Fi programs. Target refers to targets in proposals by implementing partners. Results refers to achievement of targets.

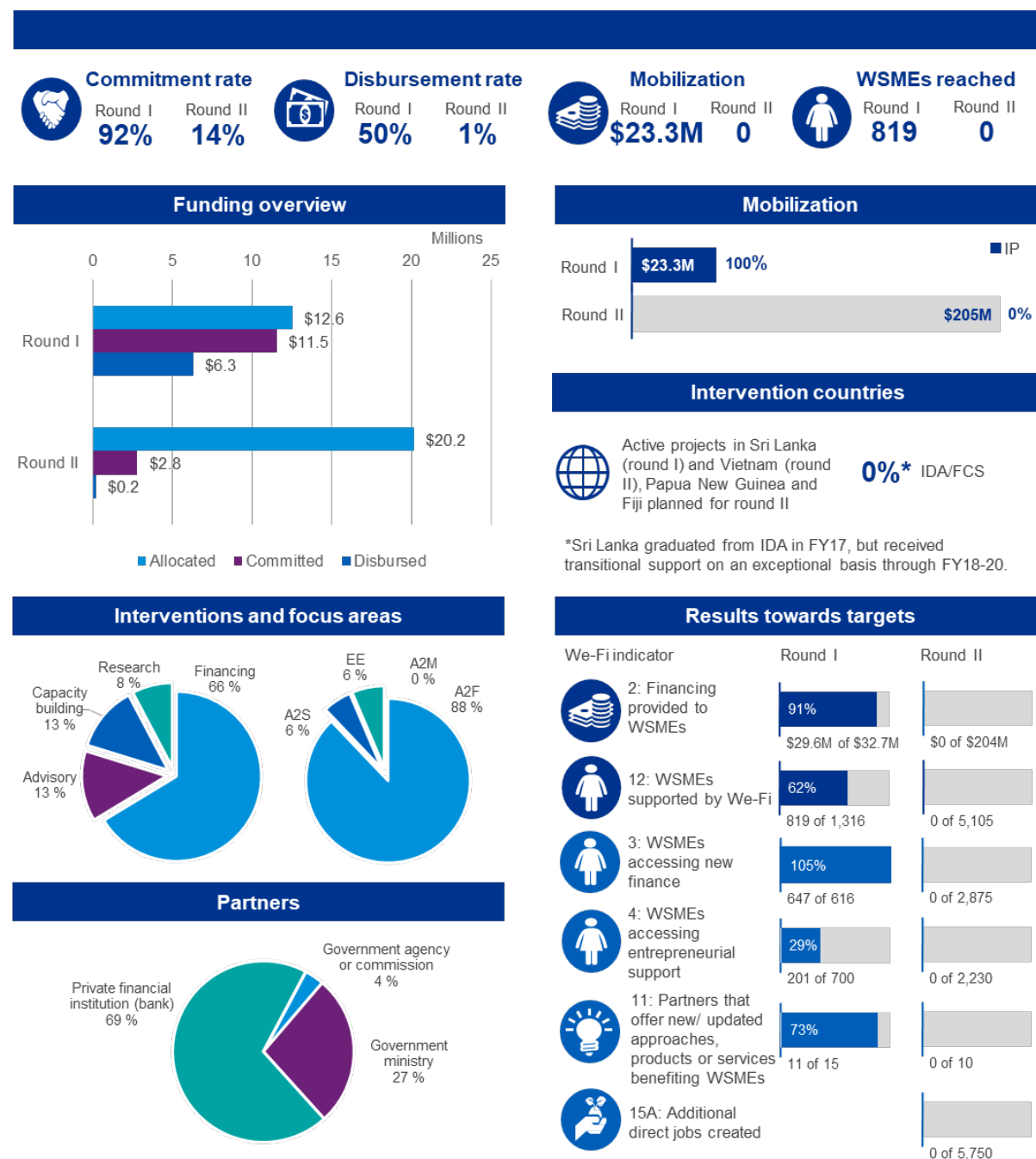
Note on timelines: Implementation/ initial investment period (varies from two to five years) refers to the time the implementing partners have to execute activities. Some implementing partners, WBG and IDB (Round III) have included a post implementation investment period (varies from three to seven years) to monitor investments and reflows following the implementation/ initial investment period.

Note on utilization of funds: The IP fees (non-project expenditure) are not included when calculating commitment and disbursement ratios in the snapshots.

Note on commitments for impact evaluations: There were some inconsistencies in how funds committed for impact evaluations were reported for the purpose of the mid-term review. The actual committed funds for this purpose might therefore be higher for some IPs.

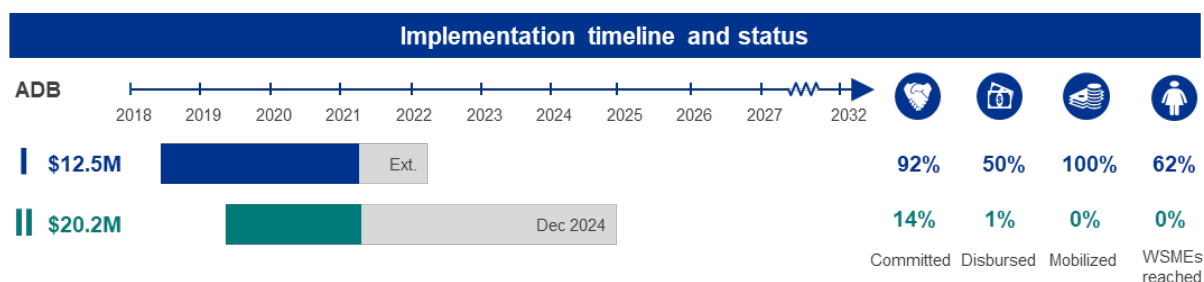
ADB snapshot

In 2018, ADB was granted \$ 12.6M in the first round of proposals for the 'Enabling an Empowering Business Environment for Women Entrepreneurs in Sri Lanka' program. The program built on an existing line of credit channeled through ten commercial banks. The approach is comprehensive: access to finance is coupled with policy and regulatory support as well as capacity building of WSMEs. In May 2019, under the second round of proposals, ADB was granted \$ 20.2m for **Women Accelerating Vibrant Enterprises in South-East Asia and the Pacific (WAVES)**. The program provides access to finance (performance-based lending), enabling environment and capacity development support of WMSEs support. ADB has not put in a proposal for the third call for proposals.



Note: All pie charts as well as IDA/FCS figures are based on We-Fi funds committed for active projects (in execution). Partners reflect the main project partners, and does not necessarily capture the full specter of partners involved.

Timeline and implementation status



Timeliness. ADB reports that the Enabling an Empowering Business Environment for Women Entrepreneurs in Sri Lanka is on track. The program was scheduled to close in February 2021, but has received a one year extension. The Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES) program has experienced some delays. For instance, a gender bond originally planned in Fiji has been cancelled and ADB is exploring alternative blended finance transaction to replace it. ADB reports that several blended finance transactions are approved and in the pipeline for Vietnam for 2021.

Utilization of funds. For Sri Lanka, 92% of funds are committed and 50% disbursed. The figures reported are from the We-Fi annual report 2020, as ADB has not provided updated figures for this mid-term review. They are expected to be higher.

Mobilization of funds. ADB has met the mobilization targets in Sri Lanka. No significant funds are expected to be mobilized from the private sector in either program.

Results achievement. ADB appears on track to achieving three out of five key indicators in the Sri Lanka program: Financing provided to WSMEs at 91%, WSMEs accessing new finance at 105%, and Partners that offer new/ updated approaches and services benefiting WSMEs at 73%. ADB is behind on achieving targets for WSMEs supported by We-Fi at 62%, and WSMEs accessing entrepreneurial support at 29%. As of February 2021, no results have been reported for WAVES.

Covid-19. ADB reports that Covid-19 significantly affected both programs in 2020, mainly due to social distancing measures and the significant contraction of the economy in Fiji, for instance. ADB reports that it has been able to adjust activities in response to Covid-19.

Outlook

Mobilization is at risk. Targets in Southeast Asia and the Pacific are at risk, largely due to the cancellation of a planned gender bond issuance in Fiji, but ADB is exploring alternative blended finance transactions.

WSME reached is at medium risk. ADB is currently reporting 62% achievement for the Sri Lanka program, but reports no progress for WAVES, as most activities have focused on project and program development.

Timeliness. The WAVES program is at risk of delays. 22 months into the program, implementation has been slow. However, with 3.5 years remaining, it may be possible to prioritize implementation in order to get the project back on track, though with likely delay in results reporting. It is also noted that ADB has not included a post implementation period (of five years for accounting for results and manage investments) in the WAVES program so ADB might have to revise its timeline.

IDA/ FCS. Only 16% of the ADB support appears to be planned for IDA/ FCS states: Fiji (cancelled) and Papua New Guinea (yet to be disbursed).

Takeaways

Timeliness and results. We-Fi projects that build on existing programs and projects can start quicker and be implemented with shorter project lifecycles. For example, in the case of Sri Lanka, We-Fi resources were used to provide additional funding and increase the focus on *women* SMEs of an existing ADB SME credit line.

New product and services uptake. When We-Fi programs are not building on existing projects and programs, there is more room to think creatively about how to support WSMEs. For instance, the second call for proposal program in Southeast Asia and the Pacific introduced the idea of gender bonds (on hold), performance-based incentives and working more systematically on sex-disaggregated data. This contrasts with the approach of the program in Sri Lanka, which relied on more conventional instruments, such as subsidized credit lines.

AfDB snapshot

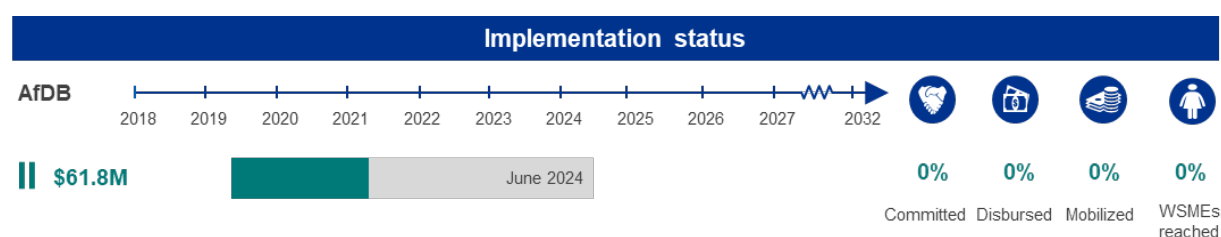
In May 2019, AfDB was granted \$61.8m in funding in the second round of proposals for the **Affirmative Finance Action for Women in Africa (AFAWA)**. AFAWA leverages AfDB's financial instruments and has two innovative solutions to drastically transform the banking and financial landscape in Africa whilst creating incentives for lending to women in business:

- **Risk sharing instrument.** A \$300 million risk-sharing instrument to unlock \$3 billion in credit for women businesses and enterprises in Africa. This mechanism will build upon the existing network of commercial banks and microfinance institutions to create structural change and lasting impact for women.

AFAWA's technical assistance is intended to provide advisory services to financial institutions to ensure successful implementation of their product portfolios for women, and strengthen the capacity of women entrepreneurs through training to enhance business productivity and growth. Its work on the enabling environment intends to engage with African governments and other key stakeholders to support legal, policy and regulatory reforms and strike down the structural barriers impeding women in business. Support can be divided into four separate streams:

- **Improving access to finance:** AfDB will provide lines of credit and trade finance to financial institutions, as well as the equity investments to non-banking financial institutions to address the financing gap faced by WSMEs. The We-Fi Funding will be blended with these investments to facilitate financial institution's lending to WSMEs.
- **Capacity building services to women entrepreneurs in the portfolio of Bank investees.** This includes access to mentoring, entrepreneurship training courses, and know-how to grow their businesses in collaboration with strategic partners implementing complementary projects. In addition, AfDB will build the capacity of financial institutions and non-banking financial institutions to address the specific needs of women-owned/led businesses through the internal strengthening of relevant functions and the development of financial and non-financial products tailored to women.
- **Improving the enabling environment:** AfDB will work with central banks and regulatory authorities to review and strengthen policies to support WSMEs. The component will allow for the revision of some of existing policies and challenges identified in the two UN-Women affirmative procurement studies respectively as major impediments for women's access to finance.
- **Special initiatives:** AfDB will work to reinforce existing special initiatives funded by the AfDB and others to improve access to finance, markets, and increase the number of bankable women entrepreneurs in sectors frequently overlooked by mainstream financiers.

Timeline and implementation status



Note: Committed and disbursed refer to share of allocation per round. Mobilized and WSMEs reached is achievement against the IP's target.

Timeliness. AfDB is reporting that the program is off-track due to trust fund constraints at AfDB but also Covid-19: 'AfDB, AFAWA has had delays in the implementation of its Wi-Fi allocation due to the internal governance processes the Bank has to follow for the utilization of resources under a trust fund hosted outside the Bank. The AFAWA team has had to prepare and process a procedure manual and operational guidelines to enable projects under We-Fi to be reviewed and cleared for implementation. Given part of We-Fi allocation comes to complement other investments of the Bank, the team had not anticipated it would require extra processes and approvals from the Asset and Liability committee of the Bank.' For Covid-19 implications, see below.

Utilization of funds. AfDB has not been able to use any of the We-Fi funds due to trust fund constraints at AfDB. AfDB is reporting that the We-Fi operational guidelines and procedural manual are approved by the Operations Committee.

Mobilization of funds. N/A

Results achievement. N/A

Covid-19. AfDB reports that Covid-19 has a significant impact on AFAWA. As AfDB's resources initially planned to be leveraged alongside We-Fi, funds were redirected to supporting existing clients. This led to AfDB to defer most of the investments to 2021.

Outlook

Mobilization is at risk. If AfDB is not able to mobilize sufficient non-sovereign funding for the We-Fi program, the mobilization targets of We-Fi are at risk. AfDB had planned to mobilize \$ 432.8m from its internal (\$ 337m) and public and private partners.

WSME reached at risk. If mobilization targets cannot be met, WSME reached targets are at risk.

Timeliness is at risk. Implementation is over a year behind schedule and it is unlikely that the program can be closed by June 2024 as planned. It is also noted that AfDB has not included a post implementation investment period (of three to five years for accounting for results and managing reflows etc) in its program and AfDB might have to revise its timeline. Following our review, we note that AfDB has shared an update and list of projects with Governing Committee.

IDA/ FCS target at risk. Given the number of IDA/ FCS countries in AfDB's geography, implementation delays puts We-Fi results at risk unless delivery starts soon.

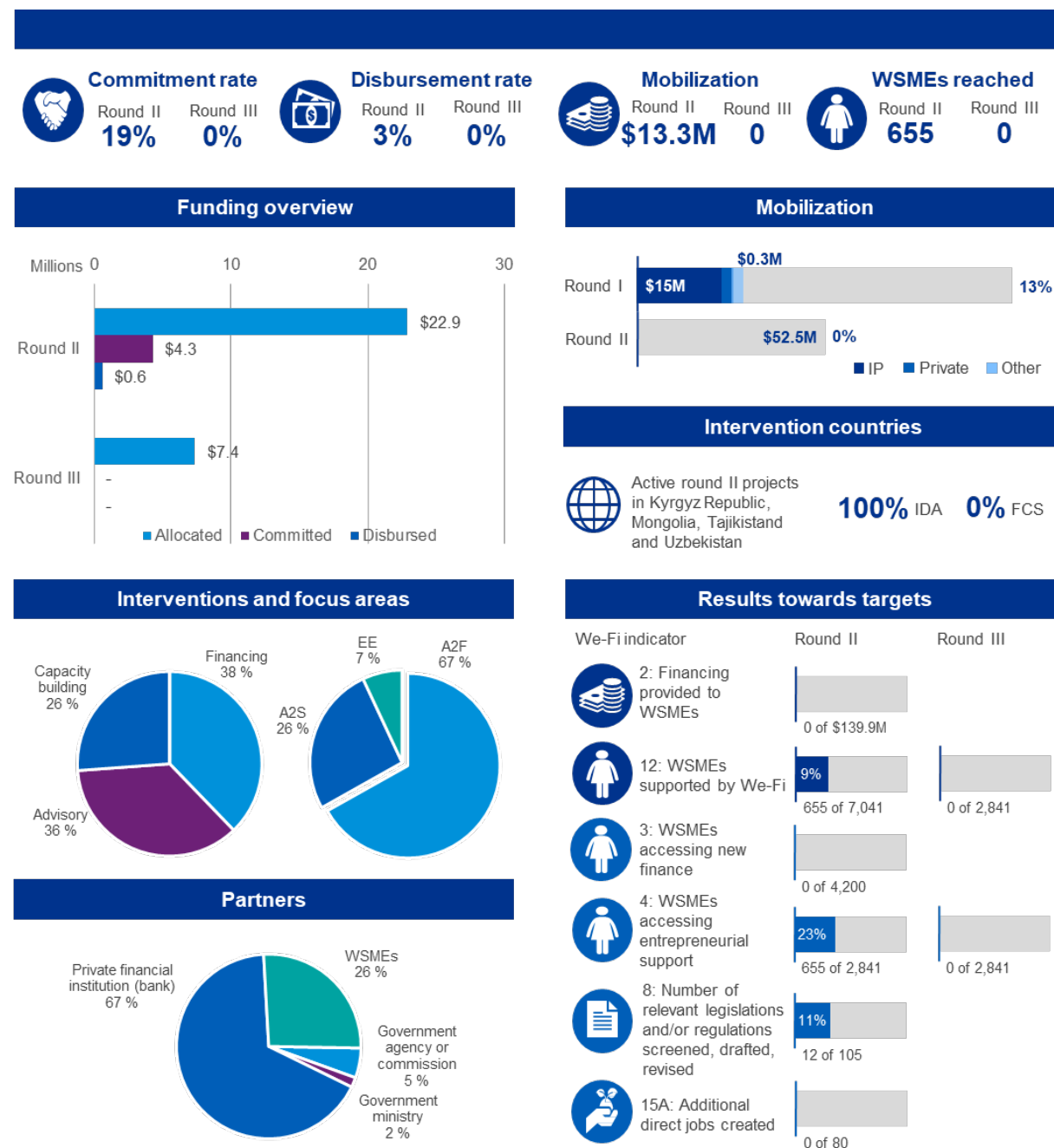
Takeaways

Readiness is an important consideration. It is important to also account for IP readiness and capacity to implement projects when making funding decisions for We-Fi.

A need for more dynamic portfolio management. The AfDB experience demonstrates the need for a more dynamic portfolio management at We-Fi. The Governing Committee and Secretariat have not taken any corrective measures in response to the inabilities of AfDB to do blended finance within its Trust Fund arrangements nor the implementation delays caused by AfDB, despite AFAWA representing 20% of the We-Fi funding allocation.

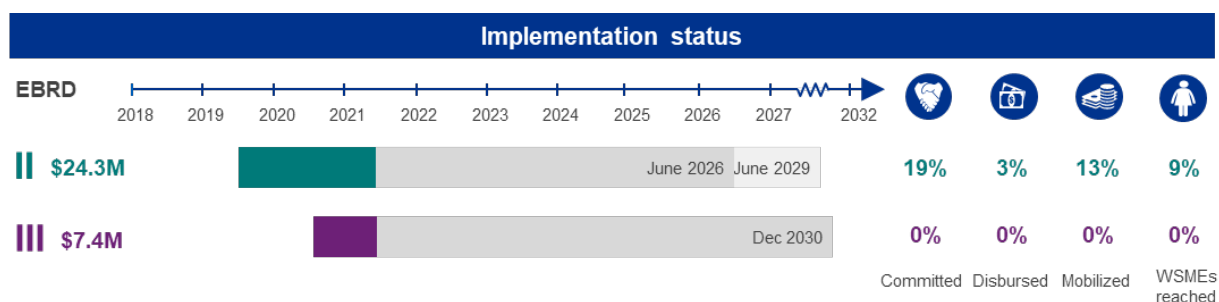
EBRD snapshot

In May 2019, EBRD was granted \$ 22.9m funding in the second round of proposals for the 'Women of the Steppe' – Women in Business Program in Central Asia. The program covers Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan. The focus is comprehensive, with dedicated financing for: partner financial institutions (PFIs) and/or directly for women-led businesses, capacity building of PFIs, access to business networks, delivery of gender-intelligent policies and regulations, and advocacy work. In August 2020, EBRD was granted \$ 7.36m under the third round of proposals for its 'Stepping up for Women' – Women in Business Program. The program focuses on inclusive supply chains, digital technologies and sex-disaggregated data.



Note: All pie charts as well as IDA/FCS figures are based on We-Fi funds committed for active projects (in execution). Partners reflect the main partner on active projects, and does not necessarily capture the full specter of partners involved.

Timeline and implementation status



Timeliness. Despite implementation delays of the Women of the Steppe program in 2020 due to travel and meeting restrictions imposed by governments in response to the Covid-19 pandemic, EBRD reports that it is still on track to meet the objectives/ goals of the program by the end of its 5-year implementation period.

Utilization of funds. As of end 2020, 19% of funds of the Women of the Steppe program have been committed while only 3% have been disbursed. \$1.3M out a current commitment of \$4.4M (about 30%) is for a first-loss risk cover, for which its actual disbursement would occur only if losses are incurred.

Mobilization of funds. \$13.3M has been mobilized from EBRD from an initial commitment of \$80M. To date, no funding has been mobilized from the private sector (target of \$34.8M) nor the public sector. EBRD reports that this will come later once on-lending starts.

Results achievement. There are some results reported to date but it is not expected to be substantial before the 2022 reporting cycle. Financing provided to WSMEs currently stands at 0%, WSMEs supported by We-Fi at 9%, WMSEs accessing new finance at 0%, WSMEs accessing entrepreneurial support at 23%, number of relevant legislations and/ or regulations screened, drafted revised at 11%, and additional direct jobs at 0%.

Covid-19. EBRD reports to be behind 3-4 months in implementation due to the pandemic. Covid-19 has reportedly not caused any drastic changes amongst its project counterparts of the Women of the Steppe program, such as private financial institutions or public sector stakeholders, and reportedly, program components will not require any structural changes. EBRD reports that demand for know-how activities amongst WSMEs and finance by WSMEs, and a willingness amongst private financial institutions to collaborate with EBRD to extend finance to WSMEs remains strong. As it relates to the program's policy work, EBRD remains engaged with the relevant public sector authorities in the region despite restrictions on travel and in-person meetings. It anticipates meeting its targets in this area by the end of the program's implementation period.

Outlook

Mobilization is at risk. It is unclear whether EBRD is on track to meet its mobilization targets for the private and public sector. We note however that the programs are still in early stage implementation.

WSME reached. It is too early to assess whether EBRD is on track to meet its WSMEs reached targets. As of end 2020, the number of WSMEs reached increased from 4% in 2020 to 9% under this review.

Timeliness. Women of the Steppe is 3-4 months delayed. The Stepping up for Women program is reportedly making progress on relevant pre-launch activities that will guide program implementation. EBRD does not envisage any delays to program implementation.

IDA/ FCS. 100% of EBRD programs are in IDA countries i.e. no FCS countries are represented.

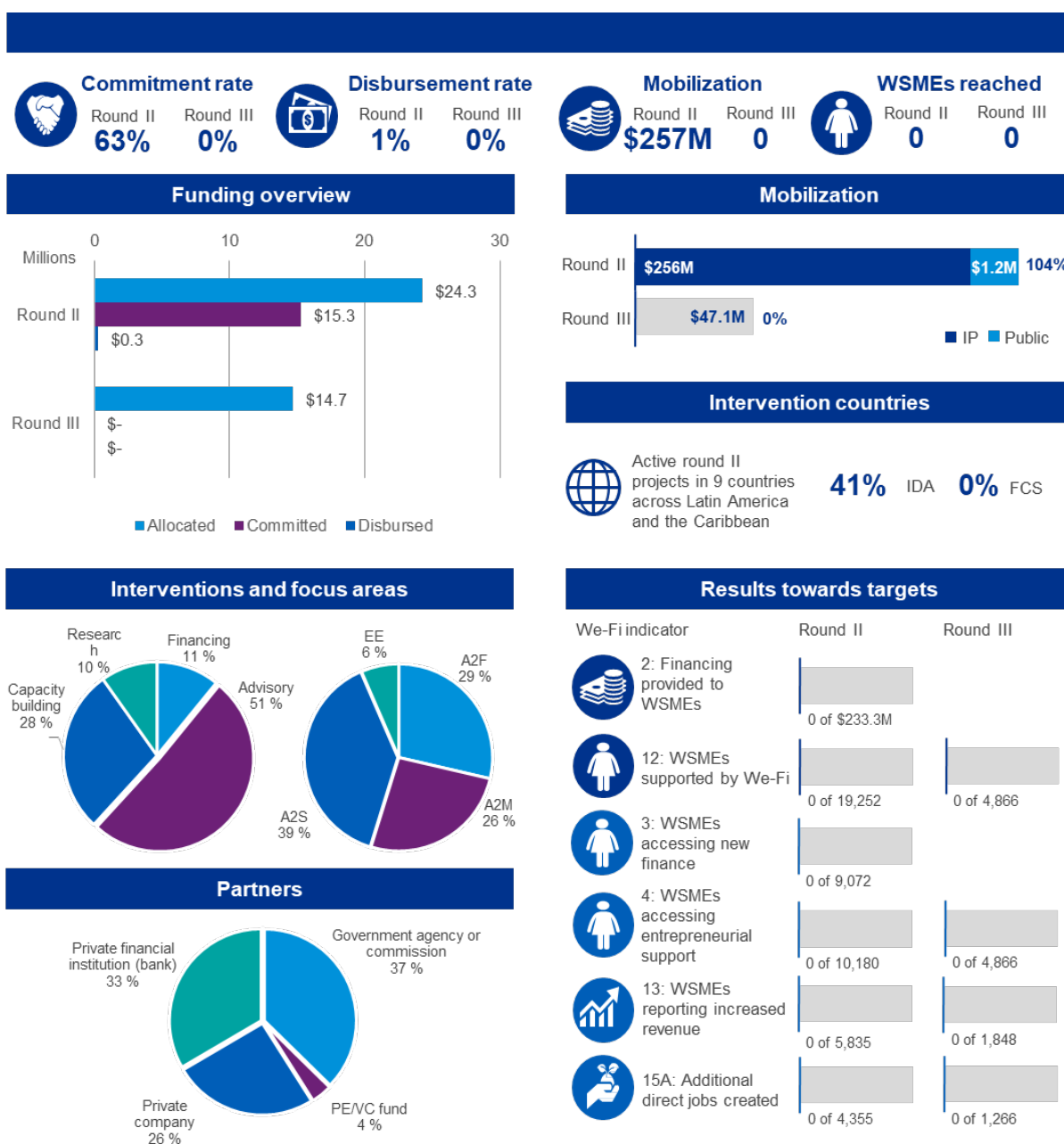
Takeaways

Timeliness and results. Overall, the EBRD programs appear on track. Substantial results is not expected to be reported before 2022/2023. The private sector mobilization targets are at risk.

Intervention area. Other than the World Bank, EBRD has the most activities focusing on policy reforms and dialogue and has potential to contribute impactful to enabling environment reforms in the We-F portfolio (Indicator 8 and 14).

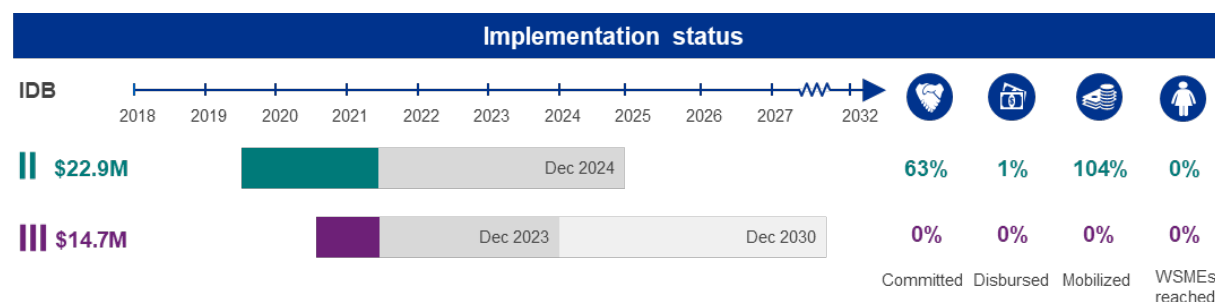
IDB snapshot

In May 2019, IDB was granted \$ 24.3m in funding in the second round of proposals for the '**Women Entrepreneurs for Latin America and the Caribbean (WeForLAC)**'. The program is implemented in Honduras (main focus), Brazil, Colombia, El Salvador, Guatemala, Mexico and Peru, with a comprehensive focus spanning bond financing, performance grants for incorporating WMSEs into corporate supply chains, support for STEM (Science, Technology, Engineering, and Math)-based WSMEs, and the provision of advisory services. In August 2020, IDB was granted \$ 14.7m for **Women Entrepreneurs Aspire, Activate and Accelerate (We3A)** under the third round of proposals. The program seeks to scale the impact of WeForLAC, with a focus on STEM-based WSMEs and those integrating into value chains: 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.



Note: All pie charts as well as IDA/FCS figures are based on We-Fi funds committed for active projects (in execution). Partners reflect the main partner on active projects, and does not capture the full specter of partners involved.

Timeline and implementation status



Note: Committed and disbursed refer to share of allocation per round. Mobilized and WSMEs reached is achievement against the IP's target.

Timeliness. IDB reports that WeForLAC is on track (within a six-month delay on implementation). A STEM project which makes up a considerable part of the budget is under development for We3A.

Utilization of funds. As of February 2021, 63% of WeForLAC funds are committed while only 1% have been disbursed. It should be noted that a small portion of committed funds (about 6%) is for performance-based incentives that are not expected to be disbursed before certain targets are met.

Mobilization of funds. IDB reports to have reached their mobilization target for the WeForLac program (all mobilized within IDB Group). No significant funds are expected to be mobilized from the private sector under WeForLAC. The target for We3A private sector mobilization is \$ 22.7m. IDB is still reviewing its mobilization calculation methodology.

Results achievement. IDB has not reported any results beyond mobilization at this point.

Covid-19. IDB reports that Covid-19 has been the main reason for delays, especially due to lockdowns and closure of all non-essential activities in Honduras. IDB does not expect delays to overall delivery timelines.

Outlook

Mobilization calculation needs to be reviewed. IDB needs to review its calculation methods for mobilization so that it is in line with We-Fi guidelines.

WSME reached, too early to assess. As the projects are in ramp-up stage, it is too early to assess results. IDB Lab is reporting that their program is progressing, but data capture has not been done systematically. Systematic reporting is expected to increase significantly once projects scale-up.

Timeliness is within reach. WeForLAC implementation is planned to close by December 2024. Given that 37% of funds remain uncommitted and it takes time to disburse and spend funds, there are some risks regarding timeliness of delivery. It should be noted that some of the performance-based incentive projects are planned to continue until 2027. It is also noted that IDB has not included a post implementation investment period (of three to seven years for accounting for results and reflows etc.) in its programs Round II so IDB might have to revise its timeline.

IDA/ FCS. Based on WeForLAC data, 46% of funds appear to be committed for IDA countries (i.e. Honduras). In the calculation of the figure, Honduras specific projects that are committed as well as a portion of multi-country projects where Honduras is one of the beneficiary countries are included. In the absence of more reliable data, the team divided the amounts for multiple countries by the number of countries to find the portion for Honduras, this so the actual figure may be different. No funds have been committed to FCS countries.

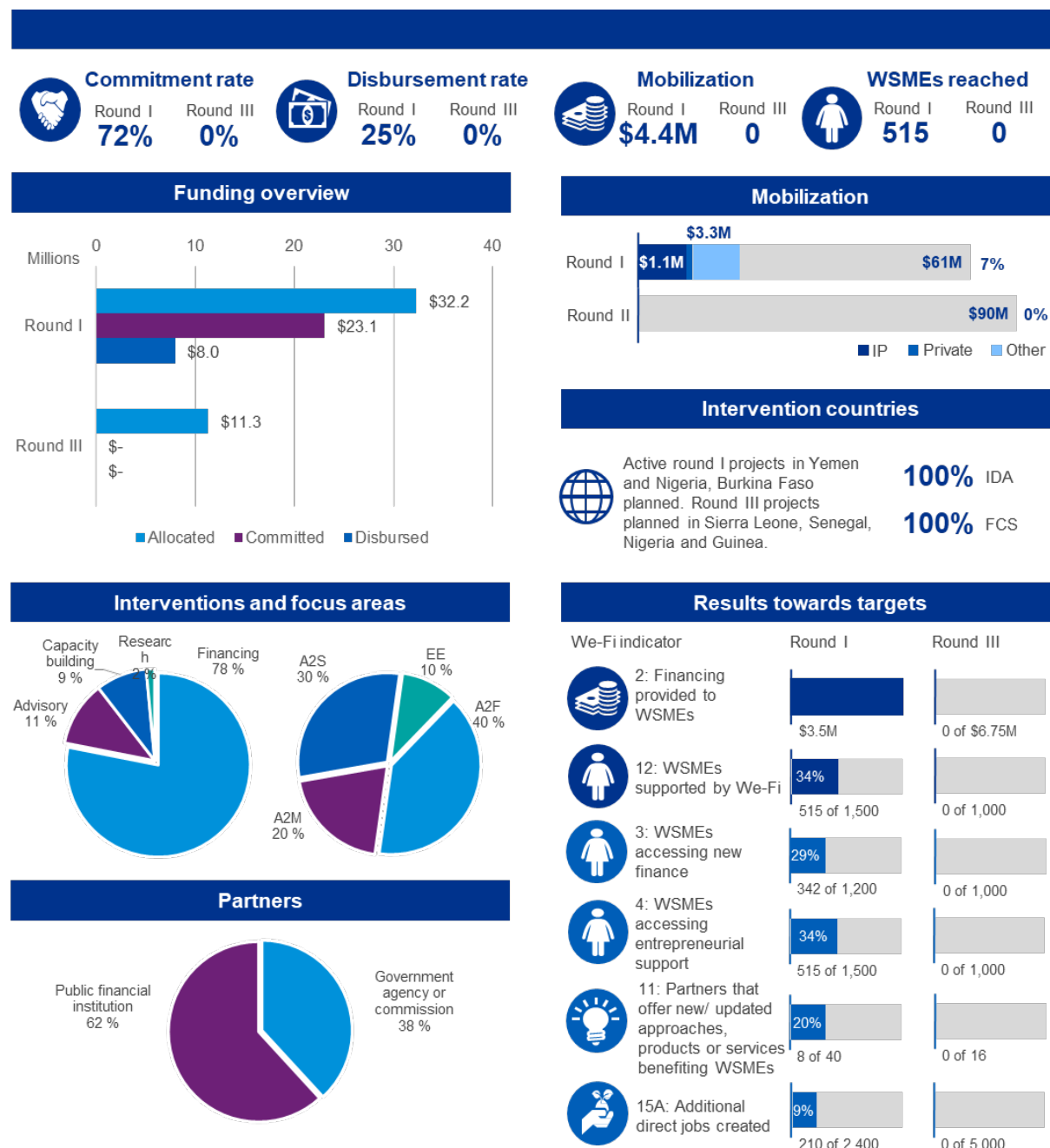
Takeaways

Comprehensive and diverse portfolio. IDB Group draws on all its organizations – IDB, IDB Invest and IDB Lab – which has allowed IDB to design diverse programs with focus on STEM entrepreneurs and working with WSMEs in corporate supply chains and bond financing, which is often missing in other IP portfolios.

IDA and FCS. Given its regional scope, IDB has few IDA/ FCS countries to invest in – but has managed to build up programs anchored around Honduras.

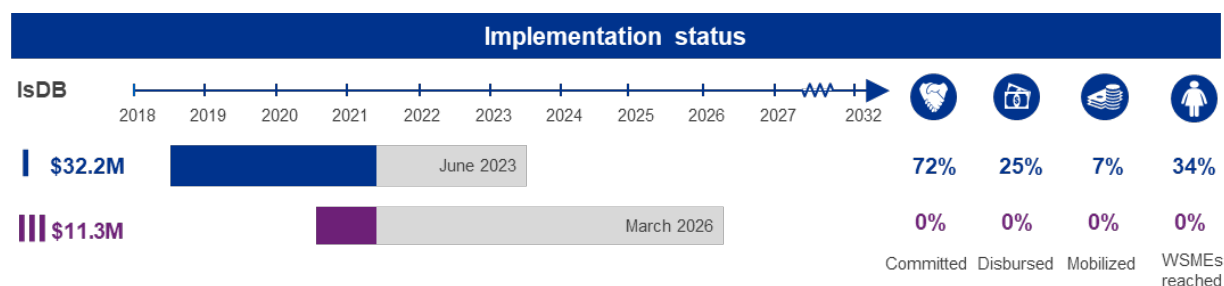
IsDB snapshot

In April 2018, IsDB was granted \$ 32.2M in funding in the first round of proposals for its **Business Resilience Assistance for Value-adding Enterprises (BRAVE Women) Program**. The program built on an existing SME program without a particular focus on WSMs in Yemen. Implementation is also expected in Burkina Faso and Nigeria. The focus is on providing women with skills through trainings and matching grants to make smaller capital investments. In August 2020, the **Empowering West African Women Small and Medium Enterprises in Rice Value Chains (EWASME)** project received \$11.2M in the third We-Fi funding round. The approach of EWASME is similar to BRAVE, but with a focus on entrepreneurial activities in the rice value chain.



Note: All pie charts as well as IDA/FCS figures are based on We-Fi funds committed for active projects (in execution). The partner chart reflects the type of the *main* project partners on active projects and does not capture the full specter of other partners involved (i.e. IsDB has identified eight partners in total including local execution agencies (main partners), partner banks and chambers of commerce).

Timeline and implementation status



Timeliness. IsDB's BRAVE Women is reported to be on track in Yemen and Nigeria, but delays have materialized in Burkina Faso due to reallocation process (selected in lieu of Mali). The main project partners are yet to be determined for the projects under EWASME, but IsDB is projecting that the projects will be effective (i.e. signed) from April 2021.

Utilization of funds. IsDB reports that 72% of funds have been committed (Yemen and Nigeria) and 25% disbursed (mainly in Yemen) under BRAVE Women. No commitments have been made for EWASME.

Mobilization of funds. When subtracting the 2% IP contribution (to cover IP costs), IsDB reports only a 5% mobilization rate for BRAVE Women. The 5% is driven mainly through matching grant contributions from WSMEs in Yemen only. Only a limited proportion is mobilized from banks that act as grant administrators, and therefore should not really be counted as mobilization as per We-Fi definitions. IsDB has not been able to mobilize any Development Finance Institution funds.

Results achievement. For BRAVE Women, IsDB reports that financing provided to WSMEs currently stands at 17%, WSMEs supported by We-Fi at 34%, WSMEs accessing new finance at 29%, WSMEs accessing entrepreneurial support at 34%, Partners that offer new/ updated approaches and services benefiting WSMEs at 20%, and additional direct jobs at 9%.

Covid-19. IsDB reports that despite a challenging year in 2020, BRAVE Women experienced a remarkable commitment and resilience among WSMEs, and that Covid-19 only affected the program to a limited extent.

Outlook

Mobilization is at risk. IsDB will not meet its mobilization targets unless the approach in Nigeria, Burkina Faso i.e. either IsDB mobilizes its own funds or it involves banks and other partners further than planned to ensure mobilization. No significant funds are expected to be mobilized from the private sector in either program. The assessment for EWASME has not been carried out as it is yet to start.

WSME reached. Target can be achieved, based on the projections from the results to date in Yemen. It is still too early to tell, but the approach by IsDB is lower risk as it is built on a lower mobilization with a minimum matching grant participation by WSMEs.

Timeliness at risk. BRAVE Women is scheduled to close in June 2023. It is unlikely the program will close within the approved timeframe given that Burkina Faso has not yet been committed and Nigeria is in early phase implementation, especially if an effort to increase mobilization is prioritized. It is noted that IsDB has not included a post implementation investment period (of three to seven years for accounting for results).

IDA/ FCS. 100% of support is committed for countries classified as both IDA and FCS thus far.

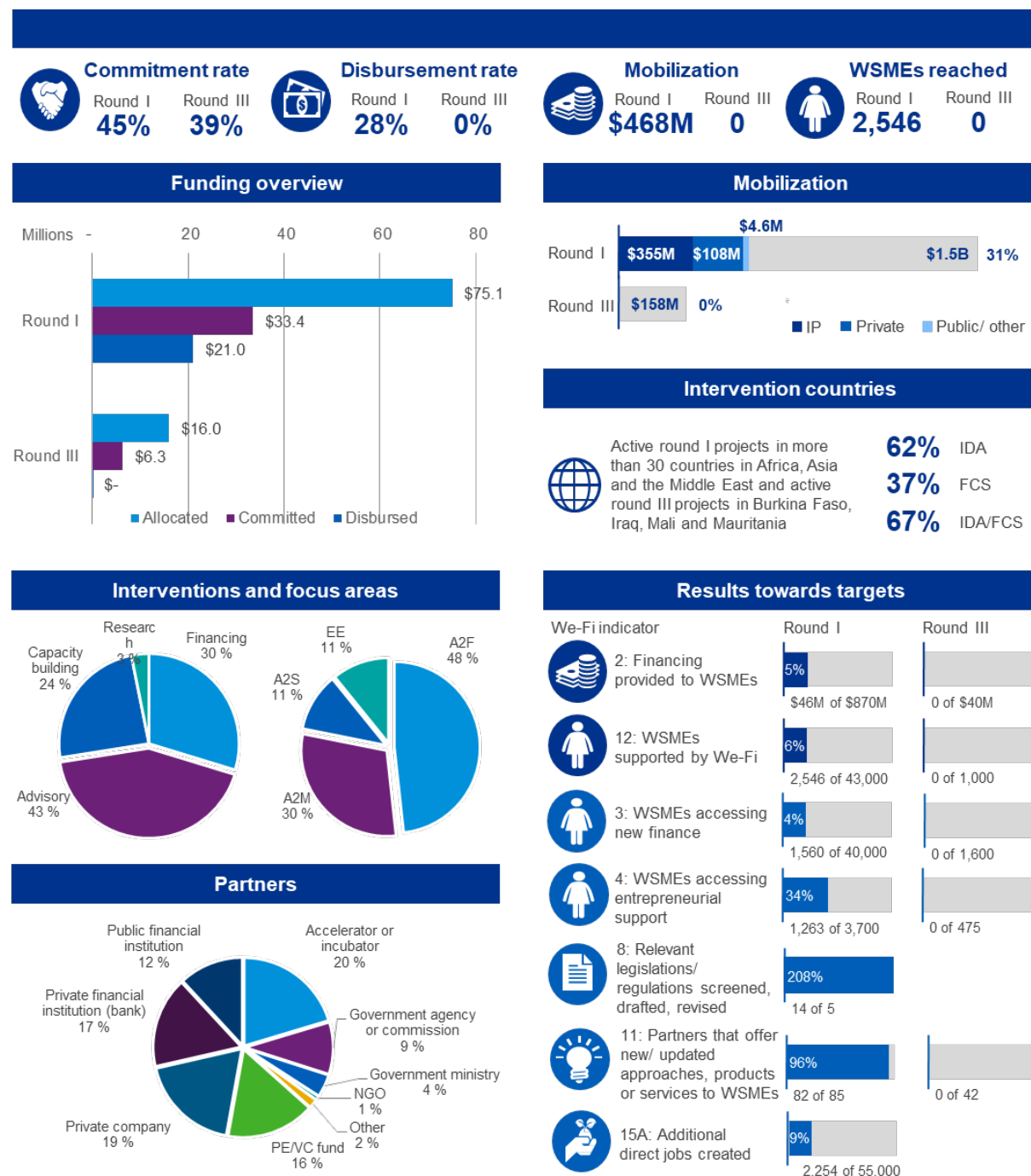
Takeaways

Timeliness and results. We-Fi projects that build on existing programs and projects start quicker, are implemented in a timelier manner, and with shorter project lifecycles, like the project in Yemen.

Institutional sustainability and market change trade-off. Although We-Fi has an impact on intermediaries, there appears to be a trade-off between doing projects that create sustainable institutional change and market change and the question of speed to market. It is notable that projects like IsDB's Yemen project are providing matching grants to WSMEs, which can happen quickly, but alone they might not create sustainable institutional/ market change as they are often costly. In other situations, such as in Nigeria with more developed financial markets, re-enforcing markets might have been prioritized i.e. greater mobilization of banks etc.

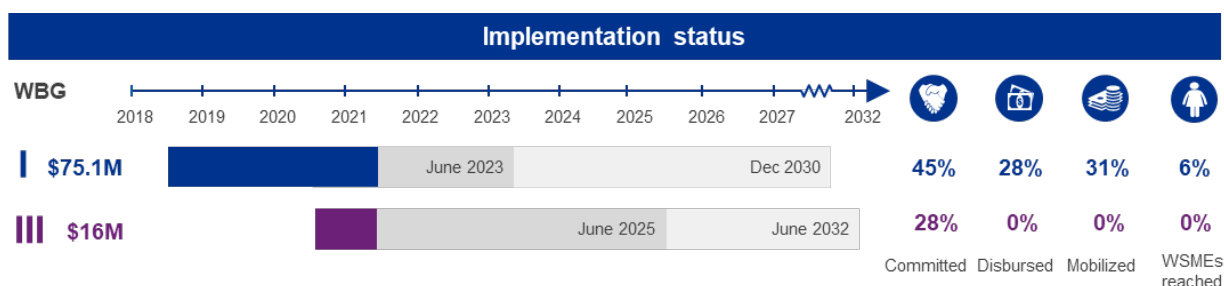
WBG snapshot

WBG was granted \$75.1m in the first round of proposals (April 2018) for the **Creating Finance and Markets for All** for 1) Strengthening entrepreneurial ecosystems: seed funding/ equity investments, building capacities and enabling environment, 2) Expanding financial services: Supporting banks, FinTechs and insurance companies with blended finance investments, and 3) Improving market access: domestic and international value chains and producer networks and procurement opportunities for WSMEs. WBG was granted \$16m for **Enhancing seed capital, technology and value chain solutions for WSMEs** in the third round (August 2020). The program seeks to foster market linkages between suppliers and buyers across the Sahel and to create inclusive entrepreneurial ecosystems, address financing gaps, and assists with skills-building and mentoring of WSMEs.



Note: All pie charts as well as IDA/FCS figures are based on We-Fi funds committed for active projects (in execution). Partners reflect the main project partners and does not capture the full specter of partners involved. World Bank multi-stakeholder projects have been excluded.

Timeline and implementation status



Timeliness. WBG is reporting that committed projects are on track. More than half of the Round I funds are still to be committed by the end of the investment period in June 2023. That being said, certain parts of the program have already exhausted their allocated budget.

Utilization of funds. As of February 2021, 45% of funds of Creating Finance and Markets for All (round I) are committed (IFC 30%; WB 72%) and 28% have been disbursed (IFC 28%; WB 29%). IFC has a 'programmatic approach' and projects are being approved on a rolling basis. About 30% of the current IFC commitment is for performance-based incentives that are not expected to be disbursed before certain targets are met. It should be noted though that IFC has reported its performance-based incentives commitments as already disbursed in this mid-term review. Without accounting for performance-based incentives in disbursement, IFC's disbursement would have been 15%. For round III funding, 28% of funds are already committed. The two round III committed projects are implemented by the World Bank: Catalyzing Early-Stage Finance for Women-Entrepreneurs Globally, in the Middle East and North Africa (MENA) and Leveraging Disruptive Technologies and Digital Financial Inclusion for Women-Led SMEs in the Sahel.

Mobilization of funds. \$ 468m has reportedly been mobilized to date by WBG (31% of target) with the majority of funds from the IP itself but also from the private sector. IFC accounts for about 90% of the mobilization. WBG appears to have the most conservative way of determining mobilization rates. Using a carve-out rate, WBG only counts the funds that reach WSMEs and not the full amounts of project costs. It should be noted that IFC has included \$ 870m of *indirect* private sector mobilization (We-Fi indicator 2) in its mobilization target, which other IPs have not.

Results achievement. WBG reports that Financing provided to WSMEs currently stands at 5% against their target, WSMEs supported by We-Fi at 6%, WSMEs accessing new finance at 4%, WSMEs accessing entrepreneurial support at 34%, Partners that offer new/ updated approaches and services benefiting WSMEs at 96% and additional direct jobs at 9%. WBG also reports having overachieved (208%) on Relevant legislations/ regulations screened, drafted or revised, of which four has also been formally enacted (indicator 14). It should be noted that the figures reported from IFC are from the end 2019, as reported in the annual report 2020. This is because IFC is collecting survey data annually (data for previous year is collecting in the second quarter of the following year). IFC is therefore expecting its results figures to be higher today and this will be reflected in subsequent reporting.

Covid-19. WBG reports that Covid-19 pandemic had a significant impact on all countries of operations, program counterparts, beneficiaries and project teams and the WBG We-Fi teams responded and adapted effectively. In the immediate aftermath of the Covid-19 outbreak, both the project teams and beneficiary WSMEs faced increasing uncertainty regarding the next steps and some had to freeze their operations. There are reportedly more limited avenues to translate innovative ideas into business opportunities and firms shifted their focus from growth to survival. The teams also reportedly successfully modified their interventions across all three pillars to address the new implementation environment and aligned the program with the World Bank Group's three-stage institutional crisis response: relief, restructuring, and recovery.

Outlook

Mobilization is on track. WBG appears to be on track to achieving its mobilization targets although behind on its *indirect* mobilization which is difficult to assess.

WSME reached. It is difficult to assess whether and by when the targets for WSMEs reach will be met given the limited and lag in data, but WSMEs reached is expected to increase significantly once projects are ramped up. We note that for round I projects committed, the targets for WSME reached are higher than in the proposal currently.

Timeliness might be at risk. Creating Finance and Markets for All (round I) is planned to close in June 2023 (implementation that will be followed by a seven-year post implementation investment period). Given that 55% of funds remain uncommitted (70% in the case of IFC), there are some risks regarding timeliness of delivery, especially if there are projects that need to be implemented, not invested before June 2023 such as IFC advisory projects or World Bank projects. It should be noted that a one IFC project has investment end date in 2031.

IDA/ FCS. 62% of the current commitment is in IDA countries and 33% FCS states.

Takeaways

Comprehensive and diverse portfolio. The WBG draws on both IFC and WB, which has allowed WBG to design diverse programs with focus on blended finance and enabling environment. WBG has also dedicated funds to research and impact evaluation, which might bring new and relevant learnings for We-Fi.

Mobilization calculation. WBG appears to have the most conservative method for calculating mobilization. We-Fi would benefit from a review of methodologies and harmonization across IPs.

Results reporting. WBG is highlighting some issues regarding reporting: There is a one-year time lag in reporting, especially from the IFC that has a yearly results data collection and reporting period. With regards to the creating jobs (Indicator 15) in banking, IFC can report on total jobs created or supported but not the split of jobs between female and male. The overall IFC jobs methodology for the banking sector (the only methodology available) does not disaggregate by gender. Further research would be needed to develop a methodology that focuses on the jobs effect in women SME loans. For insurance companies, IFC cannot disaggregate from their clients who are SMEs due to: a) insurance clients do not collect data related jobs/assets/ sales of its clients; and b) the SME loan size proxy doesn't apply to an insurance company and it seems that it is not possible to come up with a universal proxy of the policy coverage size for a SME/VSE. IFC is reportedly working with the industry colleagues to come up with a short- and longer-term plan to be able to report on this, but We-Fi should also see how to address the issue this is a probably valid concern for the entire portfolio and it might limit an end review of We-Fi.

Appendix 2 Deep dives

Deep dive 1: Blended finance

Rationale

The Financing for Development conference hosted by the United Nations in Addis Ababa in 2015 highlighted the importance of facilitating the flow of private sector financing to address the broad range of development needs that could not be met by domestic or donor resources. As part of this conference, the multilateral development banks prepared a document, *From billions to Trillions*, which stressed the importance of blended finance to achieve this increased in financing flows towards sustainable finance. The UN General Assembly subsequently adopted the Addis Ababa Action Agenda which included blended finance as a critical instrument to achieve sustainable development. The OECD defines blended finance as the strategic use of development finance for the mobilization of additional finance – primarily commercial finance – towards sustainable development in developing countries.

Blended finance solutions are at the very core of We-Fi's approach to addressing the constraints faced by WSMEs. The mobilization of financial resources from private and public sources, leveraging the initiative's own funding, is a central approach to increasing WSME support.

Blended finance structures can facilitate the flow of financing to WSMEs through different instruments including concessional loans, equity investments, risk sharing facilities and performance-based payments.²⁴

DFI's Enhanced Blended Concessional Finance Principles

1. Additionality
2. Crowding in additional resources using minimal concessionality
3. Commercial sustainability
4. Reinforcing markets
5. Promoting high standards

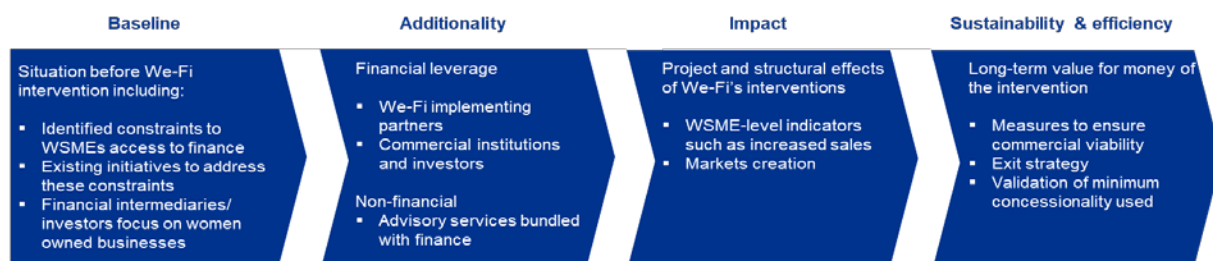
Development Finance Institutions (DFI), including those participating in We-Fi, have adopted a set of Principles to guide their deployment of blended finance (see adjacent table). In the case of We-Fi, the application of these principles would address a set of challenges linked specifically to WSME financing:

- Risk misperception and information asymmetry problems among financial intermediaries with limited prior engagement with WSMEs
- Start-up costs in developing financial services and products tailored to WSMEs
- Weak ecosystem structures that inhibit the facilitation financial flows to WSMEs, including market linkages to enable demand for WSME's products and various types of finance providers (e.g. banks, micro-finance institutions and seed capital investors)
- Financial and technical limitations of WSMEs to prepare business cases and other documentation required to receive financing.

Through the mobilization of additional finance and the ability to bundle funding with advisory services to WSMEs and financial intermediaries, blended finance is able to address the aforementioned constraints.

Approach and data

Combining elements of the OECD-DAC criteria guiding this mid-term review, the DFI's Principles on Concessional Finance and prior methodological analyses of blended finance evaluations,²⁵ We-Fi projects using blended finance were reviewed using the following framework:

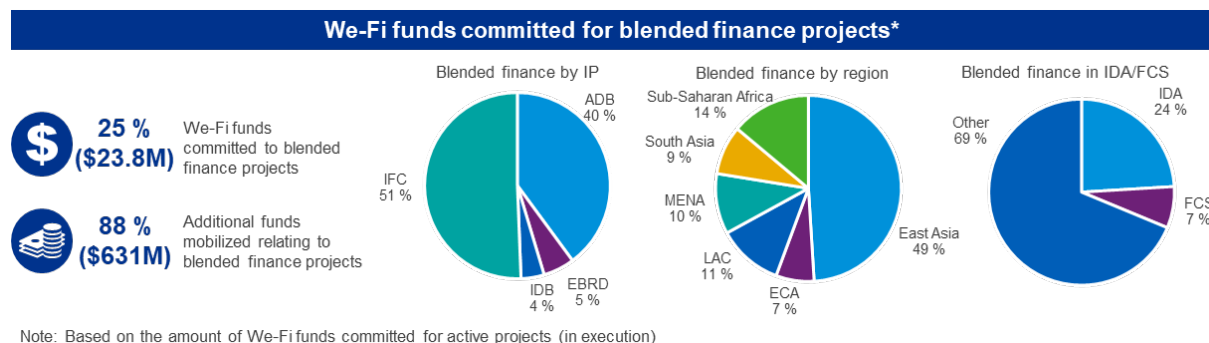


²⁴ DFI Working Group on Blended Concessional Finance for Private Sector Projects, Summary Report 2017

²⁵ OECD Blended Finance Evaluation: Governance and Methodological Challenges, 2019

As most projects are still in a relatively early stage of implementation, it is difficult to assess some elements of a successful blended finance intervention. This is particularly important with respect to assessing sustainability as blended finance is meant to trigger the creation of new self-sustaining markets. By supporting market-development, the need for concessional resources should only be temporary, as markets benefit from the demonstration effect and reduction in information asymmetry that the intervention generates over a longer period. Furthermore, assessing additionality requires establishing a counterfactual (i.e. what would have happened in the absence of We-Fi funding), which is challenging and covered in further detail in the subsequent section.

We-Fi's work on blended finance



Most of the programs approved in the first three funding rounds of We-Fi are expected to deploy blended finance in some form (see table below). Note, a possible exception may be the IsDB's BRAVE WOMEN program, where commercial finance is expected to be mobilized downstream from the We-Fi supported program, as well as the World Bank Group activities carried out by the World Bank, which mainly focus on advisory, research and impact evaluation activities. These blended finance resources are intermediated directly by the IPs or by public and private financial institutions and private companies. Consistent with We-Fi's operating model, IPs use their own policies and practices to structure the blended finance instruments for each project following the DFI's Enhanced Blended Concessional Finance Principles mentioned above.

IP	Program	Instrument	Blending Approach/Comments
African Development Bank	Affirmative Finance Action for Women in Africa (AFAWA)	Blended grant with line of credit – full characteristics still under design	Concessional loan
Asian Development Bank	Enabling an Empowering Business Environment for Women Entrepreneurs in Sri Lanka	Lines of credit combined grants, effectively creating a concessional loan	Private financial intermediaries (PFI) disburse combination of loan (ADB credit line) and grant (We-Fi). This reduces the amount of the loan that needs to be repaid by the WSME. For the banks, this provides a better Loan-to-Value ratio and Coverage Ratio.
Asian Development Bank	Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES)	Blended grant with line of credit, gender bond and performance incentives	Facilitate the launch of new instruments (gender bond) and use of concessional credit lines
EBRD	Women of the Steppe	Lines of credit through financial intermediaries and directly to WSMEs. Risk sharing facilities. Full characteristics still under design	We-Fi resources are used for the guarantee, not the credit line. We-Fi resources are not disbursed if guarantees are not called in.
EBRD	Stepping Up for Women	Loans with performance-based incentives to "loan aggregators"	The aggregators may be larger corporations and the outcome is related to inclusion of WSMEs in their supply chains
Inter-American Development Bank Group	Women Entrepreneurs for Latin America and the Caribbean" (WeForLac)	Performance-based payments to intermediaries and innovative instruments (gender bond).	Projects include performance-based payments to companies incorporating WSMEs to their supply chains as well as to financial entities reaching an agreed percentage of WSMEs in their portfolio.

IP	Program	Instrument	Blending Approach/Comments
Inter-American Development Bank Group	Women Entrepreneurs Aspire, Activate and Accelerate- We3A	Early stage equity financing blending We-Fi resources and those of investors.	Blended finance seeks to triggers and expand markets for early stage financing. We3A is also expected to make direct equity investments in STEM (Science, Technology, Engineering, and Math)-based WSMEs.
Islamic Development Bank	Empowering West African WSMEs in Rice Value Chains (EWASME)	Matching grants paired with loans from PFIs	Concessional loans linked to the inclusion of WSMEs in the rice production value chain
World Bank Group I - IFC	Creating Finance and Markets for All	Risk sharing facilities, performance-based incentives, equity investments, gender bonds	Broad range, including performance-based payments to financial intermediaries and corporates (clients of WSMEs) when reaching certain targets as well as investments in equity funds.
World Bank Group III - IFC	Enhancing seed capital, technology and value chain solutions for WSMEs	Early stage equity financing	Focus on fragile countries. Full characteristics still under development.

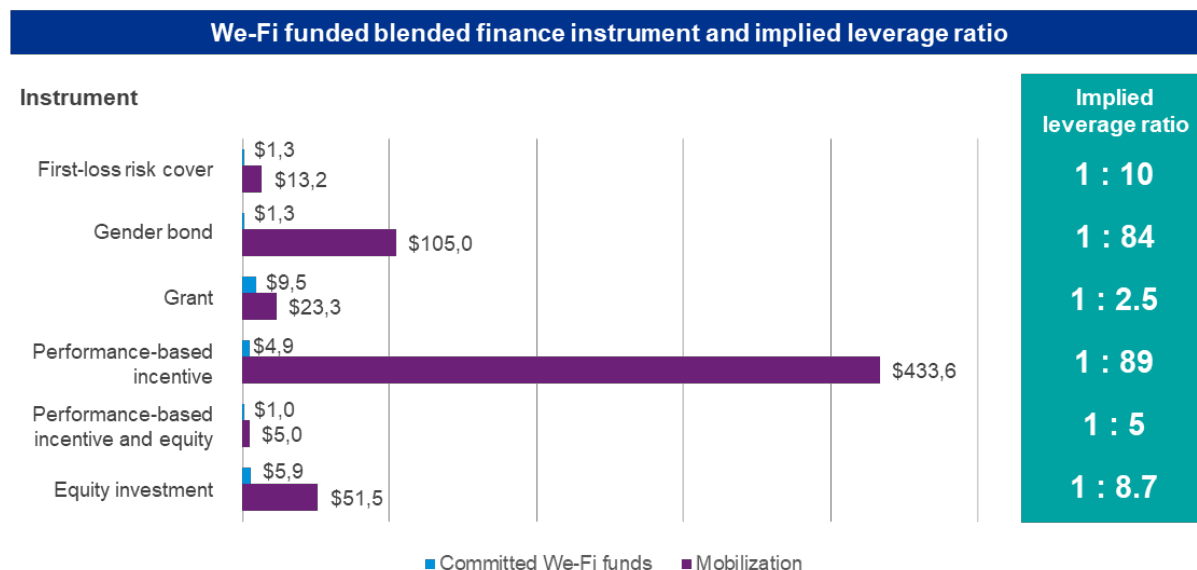
In deploying blended finance solutions, We-Fi faces some of the difficulties typically found in this type of approaches. These include:

1. **Baselines for access to finance for WSMEs are difficult to establish.** This is due to the lack of gender disaggregated data. This data limitation occurs both at country level (i.e. data reported by national financial sector regulators and other government agencies in charge of tracking and reporting aggregate credit data) as well as at the level of financial intermediaries. We-Fi is seeking to address this limitation through its support for advisory services as well as providing incentives to ensure financial intermediaries to incorporate gender disaggregated data into their portfolio monitoring practices.
2. **Additionality with respect to WSMEs is difficult to disentangle from overall We-Fi leverage.** Establishing additionality requires a counter-factual to compare with the baseline. This is particularly difficult in blended finance, as it involves several private sector intermediaries that, in the case of We-Fi, already were working with SMEs. It is therefore likely that some level of lending to WSMEs would have taken place, even in the absence of We-Fi funding. Furthermore, most We-Fi blended finance is provided as part of projects that have a broader objective, including funding to underserved SMEs (e.g. ADB Sri Lanka) or support to the overall operations of an export oriented firm (e.g. IADB Elcatex project). In these cases, establishing We-Fi additionality and leverage requires further analysis to focus on the marginal impact on WSMEs as well as how to account for the fact that existing initiatives to support SMEs have now a gender-lens thanks to We-Fi.
3. **Full assessment of impact requires follow-up beyond what is typical in most financial relationships.** The impact of blended finance in We-Fi should be ultimately reflected in increased financial sustainability and incomes not only of the WSMEs but also of the private intermediaries involved. It is still early in the process of We-Fi implementation to assess this type of impact, but steps need to be taken to ensure that M&E planned by IPs systematically measure longer term performance of WSMEs during a period that goes beyond the disbursement and repayment of We-Fi resources by the ultimate borrowers; it should not be expected that private financial intermediaries would assess the long-term impact on their borrowers. In the case of We-Fi, funding to carry out these assessments may have to be made available in future funding rounds.

Key findings

Finding 1: We-Fi's use of blended finance is focused on the right mix of instruments to encourage innovation, particularly the use of performance-based payments. Consistent with innovation and experimentation, We-Fi is supporting a broad mix of blended finance instruments with an overall 1:26 leverage ratio. This includes the use of relatively small amounts of We-Fi founding to provide performance-based payments to both financial and non-financial intermediaries that increase their support to WSMEs as well as support to the development of early stage financing instruments to address the constraint that female entrepreneurs face to grow their companies. We-Fi resources are also being used for equity

investments, either directly to WSME or through investments funds. The latter may be particularly impactful as it contributes to crowd-in additional investors that may not be prepared to incur the risks and costs associated with direct equity investments but would rather benefit from the diversification provided by WSME-oriented investment funds.



Finding 2: We-Fi's use of performance-based payments linked to innovative financial instruments to ensure alignment of incentives of all actors is particularly ground-breaking. Linking performance-based payments to the issuance of innovative instruments such as gender-based bonds promotes innovation and contributes to crowd-in resources from the capital markets. This is an improvement with respect to other initiatives to promote the development of new instruments that use donor funding to pay for structuring and other transactions costs, which can be perceived as subsidizing the issuer without ensuring the delivery of results. By using performance-based payments linked to the impact of the new instrument, a gender-based bond in the case of the IDB in its WeForLac program, We-Fi is promoting an approach that not only encourage the creation of new instruments but also their appropriate use to reach results.

Finding 3: The use of blended finance to promote the inclusion of WSMEs into supply chains has the potential to establish sustainable long-term business relationships. Most blended finance initiatives use financial intermediaries to strengthen access to credit. In addition to this approach, We-Fi is breaking new ground by using blended finance to provide incentives for non-financial entities to incorporate WSMEs into their supply chains. This buyer-seller relationship may in fact be a more sustainable long-term arrangement than the more common lender-borrower relationship supported by most blended finance projects although it is early to tell.

Finding 4: Blended finance transactions are complex and require time to generate results. We-Fi blended finance projects, including those from the first round of funding, are still in relatively early stage of implementation. This reflects the length of time required in order to align all stakeholders involved in blended finance, particularly when trying new approaches such as the use of non-financial intermediaries to support WSME supply chains.

Finding 5: Identifying project-level additionality requires detailed counterfactual analysis that is particularly difficult in blended finance transactions. Resources from donor programs such as We-Fi enable IPs to expand their activities in areas aligned with their respective strategies and ultimately to expand the type of activities that they would be carrying out, maybe at a smaller scale, in the absence of additional external funding. In the case of blended finance, most IPs were already supporting access to credit programs for SMEs though not necessarily with a focus on WSMEs. We-Fi funding deployed through blended finance has allowed IPs to either add a 'gender lens' to existing programs or to add new activities that the IPs could have potentially funded with their own resources, but at a smaller scale. Ascertaining the additionality generated by We-Fi requires detailed project-level analysis and the definition of a hypothetical 'carve-out'²⁶ that represents the incremental activities enabled by We-Fi blended resources.

²⁶ This approach would require defining a hypothetical sub-project that would isolate those activities be more directly pertinent We-Fi funding and We-Fi results.

Key takeaways for We-Fi moving forward

Takeaway 1: Potential future funding rounds could seek to increase the amount of We-Fi funding deployed through blended finance. The amount of resource to be deployed through blended finance remains relatively small, even if it increases as IPs commits funding. IPs as banks that they are, and We-Fi by extension, have a unique role in making finance available to address WSME's credit constraints, unlike the three other We-Fi focus areas for which a broader range of donors have funding available for technical assistance activities. Therefore, it would be important to ensure that IPs direct a substantial amount of We-Fi resources towards blended finance activities. This could be done, for example, by having funding rounds that make explicit allocations for blended finance.

Takeaway 2: Require more systematic analysis and reporting at a project-level. This is particularly important with respect to reviewing the process that each IP follows to ensure alignment with the blended finance principles and to allow comparisons across IPs. For example, this information would allow analyses to assess the degree to which We-Fi's blended finance portfolio complies with the minimum concessionality principle. As the analysis of minimum concessionality may involve IP confidential pricing strategies, the Secretariat and the IPs may have to agree on a mechanism that would provide this information on a restricted basis and that such analysis could be made public at the portfolio level for each IP, not for each individual transaction.

Takeaway 3: Consider using project preparation grants (PPGs) or other positive or negative incentives to ensure higher levels of readiness at project funding approval. We-Fi approves resources for programs based on funding proposals from IPs that outline the potential projects that will be prepared and implemented under the program. This approach provides flexibility to IPs and ensure that they do not incur preparation costs prematurely. However, this approach may lead to We-Fi approving programs with low levels of 'readiness' that lead to substantial delays when moving from approval to implementation and results reporting, particularly with respect to blended finance activities, which take longer to be designed and implemented. Future interventions may consider using PPGs or allowing the retroactive reimbursement project preparation expenses once funding is approved. Furthermore, We-Fi may cancel its allocations after a certain period if funding has not been committed and incorporate a rating of 'implementation delay' in existing project as a criterion in reviewing future funding requests.

Takeaway 4: We-Fi should agree with the IPs to define a common framework to measure additionality and leverage of blended finance interventions across the portfolio. The We-Fi Secretariat is already working with IPs to further refine the approach to measuring leverage, a critical measure of performance of blended finance interventions. In this process, it will be important to define an approach that provides more specificity than the ones provided by an initial note of this topic prepared by the Secretariat in early 2018.

Case studies

Blended finance was initially associated with the intermediation of concessional loans provided by donor combined with loans from commercial banks and micro-finance institutions. We-Fi has contributed to the deployment of a broad range of blended finance instruments pushing the innovation envelope and expanding the range of instruments (i.e. gender based bonds with performance-based incentives, payments for results, equity, and seed capital funding) and intermediaries (including non-financial institutions, such as corporates with WSMEs in their supply chain).

ADB: Enabling an empowering business environment for women entrepreneurs in Sri Lanka



We-Fi funds
Allocation: \$12.6M
Committed: \$8.8M



Mobilization
Target: \$23.2M
Status: \$23.3M



WSME financing
Target: \$32.7M
Status: \$29.6M



Beneficiaries
Target: 1,316
Status: 819



Cost per WSME
Target: \$9,575
Status: \$10,745

We-Fi resources allowed the Asian Development Bank to build upon an existing project to enhance its focus on WSMEs and expand its reach across the risk spectrum.

ADB and the government of Sri Lanka identified limited access to finance as one of the key constraints hindering the development of SMEs in the country, a segment critical to job creation and addressing poverty. In 2016, ADB approved a \$100M credit line, at the ADB's standard non-concessional rate of LIBOR+0.5% to the government to be on-lent through participating banks to local SMEs. The credit line was on lent by the Government to participating financial institutions. Initially, the Government allocated resources based on price auctions, but this approach was abandoned after the first two auctions as a small set of banks were being extremely aggressive with their bids, showing a willingness to pay and very high interest rates that would then be passed on to final borrowers.

Since 2017, including during the period involving We-Fi funding, resources were on-lent by the government at the banking system average weighted six-month deposit rate. Ten participating banks, representing 80% of the Sri Lankan banking sector joined the project. The incentive for the banks was to have access to long-term financing (10 years) which is in limited supply in the country. Resources were made in semi-annual tranches and banks had to meet minimum levels with respect to three indicators linked to unserved SME segments: First time borrowers, women led SMEs and borrowers outside the capital city of Colombo.

The initial target for WSMEs was 5% of the total number of loans funded by the ADB credit line; the banks that did not reach that target would not be eligible for subsequent rounds of funding. This target was progressively increased to 20% as banks enhanced their focus on this segment. In 2018, ADB approved additional funding of \$75M, which was blended with a \$9.5M grant from We-Fi to fund up to 35% of sub-loan principal for WSMEs, broken down as follows: 20% for eligible WSMEs, an additional 5% for WSMEs in underserved regions of the country and an additional 10% for those completing business capacity training delivered using We-Fi resources. Additionally, We-Fi resources funded gender gap analyses in the participating banks as part of the process of strengthening these institutions' capabilities to serve WSMEs.

As of 30 September 2020, all ADB resources from the first \$100 million loan and the second \$75 million We-Fi related loan have been allocated to banks and on-lent to SMEs. Twenty-seven percent of the sub-loans funded by the original \$100M ADB project (pre-We-Fi) went to WSMEs. This number increased to 48% for the second ADB project with We-Fi blending. \$6.5M of the We-Fi resources had been disbursed as matching grants linked to that loan. The remaining We-Fi grant of \$2.95 million will be blended with a portion (\$45 million) of a new additional loan (\$165 million) approved by the ADB in November 2020. ADB requested the We-Fi governing council in November 2020 to lower the amount of the matching grant to 10% of the sub-loan reflecting the success of the program.



Baseline: ADB had already been working with local banks in reaching out to underserved SMEs, including women-led SMEs. However, no systematic measurement of gender differentiated SME loans was in place.

Additionality: We-Fi funding had several positive impacts. From the supply side, the matching grant effectively reduced the loan-to-value ratio thus allowing banks to reach potentially riskier SMEs and decrease their reliance on physical collateral as a requirement for loans. Furthermore, loan officers indicated that the availability of the matching grant facilitated the process of engaging new customers and ultimately made it easier to close transactions. From the demand side, the grant served as an additional incentive for women who may be reticent to borrow from regulated banks to do so and avoid informal lenders that may charge higher interest rates.

Impact: Banks covering most of the financial sector of the country are progressively increasing their WSME portfolio. The availability of matching grants could be critical to attract new borrowers (about 35% of the 647 WSMEs that have received loans under the project.)

Sustainability & efficiency: The decrease in the level of matching grant implemented in the last phase of the project is a positive indicator of sustainability. However, it is difficult at this point to assess the impact that an eventual completion of the ADB project, with its long-term line of credit, may have in the behavior of banks. The original project focused on different types of underserved SMEs and the increasing focus by the banks on WSMEs, well above what is required for continued participation in the project, is also a positive indicator. The current leverage ratio is 2.6x. This modest efficiency results from the combination of the level of matching grants plus the costs of the technical assistance provided.

IFC's Nations Trust Bank (NTB): Providing payments for results to financial institutions in Sri Lanka

 We-Fi funds Committed: \$150,000	 Mobilization \$9.26M	 WSME financing Target: \$9.26M Result: \$7.78M	 Beneficiaries Target: 618 Result: 590	 Cost per WSME Target: \$242 Status: \$254
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Results-based payments to provide incentives to financial institutions to achieve WSME targets is being used by IFC in its NTB investment.

IFC provided a \$50M credit line to NTB to be on lent to local SMEs. As part of the covenant of the loan, NTB committed to use 25% of the IFC loan proceeds to lend to WSMEs. During the five years of the IFC loan, NTB is eligible for yearly performance payments of \$30,000 provided as interest rebates if the total WSME portfolio grows at pre-agreed milestones (moving from \$8M to \$21M over the life of the project). This implies a payment of \$150,000 for a carve out of \$12.5M of the total credit line.

While this project is still in early stages and difficult to assess its success, the relatively small size of the incentive payment with respect to the overall size of the IP credit line suggests a high leverage potential.

Baseline: IFC has been engaged in supporting WSMEs in Sri Lanka for the past few years, including through the SheWorks partnership supported by the Government of Australia. IFC has been supporting NTB for several years, with focus on SME lending including WSMEs. As part of this relationship, NTB was already tracking its

portfolio of WSMEs, which facilitated establishing an initial baseline on which to define “reachable but challenging” growth target as milestones for the incentive payments.

Additionality: NTB officers feel that the payment provides an additional incentive to reach out to WSMEs. Its importance is based on a relatively small financial reward, which is nonetheless important for the SME business unit (i.e. it is perceived to be pure profit) and an important non-financial value reflected in the public recognition that a payment from a major multi-lateral lender represents. The leverage of We-Fi resources should not be calculated using the full amount of the IFC line or even the 25% going to WSMEs but using the increased rate of growth of the NTB WSME portfolio enabled by the We-Fi resources. From the IP’s perspective, IFC would not have been able to provide grant funding to finance the incentive payment in the absence of We-Fi funding.

Impact: This project is still in an early stage of implementation to assess its impact on beneficiaries. However, one of the potential channels of impact, the continued focus of a financial institution in the WSME segment, suggests the potential for strong impact.

Sustainability & efficiency: A challenge to achieve sustainability in blended finance involving credit lines is to ensure that the financial intermediary embeds into its business practices the activity that funding is promoting. In this case, the use of incentives payments has the potential to strengthen the intermediaries’ commitment to the WSMEs segment and for NTB to build the necessary infrastructure and product offering to support this segment. From an efficiency perspective, incentive payments can provide substantial leverage (61x in this case) provided that a strong baseline on which to build “achievable but challenging” targets.

IDB & Elcatex: Using non-financial institutions as intermediaries and providing payment for results



We-Fi has deployed its resources in support of performance-based payments to incentivize larger enterprises to include WSME in their supply chains. Such approach combines:

- The use of payment for results, which more directly aligns the intervention with the achievement of impacts
- The insertion of WSMEs into a company's supply chain which may be a more sustainable, longer-term relationship than what could have been created between, for example, a WSME and a bank that is financing it.

Two IPs, the Inter-American Development (IDB) Group and the European Bank for Reconstruction and Development (EBRD), received We-Fi resources from its third round of funding to design payment for results intervention of this nature.

IDB, through IDB Invest, provided a \$96M loan to Grupo Elcatex, a Honduran textile company with focus on export markets, to expand its operations. As part of this transaction, Elcatex can receive an annual interest rate rebate during the six years of the loan when it reaches agreed targets on the number of WSMEs in its supply chain and the volume of purchases made from them.

IDB Invest is also using We-Fi resources to provide technical support to Elcatex's procurement teams to assist them in identifying and nurturing relationships with WSMEs and to identified WSMEs to meet the business standards required to conduct business with a large export-oriented company. The IADB is currently carrying out a baseline and market analysis to identify 'ambitious but achievable' targets.

The size of the incentive payment is relatively small, \$210,000 during the life of the loan. However, Elcatex considers this valuable for several reasons:

- Covers part of the costs incurred in assessing new WSMEs that ultimately contribute to diversify its supplier base
- Enhances alignment with corporate social responsibility objectives of the company
- Provides a strong reputational seal of approval' from an important multi-lateral development bank which contributes to strengthen Elcatex's brand among its international clients

The EBRD is currently carrying out the detailed design of the 'Fostering Gender Intelligent Supply Chains' component of its Stepping Up for Women Program in Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. This program will provide loans to local and regional aggregators, linking more favorable loan conditions or incentive payments to the aggregator's ability to achieve pre-agreed milestones related to making quantifiable improvements in the gender inclusivity of their supply chains.

Baseline: Limited or no explicit effort to actively target and incorporate WSMEs into its supply chains, one of the largest textile companies in Honduras. IDB's ongoing technical assistance is contributing to address this gap.

Additionality: We-Fi resources provides financial incentives to Elcatex to meet agreed targets of inclusion of WSMEs into its supply chain. Additionally, We-Fi resources provide technical assistance both to Elcatex and to its target WSME suppliers.

Impact: This approach is still in an early phase of implementation. Therefore, it is still not possible to assess its impact. However, providing WSMEs with a potential stable client may go one step beyond that of providing finance, the most typical impact channel of other blended finance instruments.

Sustainability & efficiency: The relatively small amount of the incentive compared to the size of the loan could suggest that these payments are not necessary. For example, the IP could have made the gender targets a requirement to access the loan. However, by actively engaging the client in analyzing the WSME potential supplier base and making payments dependent on yearly targets, a more sustainable relationship with WSMEs can be established while providing the right incentives for the large company to embed gender parameters into its business decisions. The structure of the payments can provide a very high level of return on We-Fi's investment.

Addressing early stage finance constraints of WSME: IDB's Women Entrepreneurs Aspire, Activate and Accelerate - We3A



We-Fi funds
Allocation: \$14.7M
Committed: \$6.7M



Mobilization
Target: \$25.3M



WSME financing
–



Beneficiaries
Target: 4,866
Status: –



Cost per WSME
Target: \$14,175

The IDB's We3A program will focus on supporting early stage equity financing for WSME entrepreneurial initiatives with high growth potential, with a particular focus on Science, Technology, Engineering and Mathematics (STEM) related initiatives. This program, executed by IDB Lab, IDB's innovation lab, builds upon almost a decade of work providing technical assistance and early stage funding to businesses in Latin America. While this program is still under development, its role in addressing early stage financing constraints and its focus on IDA countries is of particular importance.

We-Fi's funding is expected to accelerate their involvement with WSMEs, with 50% of funding going to three IDA countries (Honduras, Guyana, and Nicaragua). Blended finance will be deployed to support the two earlier stages of financing for WSMEs in their initial stages of development: seed funding provided as non-equity financing (grants or contingent grants to be repaid if the WSMEs reaches an agreed performance milestone) and early stage equity resources (so-called Series A and B financing).

Baseline: The IDB Lab has carried out substantial work identifying the constraints to early stage financing in the region and the analytical work summarized in its funding proposal to We-Fi provides a strong argument for the proposed intervention.

Additionality: The ability of IPs to provide early stage financing is limited by the very high risk that these types of investments imply, with a high number of failures for each successful case. The role of donors such as We-Fi to share this type of risk is critical.

Impact: Impact in early stage financing such as the one We3A will deploy has two dimensions: the direct creation of new business and the creation of new markets to attract investors to high potential WSMEs.

Sustainability & efficiency: Sustainability of this program will be achieved only if it generates a demonstration effect that continues to attract early stage financing (e.g. angel investors, seed funding, venture capitalists) to WSMEs, particularly in IDA countries. This will also require a strong risk appetite by donors, including We-Fi, given the high risk inherent to early stage financing.

Deep dive 2: Supporting WSMEs in fragile environments

Rationale

The World Bank Group estimates that by 2030, up to two-thirds of the world's extreme poor will live in countries characterized by fragility, conflict, and violence (FCV), compared to 10% today.²⁷ In fragile environments, private firms can provide the jobs and services needed to increase income levels and meet societal needs. They can contribute to trust and stability by building functioning markets and trading relationships that are inclusive of different groups in society, sustainable, and operate with integrity. In addition, firms often contribute directly to local social programs, and work with governments to enhance the investment climate. In FCV countries, the responsibility for job creation (in the private sector) often fall on the shoulders of entrepreneurs of small- and medium-sized enterprises (formal and informal).

Ensuring that women are included in employment generation is critical in conflict and post-conflict situations. Women play a critical role in maintaining social cohesion in conflict situations, and greater gender equality improves development and stability post-conflict.²⁸ Female-headed households often increase by the numbers during conflict, and are more likely to suffer from extreme poverty due to lack of resources typically tied to men such as land and informal networks. Hence, more women may also have to take part in economic activities to provide for their household.

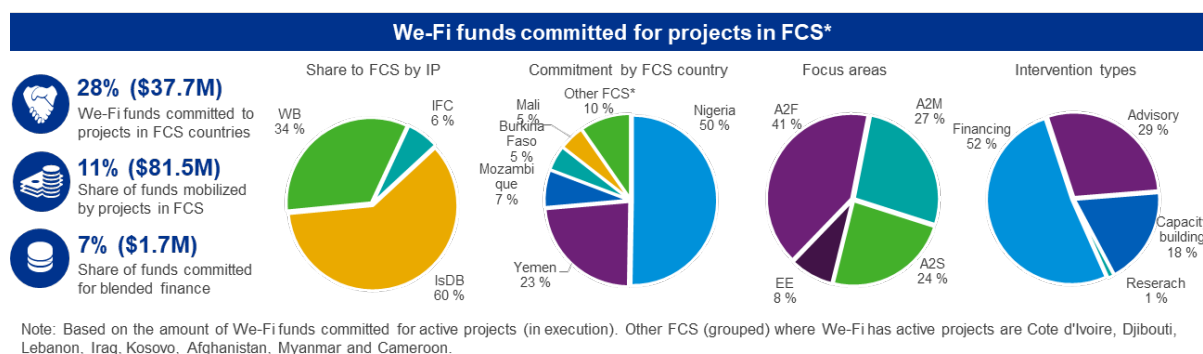
To this end, We-Fi has a strategic target of allocating at least 50% of funds to IDA and/or FCV countries.²⁹

Approach and data

The focus of this deep dive is to distill lessons learned by We-Fi implementing partners with respect to what is possible and what must be done differently to support WSMEs in fragile contexts. The evidence is based on written questionnaire responses from all implementing partners, a survey of implementing partner project managers and clients (intermediary project counterparts) and interviews with the project teams for the case studies included in this deep dive, as well as partners and beneficiaries in one of these case studies.

Four case studies were selected for this deep dive based on discussions with the implementing partners and the We-Fi secretariat. The selected projects are implemented in Afghanistan (WB), Mozambique (WB), Myanmar (IFC) and Yemen (IsDB) and provide a broad view of We-Fi interventions in ranging from advisory work, a grant-matching and capacity building scheme to performance-based incentives. In addition, a few examples from Nigeria were included as 50% of current committed funds for fragile environments is in Nigeria and both the WBG and IsDB have projects in the country with different approaches.

We-Fi's work in fragile contexts



²⁷ World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025

²⁸ IFC (2019). Creating Private Investment in Fragile and Conflict-Affected Areas

²⁹ FCS eligibility is defined by the World Bank's Harmonized List of Fragile Situations which is updated annually. We-Fi considers eligibility at the time of the funding allocation to the IP, and eligible countries will be counted as FCS for the entire program implementation period, also in instances when a country is taken off the official list during this time.

We-Fi's work in fragile and conflict affected situations currently constitutes 28% of the committed funds in the portfolio targeting 13 FCS countries.³⁰ IsDB makes up 60% of the FCS portfolio measured by funds committed, with active projects in Yemen and Nigeria for their BRAVE Women program (Burkina Faso is in project development stage and is not included in these figures). World Bank and IFC account for 34% and 6% of funds committed for FCS respectively, working in 12 different FCS ranging from Nigeria, Mozambique and Myanmar to Iraq and Afghanistan. EBRD and IDB do not have any projects in fragile and conflict affected situations. ADB has one planned project in Papua New Guinea. This is main because they are regional focused development banks with limited FCS classified countries within their geographic scope. It is expected that the portion of projects in fragile and conflict affected situations will increase once AfDB starts implementing projects although at the time of this review, AfDB could not confirm the pipeline for the US\$62M (20% of total) We-Fi allocation, of which 38% was indicated for FCS in the original proposal.

Compared to the overall portfolio, there is a little less focus on improving access to finance (41% versus 53%) and a little more on improving access to markets (27% versus 20%) and access to skills (24% versus 20%).

In terms of interventions, financing (investments, loans and grants) comprise 52% of the FCS portfolio and thus represent a larger share in FCS than in the overall portfolio (43%). This is largely driven by IsDB's grant scheme and a few IFC investment projects. Otherwise the current FCS portfolio more or less reflect the overall We-Fi portfolio in terms of types of interventions: advisory assistance (30%) and capacity building (18%), while research and impact evaluations is 1%.

Only 7% of We-Fi funds committed for blended finance interventions are in FCS countries (and these are Côte d'Ivoire, Kosovo, Myanmar and Nigeria). 11% of additional funds mobilized by We-Fi are mobilized from projects in FCS. This is consistent with the literature that finds that blended finance transactions are generally fewer and smaller in fragile environment and that blended finance tend to correlate with income levels of countries.

Key findings

Finding 1: Each fragile and conflict situation is unique – and fragility is best expressed as a continuum rather than as an either-or situation. For instance, the World Bank Country Policy and Institutional Assessment (CPIA)³¹, Doing Business³² and conflict intensity³³ scores for the sample case countries varies, implying that working on WSME issues in Mozambique may be very different from working in Yemen due to different enabling environments, market maturity and fragility. See table below with fragility and Doing Business ratings. This is also reflected in how the project concepts for the four cases studies in this deep dive have been designed. For instance, how the banks are engaged in the We-Fi fragile environment projects vary from project to project. In Yemen, banks act more as grant administrators whereas in Myanmar and Afghanistan, mobilizing bank lending for WSMEs is at the core of the projects.

³⁰ This is only the portion in FCS. The combined commitment for IDA and FCS currently 67% of committed funds.

³¹ Country Policy and Institutional Assessment (CPIA) rates countries annually against a set of 16 criteria grouped in four clusters: (i) economic management; (ii) structural policies; (iii) policies for social inclusion and equity; and (iv) public sector management and institutions. The criteria are focused on balancing the capture of the key factors that foster growth and poverty reduction. The rating scale is from 1 to six (six the best).

³² Doing Business, a World Bank Group flagship publication, is a series of annual studies measuring the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.

³³ Countries in conflict are identified based on the number of conflict deaths in absolute terms and relative to their population.

Fragility and Doing Business Rankings	Afghanistan	Myanmar	Mozambique	Nigeria	Yemen
World Bank FCS category (2021)	High-intensity conflict	Medium-intensity conflict	Medium-intensity conflict	Medium-intensity conflict	Medium-intensity conflict
Harmonized CPIA average (2019)	2.73	3.15	3.16	3.2	2.11
Financial sector rating	2	3	3	2.5	1.5
Gender equality rating	1.5	3	3.5	3.0	1.5
Business environment rating	2	2.5	3.5	3.5	2
World Bank Doing Business (2020)	173	165	138	131	187
Getting credit ranking	104	181	165	15	186

Note: CPIA rating is from 1 (lowest) to 6 (highest) while Doing Business ranking is out of 190 countries.

Finding 2: The implementing partners are struggling to identify sufficient numbers of WSMEs in fragile environments and focus is often on the small enterprises. The number of WSMEs in fragile environments is limited and most are small by size. For instance, in Afghanistan, a country with a population of 35 million, IFC reports that there are 75,864 MSMEs of which a meagre 1,192 are women-owned – and the majority of those are micro enterprises. IsDB is reporting similar issues in Yemen (although figures are high in official statistics) and the World Bank in Mozambique. Although the WSME definition of We-Fi is quite flexible and allows implementing partners reach Very Small Enterprises as well, the implementing partners working in fragile environments advocates that to successfully work in such environments, approaches need to be grounded in local contexts in order to reached desired number of beneficiaries.

Finding 3: Limited availability of data on WSME is an even greater issue in fragile environments and data gathering and research is built into many of the projects in this case study. Implementing partners report that limited data on WSMEs exists in fragile environments. Hence the MDBs' focus on embedding research and building information on WSMEs in the case projects in Afghanistan and Mozambique. IFC is reporting that banks are struggling to understand and meet needs and demand of SMEs in general and struggle even more to meet the needs of WSMEs as it's a sub-segment of the SME market. In Afghanistan, the approach to identify and reach WSMEs includes identifying the needs and building the service offerings to attract women retail customers who might also be business owners. IsDB reports that reality on the ground is often very different from official statistics.

Finding 4: Protecting existing jobs and WSMEs might take precedence over growing businesses in deteriorating situations. At the outset, IsDB's We-Fi program in Yemen is a gender-reoriented replica of an earlier resilience program designed when the war broke out to help SMEs sustain or rebuild their operations. While the current program is tailored for WSMEs, and while beneficiaries report growing their businesses both in terms of profit and employees, program design remains focused on business continuance. While the argument can be made that the line between a sustained and a new job in a high-intensity conflict situation is blurred and one of the same, We-Fi's emphasis on helping SMEs grow appear less immediate in some fragile markets.

Finding 5: Starting with the basics, low hanging entry points. Underlying constraints (contextual factors, endowments and household level constraints)³⁴ are often amplified in fragile and deteriorating environments and the needs are often across the ecosystem (access to finance, markets, skills and enabling environment). Implementing partners report that in fragile settings, even established WSMEs usually lack the minimum business knowledge/ skills, in addition to struggling from absence of financial support being part of the “missing middle” (too big for micro-financing while too little for well-structured corporate financing) as well as limited market access.

In the cases for this deep dive, the implementing partners appear to approach fragile markets with 'softer' interventions i.e. there is a need to set up the basics. IFC's work in Afghanistan is a good example, starting with research to define the banking opportunity for WSME while working with a longer-term goal of investing in the partner bank. Similarly, IsDB is deploying a grant-matching scheme in cooperation with local banks as grant managers as a first step to unlock the banks' appetite for approaching the WSME segment, with the hope of increased lending to WSMEs in the future. IFC cautions that the Myanmar example is not a tale of heading straight into high-leverage investments. The current high-leveraged performance incentive work with Yoma Bank is building on many years of intensive advisory and relationship building with this bank, alongside a period with positive market developments. Furthermore, implementing partners working in

³⁴ World Bank Group (2019). *Profiting from Parity: Unlocking the Potential of Women's Business in Africa*. <https://openknowledge.worldbank.org/handle/10986/31421>

fragile environments emphasize the need to test new approaches to support WSMEs such as in the case of Mozambique, where We-Fi funding enables the World Bank to pilot new interventions with the intention of scaling to its wider portfolio.

Finding 6: Sustainability at risk in fragile environments. Long-term sustainability of We-Fi interventions are ultimately linked to the countries emerging from fragility and conflict. It is too early to determine whether the results will be sustained in our four case studies as they are still under development (three in early stage). However, holistic approaches that build the skills and capacity of WSMEs and local partners may enhance sustainability in these settings, compared to only providing financing. In deteriorating situations resilience and sustaining businesses and jobs through crises might be at odds with what is perceived to be more sustainable in the future. As members of the Governing Committee put it – 'just being able to do anything for WSMEs in countries such as Yemen and Afghanistan is an accomplishment' and might pave the ways for future interventions.

Key takeaways going forward

Takeaway 1: Fragile, especially deteriorating contexts requires larger amounts of donor funding to reach WSMEs. Implementing partners are not able to mobilize as much financing in fragile environments as in non-fragile contexts or higher income environments. Banks are reluctant to lend as the number of bankable WSMEs appears insufficient and implementing partners are not inclined to deploy high-leverage instruments due to risk absorption capacity and markets constraints. The early lessons show work in fragile contexts requires larger amounts of donor funding given the need for technical assistance to banks/ other intermediaries that have low capacity to serve women, training programs for WSMEs, and potentially for more subsidized financing such as grants.

Takeaway 2: Implementing partners often start out working on the basics, foundational work with less sophisticated approaches although the needs are often comprehensive across the whole ecosystem. After the basic work is done more complex initiatives can be developed (ex. Myanmar and Nigeria). Implementing partners also emphasize the need to test new approaches to support WSMEs such as in the case of Mozambique.

Takeaway 3: In some situations, resilience and protecting existing jobs and WSMEs take precedence over growing businesses. The resilience program in Yemen is a good example of this. This also includes situations of external shocks such as the Covid-19 pandemic. The World Bank's training program in Mozambique is an example of a program that adapted its focus to increase the importance of business resilience and survival in response to Covid-19. A need to change focus due to Covid-19 is reported by other IPs. It should be noted though that the current results framework of We-Fi is not capturing WSME resilience and job protection.

Case studies

Afghanistan: Ghazanfar Bank, IFC				
 We-Fi funds Committed: \$125,000	 Mobilization \$75,000	 WSME financing Target: \$7.8M Status: –	 Beneficiaries Target: 154 Status: –	 Cost per WSME Target: \$812 Status: –
<p>IFC is deploying We-Fi funds in an advisory project with Ghazanfar Bank to support the bank in developing its WSME portfolio. The partner bank is covering \$75,000 of the cost of the advisory program, an important commitment demonstration of the bank. Due to the level of development of the local banking system and limited information to articulate the banking opportunity for WSMEs, IFC's approach starts out with market research that is expected to also benefit other banks' interested in this segment. Based on the specific needs of WSMEs identified in the research, IFC will develop a full value-proposition for the bank, including targeted products, services and marketing. Recognizing that women retail bank customers might also be business owners and that this relationship might be an easier entry point for a partner bank that does not have a functional SME unit to build on from before, the value proposition will look at the full specter of women bank customers.</p> <p>While IFC's approach in this case is a result of the market situation and partner capacity, it also reflects a general approach for fragile environments: Although the IFC's intention might be to invest in the bank in the longer-term, preparatory interventions to build the relationship, capacity of the partner and open up the market are needed to unlock the investment potential. We-Fi is seen as a valuable funding source and enabler in this respect.</p>				

Mozambique: Increasing WSMEs' access to markets and finance, World Bank



We-Fi funds
Committed: \$1.9M



Mobilization
Target: \$50M



WSME financing
Target: \$18M



Beneficiaries
Target: 1,350
Status: 352



Cost per WSME
Target: \$1,407
Status: \$5,398

In Mozambique, We-Fi is funding a comprehensive project combining advisory, capacity building and research activities to improve WSME's access to market and finance to support WSME market linkages to the most productive sectors in the economy, and to pilot gender-centric design interventions for a broader set of sectors. The project is leveraging other WBG projects in the country, and aims to bring forward new approaches to supporting women entrepreneurs that can inform larger-scale programs by the government and other partners.

We-Fi funding allows the World Bank to take an explorative approach and test the findings of recent research³⁵ in practice (and inform further research). This includes working with a team of psychologists to develop social gender role trainings to support women overcome internalized gender-related norms, and piloting movable-collateral lending products. The World Bank reports that this is something that is rarely possible to do in client executed programs, and that the We-Fi funding is unique in this regard.

While the approach in this case is not fragility specific in itself, the Mozambique context reflects the continuum of fragility and conflict affected situation. Due to the multitude of constraints facing WSMEs, the World Bank team is advocating for holistic approaches to supporting WSMEs, spanning access to finance and markets, skills development, regulatory reforms and activities to overcome internalized gender-related norms stifling women's growth enterprise development

Myanmar: Yoma bank, IFC



We-Fi funds
Planned: \$119,000



Mobilization
Target: \$60M
Status: –



WSME financing
Target: \$345M
Status: –



Beneficiaries
Target: 37,027
Status: –



Cost per WSME
Target: \$3
Status: –

We-Fi funding is used to finance a performance-based incentive on top of a risk-sharing facility to Yoma Bank to expand the bank's WSME lending and develop its technical capabilities to track its portfolio. The risk-sharing facility is first of its kind in Myanmar and will introduce a new financing structure for the underserved SME segment in the country. The We-Fi funded performance-based incentive will be paid to the bank specifically for the achievement of agreed stretch-targets related to the WSMEs in Yoma's loan portfolio.

While classified as a fragile and conflict affected country, Myanmar (one of the fastest growing economies in East Asia) is arguably a more investment friendly environment than countries with ongoing violent conflict such as Afghanistan or Yemen. Still, the IFC cautions that the current high-leverage investment work builds on many years of advisory work to build the relationship and unlock the investment potential. IFC is also an equity investor in Yoma Bank. The project was put on hold due to the Covid-19 pandemic, and with the ongoing military coup the implementation might face additional delays and uncertainty, underlining how sharp turns of events amplifies the risk of investments in fragile environments (The mid-term review team was not able to confirm the investment decision of the IFC team at the time of writing this report).

Yemen: BRAVE Women, Islamic Development Bank



We-Fi funds
Committed: \$8.8M
Disbursed: \$7.3M



Mobilization
Target: \$18.3M
Status: \$3.8M



WSME financing
Target: \$6M
Status: \$3.5M



Beneficiaries
Target: 500
Status: 515



Cost per WSME
Target: \$17,600
Status: \$14,175

IsDB's We-Fi program BRAVE Women in Yemen is implemented in an ongoing conflict where the situation for people and businesses is deteriorating. The program is a replica of a previous business resilience program for SMEs in Yemen, however tailored towards WSMEs. The program deploys a grant-matching approach combined with business continuance training for WSMEs.

We-Fi funding is used to provide grants of minimum \$5,000 and maximum \$15,000 for capital expenditure investments, conditional on completion of the training module as well as the WSME matching their grant with other funding at 1:1 ratio. IsDB is working through a local execution agency (Small and Micro Enterprise Promotion Services) and with three local banks acting as custodian partners processing the grants and procurement of assets for the beneficiaries. While leveraging from the private sector has proven difficult, some of the partner banks provide bridge financing (loans) at reduced interest rates for WSMEs that do not manage to mobilize the 1:1 matching grant requirement. The banks further reported having broadened their WSME customer base and anticipate increasing lending to this segment in the future. A sample of beneficiaries

³⁵ Ibid.

testified that they had been able to sustain and grow their businesses due to the program, hiring between 5-12 new employees and increasing profits by 50-90%.

While capacity is built within the local implementing partner (Small and Micro Enterprise Promotion Service, a subsidiary of the Social Fund for Development – SMEPS) and there is government interest in scaling up the program at national level, the continuance and sustainability of the support arrangement put in place is at risk when the We-Fi funds are exhausted as the program is subsidy intensive.

IsDB is implementing the BRAVE Women sequentially in Nigeria and Burkina Faso (originally Mali), replicating the approach but learning from the Yemen project. In terms of replicability though, there might be a case for a different approach to increase the level of participation of banks e.g. in Nigeria that has a more developed banking and SME sector. We note however that the project in Yemen invests in skills and technology of the local partner (SMEPS) which are also meant to outlive the life of the program.

Nigeria: Overview of We-Fi projects

IsDB, IFC and World Bank (and AfDB is planning) are implementing We-Fi projects in Nigeria, each deploying different approaches ranging from more traditional grant based approaches to more novel approaches, including performance-based incentives and development of new loan products. Although Nigeria is a fragile and conflict affected country, it has more developed banking and SME sector compared to many other FCS enable IPs to think more creatively about creating lasting market change.

IsDB is currently starting the implementation of its BRAVE Women program (round I) in Nigeria (using \$14.2M We-Fi funds), partnering with the Bank of Industry of Nigeria. The project is taking the same approach as in Yemen and will provide business training and grant-matching to WSMEs in selected fragile and conflict-affected regions. In addition, IsDB is planning to engage lead firms to encourage inclusion of more WSMEs in their value chains. IsDB's EWASME program approved in the third We-Fi round will also be implemented in Nigeria with more or less the same approach but focus on WSMEs in the rice-value chain specifically.

IFC has several projects underway in Nigeria as part of WBG's round I program. For instance, IFC is using \$285,000 of We-Fi funds to finance a performance-based incentive on top of a risk-sharing facility from IFC to incentivize scaling up the bank's on-lending to WSMEs. IFC is also working on a \$132,500 advisory project with First City Monument Bank Limited (FCMB) to help the SheVentures Initiative to better be able to identify WSMEs, roll out a customer value proposition tailored to WSMEs, train bank staff on Gender Intelligence Training with the aim of increasing WS-ME loans. The second phase of the project will work to develop a supply chain finance product and a distributor finance product, as well as developing a credit risk framework for these products. IFC and We-Fi are further co-investing equity in TradeDepot, a digital retail distribution platform connecting informal (micro and small-scale) retailers with brands/manufacturers in Nigeria. IFC and We-Fi equity investment. Lastly, We-Fi is funding (\$90,000) a research partnership between IFC and Daraju, a fast-moving consumer goods company to study the role of female distributors in the company's distribution network and to understand how incorporating women into corporate supply chains can contribute to business results, strengthen the business capacity of female distributors, and support their sales growth.

WB is implementing a \$2.8M We-Fi funded advisory program partnering with the Development Bank of Nigeria and Access Bank to develop new products to unlock commercial finance for WSMEs. The project conducted an initial diagnostic via survey and interviews to map WSME and customer experiences and based on the results designed and tested a novel credit product for women entrepreneurs to reduce their collateral requirements. The Digital Cash Flow Loans were launched as a pilot in June 2020 and so far has led to 1,300 loan applications from women of which about a quarter has been disbursed.

Deep dive 3: Sex-disaggregated data

Rationale

Sex-disaggregated data is an important means of ensuring that women are not left behind in accessing the support needed to grow as an SME. In this deep dive, we take a closer look at We-Fi's work on sex-disaggregated data related to financial services.

There is an increasing recognition that a lack of sex-disaggregated data in the financial sector is a significant bottleneck for improving women's economic empowerment. Not only are details on women's entrepreneurship and business outcomes poorly documented, but additional material details relating to WSMEs are also inadequate, such as the various cultural factors, norms, and constraints that women face globally.³⁶

This has severe consequences for women entrepreneurs, as data gaps hinder financial institutions from understanding the performance of their female business clients and how they access and use financial services. Such data gaps also limit the MDBs and Development Finance Institutions' (DFIs) ability to design impactful programs and targeted approaches that support the needs of women entrepreneurs. In addition to reducing commercial banks' capacity to develop tailored products that target women, since they lack a data-driven understanding of the behaviors and performances of women clients in their portfolio. Finally, the absence of robust sex-disaggregated data also contributes to a lack of evidence-based policies to inform decision-making and to develop gender-sensitive interventions.

Despite an acceptance of the importance of collecting sex-disaggregated data among several key stakeholders supporting the growth of WSMEs, their existence, and dissemination is relatively low in both developed and developing countries. Furthermore, in developing countries, there are added challenges relating to poor quality data, resulting in a limited ability to compare outcomes related to female entrepreneurship across contexts.

The ongoing COVID-19 pandemic has revealed an urgency to accelerate the systematic collection and analysis of sex-disaggregated data. Although most governments and private sector actors are not in the habit of collecting sex-disaggregated data on financing for SMEs, several studies show that during the pandemic it has been difficult to track and understand gender outcomes and design programs for COVID-19 relief that address women's needs equitably.

In this deep dive, we look closer at how sex-disaggregated data may improve financial institutions' services and products for women entrepreneurs in developing countries at three levels. First, we explore data at the **We-Fi program level through the M&E framework**. Next, we investigate how We-Fi funded projects are addressing sex-disaggregated data as a means **of increasing market insights**, and finally we look into how We-Fi and IPs are using **data as a systemic issue**.

Approach and data

In addition to existing documents and reports from the We-Fi's projects, inputs for this deep dive were collected on implementing partners' (IPs) perceptions of progress and lessons learned to date. In total 70 respondents from more than 27 countries completed the survey, of which 28 were IP staff and 40 partners. The overall response rate was about 35-40%.³⁷ In-depth interviews with 11 key informants from the IFC, EBRD and IDB were also conducted as part of this work.

There were two case studies selected for further examination from the We-Fi portfolio. Selection was based on discussions with the IPs. Selected projects are implemented in Uzbekistan, Tajikistan and Mongolia (EBRD), Honduras, and El Salvador (IDB). The data deriving from these case studies provided important insights for the deep dive.

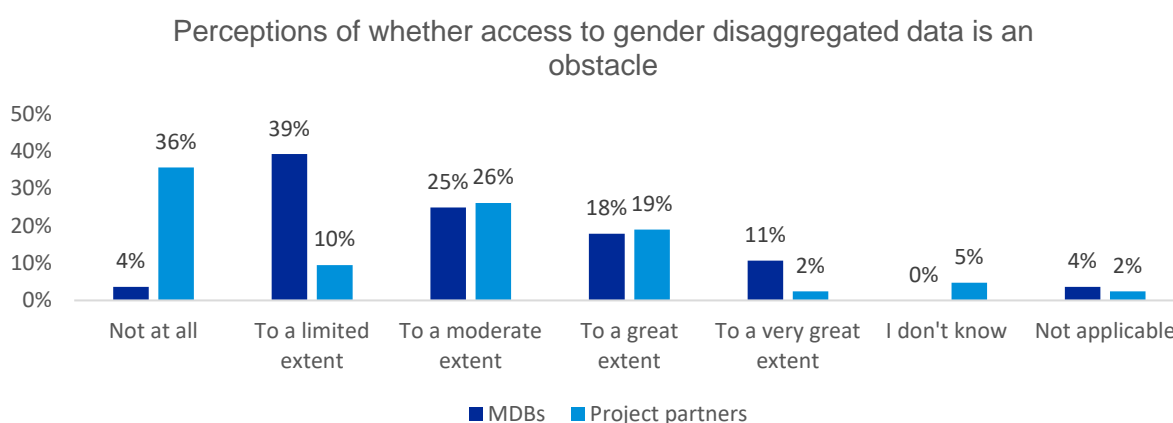
³⁶ Mapping Gender Data Gaps https://data2x.org/wp-content/uploads/2020/03/MappingGenderDataGaps_Economic.pdf

³⁷ The exact response rate could not be determined as some IP project managers preferred to share the survey by link with some of their counterparts due to confidentiality considerations. Among the 140 invitations distributed by KPMG 52 responses were received, implying a response rate of 37%. 18 additional responses were received from invitations share by the IPs.

Data as part of We-Fi project-level M&E

The nature of many of the We-Fi funded projects helps build data methods and systems with the implementing partners. We-Fi's theory of change assumes that a more robust collection of sex-disaggregated data will translate into an increased awareness of WSME needs, foster the ability to design tailored services, and replicate successful interventions for FIs in the public and private sector. There is also an emphasis of increased use of data-driven policies for female entrepreneurs.

The survey that was conducted as part of this mid-term review, included a question relating to whether access to gender disaggregated data was perceived as an obstacle for the design and implementation of a We-Fi funded project. 54% of MDBs and 47% of partners cite data as a problem to a moderate, great or very great extent (See bar graph below). We-Fi funded programs are each uniquely designed taking into account the context and need. Therefore, certain programs (like advisory and training projects) may not need to collect sex-disaggregated data when only women participants are included.



Improvement of sex-disaggregated data is embedded in We-Fi's theory of change (ToC), under the 'Entrepreneurial ecosystem and enabling environment' pillar of support. The focus is based on the assumption that improved WSME data will provide a stronger evidence-base of WSMEs' needs and constraints in terms of accessing and utilizing finance.

A means for We-Fi to improve data collection processes and impact of sex-disaggregated data also relates to the development of indicators in We-Fi's result framework, mainly indicator 9 (supported institutions that put in place system for capturing and reporting WSME data). We-Fi's current target is that 64 institutions will start reporting sex-disaggregated data. To date, three partner institutions have started to report on the data and hence We-Fi has reached 5% of the goal.

We-Fi funded projects addressing sex-disaggregated data

Another aim relevant to this deep dive, is that the Financial Institutions and the implementing partners use the data to design and deploy gender-friendly products and services.

We-Fi has allocated funding for seven projects and programs that include work and activity in addressing sex-disaggregated data, as shown in the table below. In this regard, the IPs address data at two levels. The first level is **market research data**, consisting of projects aimed at increasing IPs knowledge of WSMEs needs. The other level is **data as a systemic issue**, which consists of projects focusing on developing data systems and practices for collecting systemic data vs project monitoring and evaluation (M&E) data. This may include IPs working with regulators to develop data systems for the entire country versus individual banks that receive We-Fi support. This category could also be comprised of data-focused initiatives to address the data gaps at a broader level.

The table below shows the portfolio of We-Fi-funded programs which address the issue of sex-disaggregated data. In sum, through these interventions, We-Fi aims to contribute to the more systemic usage of sex-disaggregated data in the entrepreneurship ecosystem at large.

IP	Program/ project	Countries	Description
WB	World Bank WeData project	Global	The WeData project has worked with business registrars worldwide to develop a new approach to measure entrepreneurial activity that covers female business ownership and directorship. In FY20, the project published sex-disaggregated data on female and male entrepreneurship for the first time. Of the 155 economies participating in the project, 73 economies provided sex-disaggregated data on female and male entrepreneurship, with 3 indicators: 1) the share of business owner, 2) the share of female business directors, and 3) the share of female sole proprietors.
ADB	ADB WAVES	Vietnam	Improving the availability and quality of sex-disaggregated data on WSMEs is a cross-cutting objective of the We-Fi funded program, Waves. The program is working with financial institutions to improve sex-disaggregated data collection among their clients. This will complement a robust program evaluation that aims to provide insights into the effects of WAVES program on women's economic empowerment, including intra-household decision-making power.
EBRD	Women of the Steppes	Ongoing: Uzbekistan, Tajikistan and Mongolia, Next round: Egypt and Morocco	EBRD has received grants for work on sex-disaggregated data in two rounds of funding and the creation, maintenance, collection, and monitoring of the sex-disaggregated. SME data is the key pillar of the EBRD's policy engagement in Central Asia.
WBG	Enhancing Seed capital, technology and value chain solutions for WSMEs	Sahel and globally and MENA	The project acknowledges that the lack of sex-disaggregated data also decreases the chances to obtain data needed for analyzing their portfolios and set appropriate targets. This project will map out and recommend steps to improve ongoing data reporting (due to, amongst others, the lack of sex-disaggregated data).
IsDB	Empowering West African Women Small and Medium Enterprises in Rice Value Chains	West Africa (Guinea, Niger, Senegal and Sierra Leone)	The project acknowledges that the lack of sex-disaggregated data also decreases the chances to obtain the data needed for analyzing their portfolios and set appropriate targets. The project will map out and recommend steps to improve ongoing data reporting (due to, amongst others, the lack of sex-disaggregated data).
IDB	WeForLac	LAC-region (Honduras, Nicaragua, Guyana, Guatemala, El Salvador, Costa Rica, and Ecuador)	IDB Invest is advising a client in El Salvador in strengthening and disaggregating their "Mujer Acelera" WSME program, which involves a tracking system of SME clients, including WSMEs and WSMEs owned by vulnerable populations, to align with industry-best practices and evaluate their performance. By focusing on this segment, the client is aiming at not only increasing access to finance for WSMEs in El Salvador but improving services for all their SME clients. They have developed a WSME definition tool that helps tracking and reporting the beneficiaries of the different programs.
IFC	Cross-cutting work	Globally	IFC reports that prior to their engagement with most of their clients in We-Fi projects implemented so far, the clients did not have gender-disaggregated their portfolio and did not have a targeted approach for attracting women customers. The engagement with IFC is allowing the clients to view their operations from a gender lens and the IFC team advocates to the insurers the importance of disaggregating their portfolio by gender in order to unlock the women's market opportunity. This exercise is done in the first phase of the engagement when conducting internal data analysis. The project supports the clients in building intelligence on women customer's needs to develop a targeted value proposition (for which gender-disaggregated data are a necessity). As a result of the engagements, the clients are now gender disaggregating their portfolio.

Key findings

We-Fi project level M&E

We-Fi M&E has contributed to increases in the collection, use and impact of sex-disaggregated data among FIs in international development. All We-Fi projects require collection of sex-disaggregated data through the program's results framework, including its TOC and corresponding indicators for reporting on sex-disaggregated data. IPs have set an accumulated target of contributing to 64 partner institutions putting in place a system for capturing and reporting on (sex-disaggregated) data on WSMEs. So far IPs report that 3 partner institutions have put this in place, implying a 5% achievement of the target.

We-Fi's framework has also presented an opportunity for the IPs to think through how to systematically capture results across the institutions. Several IPs have developed guidelines for indicator reporting. For example, IDB highlights that they have found detailed guidelines which establish expectations for project teams at the start of the project cycle. We-Fi's guidelines, establish a naming convention for each indicator that project teams must use when entering data into the project results matrix. Utilizing this naming convention allows the reporting team to easily confirm relevant indicators from the Enterprise Data Warehouse (EDW).

Market research level

Finding: We-Fi funded projects are increasing IP and partners' knowledge of WSMEs needs. Market research is typically conducted at the early stage of project implementation and is contributing to improved market insights for the IP's, in a variety of ways.

Improving the availability and quality of sex-disaggregated data on WSMEs is a cross-cutting objective for some of the IPs, such as the World Bank Groups' programs and ADB's program, Waves. IDB aims to improve their ongoing data reporting, by mapping out steps for ongoing data collection, thereby increasing their access to quality sex-disaggregated data. These efforts have helped them to be better placed to analyze their portfolio and set appropriate targets. On the other hand, for IDB, collecting sex-disaggregated data was an important first step in starting up the WE-Fi funded program, as it was difficult to allocate and thus target WSMEs due to a lack of data on women-led enterprises in the region.

Projects and activities aimed at improving market insights are also contributing to the development of new tools and instruments for analyzing, allocating, and reporting on WSMEs. For example, IDB has developed an instrument to measure implicit biases in financial inclusion, and a tracking system for SME clients that includes vulnerable populations. These tools have been shared with other IP's, whom in turn have expressed interest in their deployment.

Data system level

Improving data for market research does not necessarily address the long-term challenges involved with increasing the availability and quality of sex-disaggregated data. In achieving this goal, improving systems for data collection and usage on a more widespread data use is also salient. Therefore, **We-Fi funded projects are contributing to the development of data systems and practices at a broader level** by contributing to the systemic improvement through the IP's work with clients and regulators.

Several of the IP's are contributing to the increased collection and usage of sex-disaggregated data through their collaboration with banks or other financial institution partners. Through the We-Fi funding, IFC supports clients in building intelligence on women customer's needs, in order to develop a targeted value proposition, for which gender-disaggregated data are a necessity. As a result of the engagements, clients are now disaggregating their portfolio by gender. ADB is currently working with the State Bank of Viet Nam (SBV) to collect sex-disaggregated data from financial institutions in the country, while IDB is providing technical assistance to private sector clients in strengthening and disaggregating their tracking system of SME providers.

We-Fi funded programs have contributed to an increased demand for sex-disaggregated data among financial sector regulators. This is an important finding, as banks do not often track this type of data since it is not required by regulators. Therefore, if regulators require gender data, banks will likely be more inclined to establish and implement procedures for disaggregating their data. For example, EBRD has been successful in reaching an agreement with the Central Bank of Ukraine for a special, dedicated credit line for WSMEs. EBRD is also in the process of reaching an agreement with the Central Bank of the Kyrgyz Republic in partnership with the Alliance for Financial Inclusion. As of the time of writing this report, a work

plan has been signed with the national statistical agency, and a diagnosis of the current situation is planned with the aim of developing a road map on how to collect and report on sex-disaggregated data in the future.

Finally, WE-Fi funded projects are also addressing the data gaps and improving data systems at a broader level. The World Bank's pilot project, WeData has been scaled up because of We-Fi's funding. Furthermore, this We-Fi funded project has contributed to providing sex-disaggregated data on entrepreneurship in 73 economies. In addition, the project has led to 5 companies collecting sex-disaggregated data among women-owned/led SMEs in their value chains. Moreover, the data has been published at the Gender Data Portal of the World Bank. The project also contributed to the establishment of a procurement baseline and targets, disaggregated by IDA/FCS countries.

We-Fi funded programs are contributing to national processes of developing definitions of women-led businesses. Both IDB and EBRD have experienced that the lack of a clear definition of WSME was an obstacle to the early stage of disaggregating data. EBRD, which has worked on this issue for some years in one of the implementing countries, is now in the process of establishing a council for women entrepreneurship with the Parliament. Furthermore, the National Committee of Gender Equality also supports the development of a unified definition of WSMEs. In addition, ADB is contributing to similar processes in Vietnam and Sri Lanka.

We-Fi programs have expanded the supported organizations' work on sex-disaggregated data. This was confirmed in the in-depth interviews as part of the deep dive. We-Fi support has allowed them to grow and expand collecting sex-disaggregated data not only within banking businesses, but also to other types of financial institutions within the FinTech space, where data availability also is an issue.

Key takeaways going forward

Takeaway 1: We-Fi's support has helped improve the availability and quality of sex-disaggregated data in many of the countries where We-Fi projects are deployed. We-Fi's funding towards enhancing the work on sex-disaggregated data should be expanded so that, financial institutions in developing markets who may have limited resources and capacity to adapt data collection systems have the opportunity to access available data. Furthermore, the lack of resources and capacity, and in some cases motivation, among partner institutions are often obstacles for improving and leveraging the work of collecting and using sex-disaggregated data.

Takeaway 2: We-Fi is well-positioned to align and convene the ongoing work on sex-disaggregated data in the global ecosystem. Although other multilateral and global practitioners are working in this space, several stakeholders in the ecosystem, including MDBs, pointed to the unique position of We-Fi in this matter. By working through the MDBs, We-Fi has an opportunity to support the development of a more uniform scorecard on sex-disaggregated data for the MDBs. Furthermore, We-Fi's Governing Committee, consisting of a range of donor governments, has the opportunity to bring efforts and lessons learned in terms of sex-disaggregation of data back to their home countries and inform national policy-making, including within Central Banks and other financial institutions.

Case studies

IDB: WeForLac

IDB Invest is advising a client in El Salvador in strengthening and disaggregating their “Mujer Acelera” WSME program, which involves a tracking system of SME clients, including WSMEs and WSMEs owned by vulnerable populations. This tracking system also aligns with industry-best practices and helps evaluate their performance. By focusing on this segment, the client’s aim is not only to increase access to finance for WSMEs in El Salvador but to improve services for all their SME clients.

As a part of this work, IDB developed a WSME Definition Tool to keep track and report the beneficiaries of the different programs. However, the main challenges in this work pertain to obtaining the outcome indicators related to employment and profits, as these are not collected in the non-We-Fi IDB invest portfolio. IDB is also organizing the database following the We-Fi WSME definition tool, which is expected to also facilitate and allow other implementing partners to classify and characterize their clients in a more systematic and comprehensive way.

Currently, the project is mapping women-led and women-owned companies in Honduras in order to identify WSMEs throughout the country and construct a national database of WSMEs. This is part of the WeForLac program, from round II. When this phase is finalized, the goal will be to find out how they can locate and track the beneficiaries and thus identify who can benefit from the program. The aim is then to provide insights on how to better differentiate the types of women entrepreneurs and understand how to assist them with their growth ambitions.

Main constraints IDB has faced during this phase are:

- Time constraints: The work is time consuming due to poor access to data, infrastructure, and access to technology. Therefore, a majority of the work was collected manually.
- Trust: Due to security issues in Honduras, several institutions were afraid to share data. Therefore, building trust and developing strategies to mitigate these challenges has shown to be important for the project.

Added value/ Spin offs of the work

- The work has contributed to the design of a WSME definition tool that helps systemize data, tracking, and reporting of beneficiaries in the different programs. The tool maps the We-Fi definition to IDBs target groups such as company owners, shares owned by women; whether the CEO is a woman, and the number of employees that are women.
- Other partners/MDBs have shown interest in using the tool for their own initiatives.
- The work inspired a deeper investigation into the ecosystem, developing an understanding of key actors and partners needed for deploying the program.
- IDB has offered the instruments developed in this work to support their clients in the public and private sector. However, implicit gender biases were revealed during the work and IDB is now looking into how they can work further on these issues with their clients.

Lessons learned:

- One of the most significant lessons learned from implementing the We-Fi program is that the lack of data (or database) and/or clear legal definition of WSMEs in the countries are vital in order to put in place sound policies, programs, services, and interventions to strengthen these enterprises. There is a knowledge gap on how many WSMEs exist, their needs, and how to reach them.

EBRD: Women of the Steppe/ Stepping Up for Women

EBRD was granted USD 22.9 million for its “Women of the Steppe” in the We-Fi funding round II, for dedicated activities Central Asia, Egypt and Morocco. The program takes a holistic approach and includes an integrated focus on sex-disaggregated data as the key pillar of the EBRD’s policy engagement in the region. EBRD has also included the sex-disaggregated MIS as one of the impact targets under its WiB program across the board.

From the We-Fi funding round III, EBRD plans to continue this work, by working closely with the Alliance for Financial Inclusion and Women’s World Banking, together with governments in Egypt and Morocco to establish sex-disaggregated SME databases. The aim of the databases is to document the financing gap that WSMEs face in the relevant markets, and 2inform policies and regulations that adequately address barriers to increase the financial inclusion of women.

Main constraints IDB has faced during this phase are:

- EBRD's experience to date, with a notable few exceptions, is that EBRD's financing and advisory assistance to banks are not enough of an incentive for banks to maintain the sex-disaggregated SME database. EBRD is therefore working at the government/ financial regulator's level to mandate the reporting of sex-disaggregated on one side, and statistical/ registry/ credit information bureau level on the other to create the national sex-disaggregated data repository so that stakeholders have access and can use it in programming.

The above-mentioned challenge is closely linked to the lack of a uniform national definition of women SMEs.

Added value/Spin offs of the work

- EBRD has been successful in reaching an agreement with the Central Bank of Ukraine for a special dedicated credit line for WSMEs.
- EBRD is working with various ministries and governmental institutions in leveraging the national commitments to collecting and using sex-disaggregated data to improve the conditions and services for women entrepreneurs.

Lessons learned:

- An important lesson learned has been to deal with the lack of a uniform national definition of women SMEs in the initial phase of working on sex-disaggregated data. EBRD saw the need to collaborate with government entities in reaching a national definition and is now in the process of establishing a council for women entrepreneurship with parliament. Furthermore, the National Committee of Gender Equality also supports the development of a universal definition of WSMEs.

Deep dive 4: We-Fi's impact on Implementing Partners

Rationale

It is not explicitly written in We-Fi's governance documents that the initiative should have an impact on implementing partners' internal priorities and approaches to supporting WSMEs. It is emerging however from the discussions with stakeholders that one of We-Fi's pathways to impact, sustainability and scale is through changing the way in which implementing partners approach the WSME segment. The hypothesis is that working with We-Fi may impact implementing partners' strategies, project approaches, use of indicators and emphasis on gender issues in general and WSMEs in particular in non-We-Fi work and programs.

This deep dive provides insights on whether there is evidence of such impact on the implementing partners and if so, how this came about (e.g. because of the proposal process, knowledge sharing, reporting criteria, etc.).

Approach and data

In this deep dive we do not measure progress towards predetermined objectives or outcomes, but rather, collect evidence of what has changed at the level of implementing partners related to priorities and approaches to supporting WSMEs – and, then, work backwards, to determine whether and how We-Fi contributed to these changes. Outcome(s) can be positive or negative, intended or unintended, direct or indirect, but the connection between We-Fi and the outcomes should be plausible.

The evidence is based on written questionnaire responses from all implementing partners, a survey of implementing partner project managers and follow-up interviews with selected implementing partners: AfDB, IsDB, and World Bank Group. A simple framework for analysis has been used i.e. change can happen at three levels:

1. **Scale:** Reaching more clients and markets through existing products and services
2. **New product and service offering:**
 - a. Introduction of new products, services and initiatives that the implementing partner has not offered before
 - b. Development of new products/ approaches that can serve as best practices for others
3. **Strategic and policy impact:** Changes to broader strategies, policies and procedures as a result of We-Fi i.e. sustainable uptake beyond We-Fi projects within the institutions.

Key findings

Finding 1: There is evidence that We-Fi deepens, expands and accelerates the work on WSMEs among its implementing partners. While the implementing partners set gender policies and priorities, there is a need for focused donor funding to help operationalize such policies into concrete projects and scale initiatives, faster. The implementing partners report that We-Fi funding allows them to reach more clients and markets. For instance, IDB Group reports that although it would have designed and implemented programs and projects targeting WSMEs because of its track record of promoting the growth of WSMEs and its gender mainstreaming process for operations envision specific activities to reduce the gender gaps in this field, the support of We-Fi significantly expands the IDB Group work. We-Fi allows IDB Group to 'accelerate the growth and development of WSMEs in beneficiary countries, through the use of blended finance instruments, advisory services and key ecosystem and capacity-building activities for WSMEs. We-Fi resources will be used by the IDB Group to catalyze and direct private and public funds/ resources for WSMEs support.'

Without We-Fi support, IDB Invest reports that it would not be able to serve the same number of clients interested in increasing WSME's access to finance and markets. Mostly, IDB Invest would have provided in-house advisory with general recommendations on best practices to better serve WSMEs, and to a reduced number of clients. Because of the We-Fi funds, IDB Invest can conduct in-depth analysis of each client's policies and practices and generate industry-specific recommendations that improve their business performance and improve access for WSMEs. To date, IDB Invest is serving 10 clients in the region.

IDB Lab reports that it would have had to run a much more limited version of WeXchange 2020 (Supporting Women Entrepreneurs in STEM Areas in Central America) without We-Fi support and We3A³⁸ activities could not take place without We-Fi support.³⁹

ADB is also reporting that the WSME segment is a core part of ADB's mandate on gender equality – so activities in the area would have been carried out regardless of We-Fi, but with less impact on the blended finance component and at lesser scale.⁴⁰

The World Bank Group⁴¹ reports that its activities build on its track record over the past decades, but that although IFC introduced performance based rebates and incentives before We-Fi, We-Fi is one of the only sources of funds for such blending arrangements for the banking sector today and that demand is outstripping IFC's ability to respond. We-Fi has also reportedly helped put emphasis on how to measure impact – and how to do this across projects/ industries. We-Fi is also supporting all IPs with measuring impact through funding evaluations.

Similarly, IsDB Brave Women allowed IsDB to build on its exiting BRAVE SME project in Yemen to rapidly roll out a project specifically targeting women-owned or -led SMEs. From the review it is clear that the scale and depth of the IsDB intervention in this area would not have happened without We-Fi.

EBRD is for instance reporting that their Women of the Steppe program is EBRD's first women in business program with integrated policy dialogue activities embedded in its design, which is a direct result of its support from We-Fi.⁴²

The ability of We-Fi to help IPs scale its WSMEs portfolio is reflected in the survey for the mid-term review. 82% of implementing partner project managers and 62% of their project partners state that they would not at all or only to a limited extent have been able to design and implement their project without We-Fi support.

Finding 2: There is emerging evidence that We-Fi allows implementing partners introduce and develop new products and services. In addition to enabling implementing partners to reach more clients and markets, We-Fi helps implementing partners adapt lessons from and products and services used by other implementing partners to its clients well as developing new products and services that could benefit all (implementing partners and wider ecosystem).

The most apparent finding regarding cross-learning and product/ service adaptation, is probably within blended finance. The approach to blended finance appears to mature among the implementing partners, especially regarding use/ level of subsidy and adoption of high-mobilization approaches. For instance, ADB's participation in We-Fi and the subsequent scrutiny of subsidy levels in the ADB Sri Lanka program, appears to have contributed to the lowering of matching grants in the Sri Lanka program (see blended finance deep dive for details). Similarly, the introduction of performance incentives by ADB in East Asia and the Pacific and by EBRD and IDB in its portfolios appear to have been influenced by We-Fi.

We-Fi is also supporting implementing partners to develop new products and services. For instance, IFC is reporting that We-Fi is contributing to structuring insurance products for WSMEs. IFC has been able to support the development of insurance products targeting WSMEs in four countries as well as studies that otherwise would not have been funded. IFC reports further that We-Fi has made possible gender lens investments in the funds space (including mainstream private equity), as well as in the manufacturing/ agribusiness space e.g. recent projects such as Suguna (a multinational poultry integrator) and MaxAB (a fast-moving consumer goods retail distribution platform in Egypt). Similarly, IDB is working with Grupo Elcatex (one of Honduras' largest textile companies) using performance-based incentives to increase the number of WSMEs in its value chain.

Finding 3: We-Fi's influence on implementing partners is echoed in the mid-term review survey. Among the 28 implementing partner operational staff who responded to the mid-term review survey, 72.5%

³⁸ We3A will seek to promote the growth and resilience of women-led/ owned SMEs (WSMEs), with a special focus on WSMEs that are tapping into value chains and STEM (Science, Technology, Engineering and Math)-based WSMEs. The program's specific objectives will be to improve: 1) WSMEs' access to value chains, 2) WSMEs' access to disruptive technologies and digital financial inclusion, 3) high-growth WSMEs' access to early-stage finance.

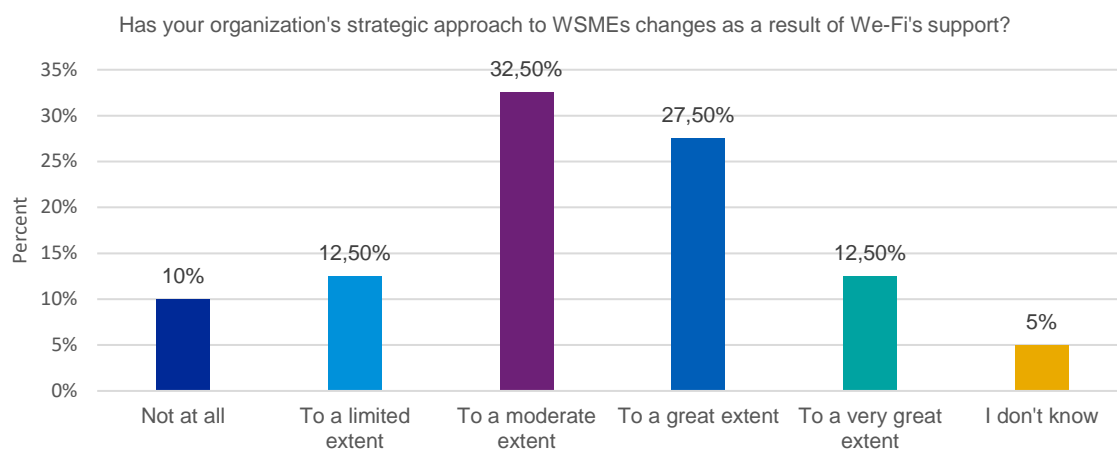
³⁹ Source: IDB Review Questionnaire response.

⁴⁰ Source: ADB Review Questionnaire response.

⁴¹ World bank Group (WBG) refers to the World Bank and IFC collectively, two out of several World Bank Group institutions.

⁴² Source: EBRD written response to the Review Questionnaire filled in by implementing partners as part of the mid-term review.

responded 'to a moderate extent, to a great extent or to very great extent' to the question 'has your organization's strategic approach to WSMEs changed as a result of We-Fi's support'. Only 27.5% responded not at all, to a limited extent or don't know' (see figure below). Without reading too much into the question, it could imply that that operational staff among implementing partners perceive that the funding through We-Fi signals a shift and/ or make their work of supporting WSMEs easier.



Finding 4: There is some albeit limited evidence of We-Fi having a strategic and policy impact on implementing partners. Although We-Fi has a positive impact on implementation of *existing* strategies and policy priorities of its implementing partners, it is too early to conclude on whether We-Fi or its work has an impact on implementing partners' strategic priorities, policies and procedures. Policies and strategies are written periodically however, so this may change over the next couple of years.

Several implementing partners report that We-Fi is challenging them to re-examine their women economic empowerment focus and definitions of WSMEs though. While We-Fi has been set up to focus on WSMEs – specifically to address the missing middle – not micro/ subsistence enterprises, both AfDB and IsDB, report that the latter has traditionally been the focus and thought of as the key issue to address in women economic empowerment programming within respective institutions. Both implementing partners report in this review that We-Fi has positively enabled a shift in the thinking and discussions on women economic empowerment and enterprise development as a result of their involvement in We-Fi i.e. a shift away from micro/ subsistence entrepreneurs to also include job creating WSMEs.

We-Fi is not only defining a WSMEs by its size, but also by ownership, and EBRD is reporting that its collaboration with We-Fi has caused EBRD to re-examine the definition of what is considered women owned/ led in its women in business programs (a more sticker definition i.e. operational management responsibility is no longer sufficient to qualify for being women owned/ led), but EBRD is reporting that its vary of the implications it will have for its programs. This gives an indication of We-Fi's potential to influence a strategic and policy decisions within implementing partners, but that it will take time for such changes to materialize.

Key takeaways for We-Fi moving forward

Takeaway 1: We-Fi has enabled implementing partners to scale up WSME-focused activities and to some extent introduce new products and services. While We-Fi to a lesser degree has had an impact on IP strategies and policies at this stage, scaling of activities and increased focus may contribute towards this in the longer-term.

Takeaway 2: Potential for increased learning and uptake of new products and services. We-Fi is facilitating uptake of new approaches and products across the portfolio, but there are opportunities to do this in a more structured way now that the portfolio is maturing and each implementing partner is learning from its respective successes and failures.

Takeaway 3: Expectations of strategic and policy impact need to be managed. While the emerging portfolio of We-Fi projects has a demonstration effect and can serve as lessons on how to support WSMEs for all MDBs, it will take time for We-Fi to impact priorities and approaches of implementing partners as strategic priorities are owned by respective MDB Boards and management and We-Fi was set up to 'enable... scaling of existing initiatives, broaden... reach into new areas (e.g. supporting women at earlier

stages of growth through equity) and tailor public sector interventions that strengthen the enabling environment with private sector investment. The Facility would be additional to current...programs, while incorporating lessons learned from other relevant initiatives to support women entrepreneurs.'⁴³ Different strategies might need to be deployed if greater impacts are to be achieved. Governing Committee (members) could take further advantage of the opportunity of being shareholders and holding Board of Directors positions on most of the MDB boards to push for strategic policy changes.

⁴³ Source: World Bank We-Fi Board Document 2017.

Appendix 3 Ecosystem gap analysis

Executive summary

Overall, the ecosystem players supporting WSMEs in developing countries are growing in numbers. In sum, these global and regional actors contribute with new strategic partnerships, increased funding, and innovative tools, services, and products tailored to WSMEs needs.

Regarding access to finance, the gap analysis reveals that the ecosystem has responded to women's lack of access to finance in developing countries by first allocating funding earmarked to women entrepreneurs, and second by innovating and designing products and services tailored to women entrepreneurs needs. Although the ecosystem actors are increasing, and they in sum have significantly contributed to increase women's access to finance, there is still a severe financing gap for WSMEs in developing countries. In particular, there is a need for increasing women's access to seed funding and bank loans.

The ecosystem is also starting to respond well to improving entrepreneurs' skills and networks.

Several ecosystem players provide gender-sensitized business training programs which include training on socio-psychological issues. The ecosystem should share lessons learned in order to replicate successful approaches, and by doing so, securing the upscale of these services and programs across nations and regions. In addition, there is also an untapped opportunity for designing networks for WSMEs that also may include male mentors.





In terms of improving WSMEs' access to market and technology, ecosystem players are providing important support in assisting women's access to value chains. This is done so through supply chain programs and financial products. Due to the ongoing Covid-19 pandemic, there is an urgent need for supporting WSME's engagement with digital platforms. Further engagement with digital platforms can innovate business models and skillsets. Although several multinational companies are offering relevant training programs, and We-Fi provided important funding for this area in the last call, there is still an unmet need relating to support for WSMEs making a digital shift – included in the value chains around the world.

Regarding improvements for the enabling environment for WSMEs, the ecosystem is responding to the need of changing laws, policies, and norms that are restricting women entrepreneurs. Close ties between local, national, and global ecosystem actors will ensure that a mix of stakeholders aim to address the areas constraining women as entrepreneurs, successful business owners, and managers.

In sum, the global and regional entrepreneurship ecosystem supporting women SMEs is growing, especially through the increase of global coalitions or practices, such as We-Fi, 2XChallenge, Alliance for Financial Inclusion, Global Banking Alliance for Women, and Data2X. However, the ecosystem is still at the early stages in the development process and ecosystem players agree that the collaboration between these global practices could be leveraged further. Over time, this may also leverage the ecosystem's efforts of becoming a more mature ecosystem.

Ecosystem gaps

The figure below summarizes the ecosystem's key identified gaps in the entrepreneurship ecosystem serving WSMEs. We have organized the gaps into three different stage categories: 1) the most severe gaps identified throughout this study, 2) significant gaps related to the ecosystem progress, and finally, 3) emerging gaps, due to the ongoing pandemic.

Ecosystem pillar	Ecosystem gap		
	Progress areas	Most severe gaps	Emerging gaps
 Increasing Access to Finance	<ul style="list-style-type: none"> Earmarking funding for WSMEs and increasing gender lens investment instruments and tools 	<ul style="list-style-type: none"> There is still a severe finance gap for WSMEs, in particular seed funding and bank loans 	<ul style="list-style-type: none"> The need for bank loans are increasing due to the pandemic Innovation loans/ grants to support the recovery from the pandemic
 Increasing Access to Skills	<ul style="list-style-type: none"> Gender sensitized business training STEM training for women entrepreneurs Strengthening women's professional networks 	<ul style="list-style-type: none"> Support to achieve digital skills and access to technology 	<ul style="list-style-type: none"> Gender friendly networks including male mentors To couple training with wraparound services, such as childcare/ mentoring
 Increasing Access to Markets	<ul style="list-style-type: none"> Platforms to connect WSMEs with suppliers in the value chain We-Fi funding prioritized digitalization in round 3 	<ul style="list-style-type: none"> There is still a severe gap in women's access to value chains to adapt to the rapid digitalization and innovations occurring in the value chains 	<ul style="list-style-type: none"> To couple skills in business model innovation with capacity in innovation, due to the pandemic
 Improving the Enabling Environment	<ul style="list-style-type: none"> Sex-disaggregated data Regulatory reforms improving women entrepreneur's ability to run their business 	<ul style="list-style-type: none"> Lack of care services for WSMEs Sociocultural norms restricting women's performance in formal economy 	<ul style="list-style-type: none"> Access to care-services

Key takeaways for We-Fi

- Due to the severe gaps in WSMEs' access to finance and access to value chains, We-Fi should prioritize continuing the allocation of funding to pillar 1 (Access to finance).
- As a result of the ongoing Covid-19 pandemic and the increased need of bank loans, We-Fi's should prioritize continuing the allocation of funding and innovate debt instruments that are tailored to WSME's needs.
- Due to the severe gap in access to seed funding, We-Fi should also prioritize to fund projects that improve women's access to seed funding (e.g. investment readiness programs and gender friendly accelerators).
- Due gaps in access to value chains and the emerging need for moving enterprises to digital platforms (both in value chains and in general), We-Fi should also prioritize projects allowing WSMEs to take part in the digital transformation and access to markets.
- There is an emerging need for innovation as a result of the ongoing pandemic. Presently, the innovation space for WSMEs is more or less absent, indicating that there's a potential opportunity for We-Fi to take the lead in response.
- There is a need for leveraging partnerships and collaboration among the various actors in the ecosystem. Considering We-Fi's partners (MDBs and donors) and funding resources, We-Fi is well-positioned to be a convener in the ecosystem.
- A strong commitment and partnership among We-Fi key players in the ecosystem are occurring regarding collection and usage of sex-disaggregated data, and should continue in the way forward

Summary of level of engagement

The table below summarizes the WSME needs (pillars in the entrepreneurship ecosystem/ We-Fi theory of change: access to finance, access to skills and network, access to markets and technology and the enabling environment), the ecosystem responses (approaches and services/products of ecosystem in response to WSMEs needs) and the degree of market saturation for each of the needs/ responses.

WSME needs	Solutions provided by ecosystem actors		Degree of market saturation			
Pillars in the entrepreneurship ecosystem	Approaches	Services/ products	Nascent ecosystem	Advancing ecosystem	Well-established ecosystem	Mature ecosystem
 Access to finance	Start-up funding	Start-up grants		✓		
		Crowdfunding	✓			
	Equity	Angel/ seed investments		✓		
		Gender lens investments (VC/PE)		✓		
		Impact investments		✓		
		Gender lens accelerators		✓		
	Debt, insurance and capital markets	Gender friendly bank loans		✓		
		Grants	✓			
		Alternative finance instruments	✓			
		FinTech solutions	✓			
		Tailored insurance	✓			
		Gender bonds	✓			
 Access to skills & networks	Training	Gender-sensitized business training		✓		
		Digitalization training	✓			
		STEM training	✓			
	Mentoring	Mentoring programs		✓		
	Networking	Network platforms		✓		
 Access to markets	Value chain	Value chain programs connecting WSMEs to suppliers		✓		
		Supply chain finance	✓			
	Digitalization	E-commerce and digital platforms	✓			
		Business model innovation	✓			
 Enabling environment	Evidence building	Policy and regulatory reforms		✓		
	Knowledge	Sex-disaggregated data		✓		

Introduction

Scope of study

The Women Entrepreneurs Finance Initiative (We-Fi) program has taken a multi-faceted ecosystem approach, which recognizes that transformative change to advance gender equality and empowerment requires innovative tools and collaboration between different stakeholders.

Accordingly, We-Fi's strategy has been anchored in addressing a broad range of gaps that constrain or hinder women-owned and led businesses (WSME) entrepreneurship ecosystem. This is done by providing grants to multilateral development banks that in turn provide public and private sector partners with financing, advisory services, and technical assistance to strengthen their capacity to support WSMEs.

Purpose statement

The purpose of this ecosystem gap analysis is to summarize relevant literature regarding WSMEs, organized according to the entrepreneurship ecosystem's framework as articulated by Isenberg, 2010. We map out the key actors supporting WSMEs at a global and regional level to provide an overview of the various ecosystem actors that are active in addressing WSMEs constraints. This gap analysis will also identify and highlight key evidence that may be used in decision-making processes to support future We-Fi programming.

The guiding theoretical framework for this gap analysis also included an ecosystem's approach in order to analysis assesses forthcoming trends in the entrepreneurship sector, new or increased constraints female entrepreneurs are facing globally, how the ecosystem is responding to these constraints, and how We-Fi may be an added value to the ecosystem. The three main areas of concern that has been explored in this ecosystem gap analysis include:

1. What are the main constraints and opportunities for female entrepreneurs?
2. How is the ecosystem responding to these?
3. How is We-Fi contributing and adding value to this ecosystem

Mapping the entrepreneurship ecosystem

The entrepreneurship ecosystem for WSMEs in developing countries

According to scholars who developed the framework and theory of entrepreneurship systems, the entrepreneurship ecosystem is characterized as the environment in which entrepreneurship tends to thrive. Isenberg (2010) suggests that entrepreneurs are most successful when they, (1) have access to the human, financial and professional resources they need; and (2) operate in an environment in which government policies encourage and safeguard entrepreneurs. Later, the importance of community, culture and location were added to the approach emphasizing the importance of promoting entrepreneurial processes.⁴⁴

Entrepreneurship ecosystems are made up of sets of interconnected entrepreneurial actors, organizations, institutions, and entrepreneurial processes. Such ecosystems are formally and informally connected, and mediate and govern performance within a local entrepreneurial environment. This involves a dynamic and systematic nature, within a supportive environment.⁴⁵ In this ecosystem gap analysis, we will map out the key actors supporting WSMEs at a global and regional level to provide an overview of the various entrepreneurial actors that influence We-Fi programming.

Furthermore, scholars agree that the entrepreneur is core to building and sustaining an ecosystem.⁴⁶ In the case of We-Fi, the entrepreneurs targeted are women who own or lead SMEs in developing countries. The program defines the target group in line with IFCs definition of SMEs and Very Small Enterprises (VSEs) and stipulates that for SMEs, one of the following three shall apply, (1) the

⁴⁴ Isenberg, 2010: "How to Start an Entrepreneurial Revolution", Harvard Business Review, July 2010

⁴⁵ Brown, R. and Mason, C. (2017) Looking inside the spiky bits; a critical review and conceptualization of entrepreneurial ecosystems" in Small Business Economics, Vol. 49 No. 1, pp. 11-30

⁴⁶ See for example Acs et al. (2014) National Systems of entrepreneurship: measurement issues and policy implications. Research Policy, 43

enterprise has between 10 and 300 employees; (2) their sales are between USD 100,000 and USD 15 million; and (3) their assets are between USD 100,000 and USD million. VSEs are defined as firms between five-ten employees. In addition, for an enterprise to be considered a WSME, guidelines suggest that the following criteria should be applied which stipulate that, (1) women own more than 51% of the company or 20% is owned by woman, and (2) the enterprise has at least one woman as CEO/COO as well as 30% of the board of directors are comprised of women (where a board exists).⁴⁷ In sum, We-Fi targets companies with a minimum of five employees that are mainly owned and/or run by women. Additionally, We-Fi is targeting companies in IBRD, IDA and ODA eligible countries.⁴⁸

The entrepreneurship ecosystem consists, in addition to the entrepreneurs, of actors that support entrepreneurs. This analysis is focusing primary on the global and regional ecosystem players, consisting of stakeholders from the major multilateral development banks, global, regional institutions, relevant standard-setters and ecosystem partners (such as donors, impact investors, value chain players, training institutions, and NGOs).

Today, there are clusters of collaboration within the ecosystem, such as We-Fi and the 2XChallenge. Several programs and initiatives are built upon multi-stakeholder partnerships, such as Goldman Sachs' collaboration with UNDCDS and United Nations Economic and Social Commission for Asia and the Pacific in the Billion Dollar Fund for Women. Additionally, global practices and alliances are also working across the IPs at project-level, such as We-Connect (IDB), Cherie Blair Foundation (EBRD), UN Women (AfDB and EBRD), She Trades (IsDB) and the Financial Alliance for Women. All the organizations work with the World Bank Group.⁴⁹

The various players provide different approaches and tools to the common goal: supporting WSMEs in growing and sustaining their businesses. Some of the key global practices, such as the Financial Alliance for Women, have member institutions, while others, such as Cherie Blair Foundation, are structured similarly to We-Fi; providing funding through donors and implementing projects through Implementing Partners (IPs). These global organizations tend to share a holistic understanding and approach to supporting women entrepreneurs.

Methodology

Organizing the gap analysis

The three main areas of concern in this ecosystem gap analysis were:

1. What are the main constraints and opportunities for women entrepreneurs?
2. How is the ecosystem responding to these?
3. How is We-Fi contributing and adding value to this ecosystem

In order to outline women entrepreneurs' main constraints and opportunities, a comprehensive literature study has been conducted. A literature review was conducted on relevant literature related to gender and economic empowerment, and women's entrepreneurship, both in developed and developing countries. Furthermore, this gap analysis explored how We-Fi is contributing and adding value to the ecosystem identified. As the MTR is not assessing We-Fi funded projects *per se*, this analysis assesses We-Fi's contribution to the ecosystem at an overall level.

⁴⁷ We-Fi (2017) Clarification of the definitions for women-owned/led SMEs

⁴⁸ https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors

⁴⁹ We-Fi (2019) From Good to Great: Optimizing We-Fi impact through results Based Partnerships. Assessment Report for We-Fi's Future Calls for Proposal

Our approach to mapping the ecosystem is influenced by scientific literature and research on entrepreneurship ecosystems driven by Professor Isenberg and the Babson entrepreneurship ecosystem platform at Babson College. Professor Isenberg and the Babson entrepreneurship ecosystem platform developed a model of entrepreneurship (Figure 2) which illustrates the important aspects of the ecosystem, including access to finance, markets, and human capital. However, other elements need to be put in place in order to foster and enable entrepreneurship, such as a supportive environment, relevant policy interventions and an entrepreneurial friendly culture.⁵⁰



Isenberg's model of entrepreneurship:
Driving Economic Growth Through
Entrepreneurship Systems

However, since Isenberg's entrepreneurship ecosystem platform was originally developed for stimulating (and studying) ecosystems in middle-income countries and advanced economies⁵¹, we saw a need for adapting the approach for low-income countries and developing economies. In order to adapt the approach, we first conducted a literature review of women entrepreneurs in developing countries, to identify their key constraints and opportunism. This literature review explored WSMEs needs, the state of WSMEs during the ongoing pandemic, as well as evaluations and reviews of support to WSMEs in developing countries. Next, we conducted a series of deep dives, using reports and studies conducted by We-Fi and other ecosystem players supporting women's economic empowerment, such as MDBs and UN Women. Here, the intent was to foster a more holistic understanding of WSMEs in low- and middle-income countries to effectively explore the existing entrepreneurship ecosystem and identify gaps within it.

The mapping tool developed for this gap analysis is a synthesis of four dimensions organized by multiple pillars which derive from We-Fi's theory of change. Furthermore, the mapping tool leverages constructs from Isenberg's entrepreneurship ecosystem platform to enhance understanding of actors supporting WSMEs at a global and regional level, to provide an overview of the various entrepreneurial actors that also influence We-Fi programming. This mapping tool was also used to identify entrepreneurship ecosystem actors that advance gender equality and women's economic empowerment, with a focus on women entrepreneurs. Additionally, the application of a mapping tool allowed us to identify gaps in the literature addressing the target population (women entrepreneurs in LMICs and developing economies).

Mapping tool for the ecosystem gap analysis

The ecosystem mapping tool maps WSME needs (pillars in the entrepreneurship ecosystem/ We-Fi theory of change: access to finance, access to skills and network, access to markets and technology and the enabling environment), the ecosystem responses (approaches and services/products of ecosystem in response to WSMEs needs) and the degree of market saturation for each of the needs/ responses (see executive summary).

In the process of developing this mapping tool, engagement by ecosystem stakeholders was constructed based on relevant literature, web searches, and in-depth interviews with representatives from the We-Fi secretariat (2), We-Fi observers (1), and other stakeholders within the ecosystem (5). Using the tool, we mapped regional and global stakeholders, identified the different approaches employed, and which services and products were provided onto the four pillars of We-Fi's theory of change. By doing so, this helps illustrate the ecosystem's response to the various pillars.

Tools

The first level of mapping consisted of identifying the ecosystem actors' various approaches to respond to WSMEs needs within the four pillars. Based on the We-Fi Theory of Change, as well as findings in the literature review, we developed pre-defined categories for mapping ecosystem actors' approaches to support WSMEs. The categories are; Startup funding, equity, debt, training, mentoring, networking, value chain support, access to digitalization and work related to evidence building. The services and products identified throughout the mapping exercise were thereafter structured along these categories.

⁵⁰ Isenberg, 2010: "How to Start an Entrepreneurial Revolution", Harvard Business Review, July 2010

⁵¹ <https://www.babson.edu/academics/executive-education/expanding-entrepreneurship/babson-entrepreneurship-ecosystem-platform/>

Degree of market saturation

Finally, we also mapped the maturity of the supporting ecosystem, as this has the potential of providing insights into how We-Fi may evolve in the future.

In this regard, and influenced by the World Bank's categorization of ecosystems,⁵² we developed the following categories for mapping the ecosystem serving WSMEs in developing countries;

- **Nascent ecosystem:** There are only a few initiatives (services or products) tailored and deployed to meet WSMEs' needs in developing countries. Only a few stakeholders on the regional or global level are currently providing solutions.
- **Advancing ecosystems:** Initiatives (services or products) have reached a degree of replication sufficient to promote learning across countries. A growing amount of ecosystem players are providing these solutions; however, they are still not sufficient to meet the needs of WSMEs in developing countries.
- **Well-established ecosystem:** There is a well-established market response to WSMEs' needs that includes most countries.
- **Mature ecosystems:** The market is saturated and there is thus no need for public interventions.

Although market saturation is important for a global initiative such as We-Fi, since a majority of ecosystems develop on the national and local-level (the entrepreneur is at the core of building and sustaining an ecosystem) careful considerations must be acknowledged in the context of this exercise. Measuring maturity is a difficult task, as there is a general lack of quantitative data on services and products targeting WSMEs in developing countries. Here, our assessment is primarily based on the synthesis of existing literature, thus descriptive in nature. **Therefore, our gap analysis provides an approximated descriptive summary of the ecosystem serving WSMEs in developing countries.**

Implications of the Covid-19 global pandemic on women entrepreneurs

The ongoing Covid-19 pandemic, triggering economic crisis has had a detrimental impact, disproportionately affecting women entrepreneurs, globally. According to the World Economic Forum, the Covid-19 pandemic has been characterized as the biggest setback to gender equality in a decade.⁵³ Women-owned businesses seem to be more vulnerable to the ongoing crisis due to lower average firm age and size, but also because they are concentrated in the industry sectors hit hardest by economic shutdowns.⁵⁴ In addition, the Organization for Economic Co-operation and Development's (OECD) report on the Middle East and North Africa region, suggests that the pandemic most intensely impacted small and medium-sized enterprises (SMEs), which in turn account for over 90 percent of all businesses and provide a major source of job creation.⁵⁵ Furthermore, tourism and consumer-focused businesses appear to have been in particularly hard hit, which are services where women business owners are more likely to be concentrated.

Throughout the gap analysis, we reflect upon how the Covid-19 pandemic affects women entrepreneurs' needs, how it affects various ecosystem players, and their services and products are also highlighted.

Challenges and limitations

We-Fi is a comprehensive and complex program therefore this exercise was intended to summarize relevant literature regarding WSMEs, map out the key actors supporting WSMEs at a global and regional level to provide an overview of the various entrepreneurial actors that influence We-Fi programming.

There were several challenges and limitations encountered when conducting this study. First, the ecosystem gap analysis has not assessed how the various elements of the ecosystem enhance entrepreneurship. Entrepreneurship ecosystem research is still nascent, with limited empirical evidence to

⁵² The World Bank (undated) Tech Startup Ecosystem in West Bank and Gaza. Findings and Recommendations

⁵³ <https://www.weforum.org/agenda/2020/07/gender-equality-women-employment-covid19/>

⁵⁴ Manolova, T. S. et al. (2020) Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created

⁵⁵ OECD [Policy Responses to Coronavirus \(Covid-19\) \(2020\) Covid-19 crisis in the MENA region: impact on gender equality and policy responses](#)

support casual relationships.⁵⁶ Therefore, further exploration into these aspects in future analysis is recommended.

The focus of the analysis is on the ecosystem serving women SMEs. Consequently, we have not looked into the broader ecosystem that involves micro-entrepreneurs or entrepreneurs of all genders, and have therefore neither investigated whether there are cases where the ecosystem is so nascent it is more important to invest in the basic ecosystem elements for all SMEs.


Ecosystems exist simultaneously at the national, regional and global level.⁵⁷ An ecosystem approach typically focuses on the actions and interactions among key actors and institutions within their physical environment. Therefore, according to Isenberg, the ecosystem needs to be shaped around local conditions.⁵⁸ The ecosystem that We-Fi is trying to cultivate consist mainly of global and regional players such as multilateral banks, global and regional organizations and alliances, and international NGOs. We-Fi programming targets the ecosystem at the local level, through the IP's inclusion of national partners. However, due to the scope of the study, we have not been able to investigate how these partnerships have contributing to strengthening the ecosystem in specific countries, further.

Assessment of access to finance

Summary of level of engagement

The figure below summaries the level of engagement of ecosystem players' support to improve women SMEs access to finance:

Figure 4. Ecosystem engagement in improving access to finance

WSME needs	Solutions provided by ecosystem actors		Degree of market saturation			
Pillars in the entrepreneurship ecosystem	Approaches	Services/ products	Nascent ecosystem	Advancing ecosystem	Well-established ecosystem	Mature ecosystem
 Access to finance	Start-up funding	Start-up grants		✓		
		Crowdfunding	✓			
	Equity	Angel/ seed investments		✓		
		Gender lens investments (VC/PE)		✓		
		Impact investments		✓		
		Gender lens accelerators		✓		
	Debt, insurance and capital markets	Gender friendly bank loans		✓		
		Grants	✓			
		Alternative finance instruments	✓			
		FinTech solutions	✓			
		Tailored insurance	✓			
		Gender bonds	✓			

⁵⁶ See i.e. Colombo et al. (2019) The governance of entrepreneurial ecosystems. Small Business Economics, 52(2)

⁵⁷ Motoyama, Y. and Watkins, K. (2014) Examining the Connections within the Startup Ecosystem: A Case Study of St. Louis, Kauffman Foundation Research Series on City, Metro and Regional Entrepreneurship, Kauffman Foundation Kansas City, USA.

⁵⁸ Isenberg (2010) "How to Start an Entrepreneurial Revolution", Harvard Business review

Identified gaps related to access to finance in the ecosystem

- **Seed funding:** There is still a significant gap in seed funding, as currently, only 11% of available seed funding in emerging countries goes to female founders of businesses. Access to seed funding may be leveraged by 1) continuing on earmarking funds for women and designing financial services and products tailored WSMES needs, 2) by increasing the presence of female investors, by for example investor readiness programs, and 3) by scaling the design and implementation of gender friendly accelerators.
- **Loans:** Although ecosystem players have started to respond to WSMES needs for loans, including designing innovative products and services tailored WSMES needs, women entrepreneurs are still facing difficulties in accessing loans. Access to liquidity has become an even greater challenge during the pandemic, and research shows that women entrepreneurs are more likely to shut down their businesses than male entrepreneurs due to the Covid-19 crisis.
- **Accelerators** provide an opportunity to increase access to finance for WSMES. However, there is a need to review the business models of accelerators in general. Given the low level of investments in women firms in developed countries (~2-3% of VC funding goes to women), as well as developing countries, shows a need to be more in the development of gender friendly accelerators. Learning from existing gender lens accelerators may ensure efficient design and replication.
- The innovation space for WSMES is at a very early stage in developing countries and there is a notable absence of ecosystem actors aiming at filling the space. We have only identified a few pilots in this field, and these are mostly found in more mature markets – where ecosystems are rather strong, consisting of accelerators, female-led, and tech-oriented startups. Innovation will be an important means for WSMES to recover from the pandemic and adopt to digital platforms and the next normal

Women SMEs needs for finance

Funding is a critical resource for any private enterprise, for those that want to grow. Access to finance is often cited as a barrier to growth for young companies, and for women.

An IFC study noted that the SME finance gap for female entrepreneurs in developing countries amounted to USD 1.48 trillion.⁵⁹ The IFC estimates for example that 68% of businesses owned or led by women have unmet credit needs. Guzman and Kacperczyk (2019) and Lins and Lutz (2016) found that women are less likely than their male counterparts to secure the venture capital funding needed to get their new business off the ground.⁶⁰ Aidis et al. (2007) revealed that access to funds was a more significant barrier to the progress of female business owners in Lithuania and Ukraine than to male business owners.⁶¹ Muravyev et al. (2008) used cross country data and found that female managed firms are less likely to obtain a bank loan and are charged higher interest rates when loan applications are approved,⁶² while others have highlighted that female borrowers are more likely to pay higher interest rates and have higher collateral requirements than men (Coleman 2000, Riding and Swift 1999).⁶³

Women entrepreneurs' needs for early stage financing

Finance is a key constraint to SME growth in developing countries. Many organizations, including commercial banks, angel investors, and venture capital and private equity (VC/PE) funds may potentially

⁵⁹ IFC (2017) MSME Finance Gap. Assessment of the shortfalls and opportunities in financing micro, small and medium enterprises in emerging markets

⁶⁰ Guzman, J. and Kacperczyk, O. (2019) "Gender gap in entrepreneurship" in Research Policy, Volume 48, Issue 7, Lins, E. and Lutz, E. (2016) "Bridging the gender funding gap: Do female entrepreneurs have equal access to venture capital?" International Journal of Entrepreneurship and Small Business 27(2/3)

⁶¹ Aidis, R. F et al. (2007) "Female Entrepreneurship in Transition. The Case of Lithuania and Ukraine". Feminist Economics 13(2)

⁶² Muravyev, A.O. et al. (2009) «Entrepreneurs' Gender and Financial Constraints: Evidence from International Data" Journal of Comparative Economics 37(2)

⁶³ Coleman, S. (2004) "Constraints into Preferences: Gender, Status, and Emerging Career Aspirations", American Sociological Review 69(1)

contribute to financing entrepreneurial firms and the entrepreneurs' funding needs. However, this often depends on where the SMEs are in their entrepreneurial journey.

SMEs may scale up at different stages of their life cycle, from their early start up stage, or during a more mature stage through growth and/or innovation. We-Fi aims to target women entrepreneurs in their growing phase, including early phase funding such as angel and seed investments, as well as investments through participation in accelerators.

Startups and early stage businesses are typically seeking capital to invest in product development, building teams, and formalizing and implementing their business model and strategies. These companies normally seek funding through national or local entrepreneur programs (such as grants, loans, or growth guarantees) or through private seed funding and angel investors. Targeting startups is important for the ecosystem. Baird et al. (2018), claim that startups provide early phase opportunities for investors,⁶⁴ however, as argued in several studies and reports, only a small fraction of these startups manage to scale and contribute to innovation and job creation.⁶⁵ As We-Fi targets SMEs, i.e. companies with a minimum of five employees, these entrepreneurs may be more likely to seek early stage or growth phase funding, rather than startup funding.

Another key obstacle for women entrepreneurs in developing countries is to manage the transition from micro and subsistence entrepreneurship into a sustainable and growth-orientated business. Slower growth is in general a reason why female-run firms remain small, which in turn may be explained by the fact that they are in sectors that have smaller margins; scale constraints, asset/finance constraints, or they do not have the aspiration to scale. Kantis et al. (2005) research from Latin America and Asia shows for example that only one in ten firms that grow to at least 15 employees is women-owned,⁶⁶ while Singh et al.'s study from Indonesia (2001) revealed that employment growth of female-owned firms were also significantly lower than that of male-owned businesses.

Level of engagement in the ecosystem

An efficient means of rectifying the market failure of private investments towards WSMEs has for the ecosystem been to direct development finance towards gender lens investing. There are several definitions of gender lens investing, often involving investments for financial return, while also considering the benefits to women. The approach has been incorporated into a variety of investment vehicles in the private and public market, such as private debt, gender bonds, index funds, exchange traded funds and notes, and VC/PE. A report from Wharton Social Impact Initiative and Catalyst at Large reveals a dramatic increase in gender lens investing over the last years.⁶⁷ According to Project Sage 3.0, the total capital raised for women is approximately USD 4.8 billion in 2020, which is more than double the USD 2.2 billion figured reported in 2019,⁶⁸ targeting North America as the investment target geography, followed by sub-Saharan Africa and the LAC region.⁶⁹ Newer initiatives, such as G7's 2X Challenge, is also raising the bar, having called for the G7 and DFIs to join in mobilizing USD 3 billion in commitments to provide women in developing-country markets with improved access to finance, enterprise support, and enhanced economic participation.

Although it is important to earmark investing funding for women, it is equally imperative to ensure that the funds are invested in female enterprises on the ground. **Private seed funds and angel investors** are still a relatively new phenomena in emerging markets and developing countries. Moreover, women entrepreneurs are still receiving far less seed funding than men. Currently, only 11% of seed funding capital in emerging markets is going to companies with a female founder.⁷⁰

Seed and angel investments for women entrepreneurs are steadily increasing, globally. Africa has important players such as the Miss Africa Seed Fund, Wingpact, FirstCheckAfrika, Dazzle Angels, WIC Capital, and the Africa Trust Group on the ground. While, studies from East and South Asia show that

⁶⁴ Baird et al. (2018) Capital Evolving: Alternative Investment Strategies to Drive Inclusive Innovation, Village Capital

⁶⁵ OECD (2018) Enabling SMEs to Scale up, Discussion Paper, Ministerial Conference, Mexico City, OECD

⁶⁶ Kantis, et al. (2005) Developing Entrepreneurship. Experience in Latin America and Worldwide. IDB

⁶⁷ <https://www.wharton.upenn.edu/story/project-sage-3-0-key-insights-from-the-latest-gender-lens-investing-report/>

⁶⁸ Biegel, S. and Hun, S. M. (2020) Project Sage 3.0 – Tracking Venture Capital, Private Equity and Private Debt with a Gender Lens, Catalyst at Large

⁶⁹ <https://www.wharton.upenn.edu/story/project-sage-3-0-key-insights-from-the-latest-gender-lens-investing-report/>

⁷⁰ IFC, We-Fi and Village Capital (2020) Venture Capital and the Gender Financing Gap. The Role of the Accelerators

gender lens investments are growing in the region, they are relatively small compared to their global counterparts and largely situated in developed countries, such as Japan, South Korea, and Singapore.⁷¹ In Latin America and the Caribbean, studies suggest that gender awareness is fairly low in the investment industry, and that gender is not perceived as an issue or priority, with the exception of some impact investment funds that are increasingly gender-sensitive.⁷² Although gender lens investments are growing globally, there is still a significant finance gap, emphasizing a continued need for increasing investments allocated for women – and in particular towards women entrepreneurs in the less developed countries. In addition, there seems to be a need for strengthening the ecosystem and increasing seed funding for WSMEs in the LAC region.

Research shows that facilitating an increase of female investors is another potential path towards increased access to finance for WSMEs. According to Snellman and Solal (2020), an increase in funds started by women has had a measurable effect on the funding of companies with women in the leadership team.⁷³ A study from All Raise also showed that female investors are actually two times more likely to invest in startups with a female than a male founder, and more than three times more likely to invest in a female rather than a male CEO.⁷⁴

Female angel investors' networks are also on the rise. In Africa, for example, We-Fi has funded several of these, such as Rising Tide Africa, an all-female angel group; who were an early investor in Migo, which raised a USD 20 million series B round in December to expand from Nigeria to Brazil. The network has increased their investment growth by nine times in a short time frame, which assumingly may be due to We-Fi's catalytic entry to the fund. An identified severe obstacle in this matter is that investors in general look for experienced fund managers, thus making it difficult for fund managers to acquire capital without an investment track record.

Taking into account the evidence presented in the literature, we believe that supporting an increase in female investors can be a good opportunity area for We-Fi to explore. Related to this, we also identified a lack of Investment Readiness Programs, as a means of solving the challenge of getting quality pipelines. For example, We-Fi is developing an investment readiness program in Pakistan, in partnership with IFC, where We-Fi provides a rebate of up to USD 50,000, structured as an enhanced management fee, paid out over five years to support the fund manager's efforts in achieving defined gender outcomes. The support from We-Fi is expected to incentivize the fund manager to identify, cultivate, and finance women-led companies/startups by covering some incremental costs of sourcing and building an active pipeline of women-led companies. Accelerator investment readiness programs is also an opportunity in this regard.

Impact investment is also an increasing opportunity for early stage female entrepreneurs in developing countries. Scholars such as Skonieczna and Castellano (2020) reveal that an increased interest for impact-oriented investments tends to favor WSMEs, as women, more often than men, pursue social enterprises⁷⁵, are less capital-intensive, and offer a potentially lower risk-return profile.⁷⁶ Furthermore, the Covid-19 pandemic may provide opportunities for a potential shift towards a more social, green or sustainable economy.⁷⁷ Such a shift might also attract more impact investors, as well as female investors to invest in these purpose-driven, female entrepreneurs. Identified ecosystem actors in this field are Toniic (with more than 400 investors aiming for impact investments in more than 25 countries); Pomona Impact (which has invested in 20 companies in Central America, of which 40% were women-led); and Makondo (a Colombian impact investment fund explicitly targeting gender diverse ventures and teams).

Over the last few years there has been a significant increase of new support solutions, like incubators and accelerators. These intermediaries offer the opportunity to decentralize the

⁷¹ Catalyst at large and Sagana (2020) Gender Lens Investing Landscape, East & Southeast Asia, Sasakawa Peace Foundation,

⁷² Buckland, L. et al. (2019) Gender Lens Investing: How Finance Can Accelerate Gender Equality in Latin America and the Caribbean, IDB Invest

⁷³ Snellman, K. and Solal, I. (2020) Does Investor Gender Matter for the Success of Female Entrepreneurs? The Signaling Effect of Gender Homophily in Entrepreneurial Finance, Academy of Management Proceedings

⁷⁴ <https://pitchbook.com/media/press-releases/pitchbook-all-raise-report-on-venture-financing-in-female-founded-startups-shows-progress-yet-continued-gender-inequity>

⁷⁵ European Commission and European Investment Bank (2020) Funding women entrepreneurs. How to empower growth.

⁷⁶ Skonieczna, A. and Castellano, L. (2020) Gender Smart Financing Investing In & With Women: opportunities for Europe, Discussion paper 129, European Commission

⁷⁷ See for example Interview with Dr. Fouad Zmokhol, President of the 'Association of Lebanese Businesspeople in the World' and Chief Executive Officer of Zimco Group (OECD).

implementation of entrepreneurship by providing a one-stop-shop that connects nascent startups with investors, mentors, and relevant networks. A study by Global Accelerator Learning Initiative (GALI) demonstrate, however, that currently, women's participation in accelerators are lower than men.⁷⁸ Some accelerators have started to investigate their own practices and have begun restructuring their programs in order to address this disparity. Actors like Endeavor started a mentorship program, creating Endeavor Catalyst as they realized they were better positioned to assess risk and value of their entrepreneurs than external investors.

Data shows that taking part in an accelerator, may actually widen the gap in equity financing between men and women. The above mentioned Gali study, which is providing data from 14,000 startups in over 160 countries with strong representation of ventures from emerging markets, showed that 52% of founding teams in the accelerators were made up entirely of men, followed by 35% with mixed gender, and only 13% comprised entirely of women entrepreneurs.⁷⁹ The key reason appears to lie in investors' bias and their perception of risk.

The ecosystem seems to be well-positioned in starting to respond to gender lens accelerators, with the presence of accelerators, like NXT Labs, SheLeads Africa, TechByHER, GreenHouseLab, and the Standard Chartered Women in Technology Incubator in Kenya. We-Fi has also funded projects aimed at increasing the number of women-led companies in accelerators. For example, the research partnership with IFC and Village Capital is a global accelerator with a high number of women-led startups in their portfolio. The fund will research and identify using a peer-selection method how it contributes to this high number of women-lead startups. We-Fi has also contributed to filling this gap, by funding IFC and their partnership with the Endeavour accelerator program, a pan-African accelerator program (with components financed by We-Fi), Flat6Labs in Tunis, and the IDBs growing portfolio including their WE3A proposal for Round 3.

Although, gender lens accelerators exist all over the world, there is still a mismatch between capacity and need. In addition, we see that most of the gender friendly initiatives are taking place in rather mature markets and ecosystems, such as Kenya, Tunis, South Africa, and Chile. The growing amount of national and global initiatives nevertheless allows for the ecosystem to promote learning across them, with the potential of bringing lessons learned into less matured ecosystems.

Debt financing

One of the most common means of later stage funding is through bank loans, yet SMEs are less likely to obtain bank loans than large firms. As mentioned above, scholars like Muravyev et al. (2009) have found that female managed firms are less likely to obtain a bank loan, and are charged higher interest rates when loan applications are approved.⁸⁰ Only 16% of WSMEs worldwide are reporting bank loans as a source of capital to fund their businesses, this is lower than that of men (22%).⁸¹ Common reasons are that women-led enterprises are smaller in size, younger and operate in sectors that are less economic beneficial than male-led enterprises, further explaining their higher interest rates. Another reason, as shown by the Global Findex (a comprehensive database measuring how people save, borrow, and manage risk in 148 countries), reveals that women are less likely than men to have formal bank accounts. Women in developing countries are 20% less likely than men to have an account at a formal financial institution.⁸² Reasons for this are many and may include restrictions on opening a bank account. Ballamoune-Lutz and Lutz (2017) also found in their research from the Middle East and Africa that women-owned firms have lower levels of equity, debt financing, and a lower leverage. However, when female owned firms acquire more financing, researchers also found a performance improvement that exceeded that of other firms, pointing to access to finance as a binding constraint.⁸³

Bank loans must take into consideration the constraints that women face in their everyday lives and tailor their products and services to suit their needs. In response, banks have started to develop gender-friendly solutions for existing financial products. For example, in Nicaragua, *Enclude* is testing an innovative loan structure (Variable Payment Obligation) to help WSMEs that lack fixed assets or loan

⁷⁸ GALI (2020) Accelerating Women-led Startups. A knowledge Brief by the Global Accelerator Learning Initiative (2020), GALI

⁷⁹ GALI (2020) *ibid*

⁸⁰ Muravjey et al. (2009) Entrepreneurs' Gender and Financial Constraints: Evidence from International Data. Journal of Comparative Economics 37(2)

⁸¹ GBA's Global Women's Market Survey (2017) https://financialallianceforwomen.org/wp-content/uploads/2017/02/InBrief-BusinessCase_FINAL.pdf

⁸² <https://www.worldbank.org/en/results/2013/04/01/banking-on-women-extending-womens-access-to-financial-services>

⁸³ Ballamoune-Lutz and Lutz (2017) Financing and performance of female entrepreneurs in Middle Eastern and African Economies, Working Paper no 1709, Instituto Complutense de Analisis Economico

guarantors. In China, Ant Financial in partnership with the IFC and Goldman Sachs' 10,000 Women Initiative, launched Ant Credit for women-owned small businesses who find it difficult to get loans from conventional lenders. Unlike the procedures for regular commercial banks, their approach allows Ant Credit to disburse loans without requiring collateral, which is a key constraint for women.⁸⁴ We-Fi and IFC are also increasing the lending to WSMEs in Nigeria through a similar approach with Union Bank PLC, a leading financial institution in the SME segment. In addition, We-Fi funding has also contributed to increase WSMEs access to loans, through allocation of funding to ADB and IFC.

Increased need for loans to WSMEs due to the pandemic

A study from the OECD is showing that the ongoing Covid-19 pandemic, in line with previous infectious disease-driven crises, has increased the gap between male and female entrepreneurs.⁸⁵ The World Bank Surveys on Small Businesses along the pandemic⁸⁶, found that female-owned businesses were 5.9 percent more likely to have closed their businesses than male-owned businesses during Covid-19. In sub-Saharan Africa, for example, 43 percent of the female owned MSMEs were temporarily closed, compared to 34 percent of male owned MSMEs.

Manolova et al. (2020) reveals that women-owned businesses seem to be more vulnerable to the ongoing crisis due to lower average firm age and size, but also because they are concentrated in the industry sectors hit hardest by economic shutdowns.⁸⁷ Researchers argue that tourism and consumer-focused businesses appear to have been in particularly hard hit, which are services where women business owners are more likely to be concentrated.⁸⁸

Debt finance is the most prevalent measure that countries are rolling out in support of SMEs in response to Covid-19. According to GEM's report on the Covid-19 impacts on entrepreneurship, national governments' incentives in the first phase of the pandemic were primarily focused on securing jobs, by providing credit lines to ensure financial liquidity.⁸⁹ Liquidity and access to funding, however, turned out to become an even greater challenge as the pandemic progressed.⁹⁰ This finding is supported by the World Bank's Small Business Survey, which revealed that few entrepreneurs actually received financial assistance. Moreover, business owners in sub-Saharan Africa and South Asia were less likely to receive financial assistance at all.

We-Fi funded projects have contributed to increased access to funding during the pandemic. For example, We-Fi and IFC have helped mitigate negative disruptions by scaling up lending to WSMEs in Kosovo. In addition, in India, the women-led fund India Alit (funded by We-Fi) focused on investing in women-oriented companies that were negatively affected by the Covid-19 crisis. Nevertheless, despite these positive efforts, there is an urgent need for a dramatic increase in women entrepreneurs' access to gender-friendly loans due to the Covid-19 pandemic, globally. The ecosystem should join forces and ensure a joint response to WSMEs when recovering from the current crisis, taking into consideration whether these financial services should be coupled with access to technology and skills in digitalization.

Innovative finance products and approaches tailored for WSMEs

Gender bonds are another gender lens investing method that has the potential to crowd-in other investors into the WSME sector. Between 2013 and 2017 IFC and ADB issued USD 354 million through gender bonds. In addition, private sector has recently expanded into the market.⁹¹ The increased issuance of gender bonds leads to increased proceeds available for WSMEs. As of March 2020, 13 gender-labelled bonds have been issued by a variety of entities ranging from large commercial banks, NGOs, and multilateral development banks. Governments are yet to participate in the gender bond market. We-Fi has

⁸⁴ https://www.unescap.org/sites/default/files/publications/SSD-Gender-FWE-report_0.pdf

⁸⁵ OECD (2020), Women at the core of the fight against COVID-19 crisis, https://read.oecd-ilibrary.org/view/?ref=127_127000-awfnqj80me&title=Women-at-the-core-of-the-fight-against-COVID-19-crisis (accessed on 17 April 2020).
[Open URL](#)

⁸⁶ Goldstein, M. et al. (2020) The Global State of Small Business during the COVID-19: Gender Inequalities, <https://blogs.worldbank.org/developmenttalk/global-state-small-business-during-covid-19-gender-inequalities>

⁸⁷ Manolova, T. S. et al. (2020) Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created by the COVID-19 pandemic, *International Small Business Journal: Researching Entrepreneurship* Vol. 38(6).

⁸⁸ Manolova, T. et al. (2020) *ibid*

⁸⁹ Ionescu-Somers, A. and Tarnawa, A. (2020) Diagnosing COVID-19 Impacts on Entrepreneurship. Exploring policy remedies for recovery. Global Entrepreneurship Research Association, London Business School

⁹⁰ Ionescu-Somers, A. and Tarnawa, A. (2020) *ibid*

⁹¹ <https://financialallianceforwomen.org/news-events/the-growing-power-of-gender-lens-investment/>

contributed to this work by allocating funding to IFC Indonesia gender bond and to IDB Invest to support a locally issued gender bond. This in turn will improve the bond's credit rating and attractiveness. Furthermore, IDB's partnership project consist of a subscription of Gender Bonds issued by Davivienda S.A.

Alternative financial instruments are growing quickly in developing countries, such as royalty-based lending, trade finance, and SAFE notes. Royalty based lending provides growth capability by pledging a percentage of future cash flow with payments, proportional to how well the business is doing and without giving away ownership.⁹² This is already a core product for established funds such as Adobe Capital and Village Capital. Another solution is SAFE notes, which is a financing mechanism which allows companies to receive financing at an early and unpredictable stage that can be used for multiple purposes, whereas the investors have the right to receive equity in the future. The upside of these approaches is that they are targeting small businesses with growth potentials, and not only the high growth businesses that mostly are needed to justify VC equity investment.

In addition, trade finance, should also be explored by the entrepreneurship ecosystem. An IFC report reveals that the need for trade finance techniques, which make cross-border transactions possible, have been challenged throughout the pandemic, as value chain disruptions have exacerbated the cash flow and access to finance challenges faced by business owners.⁹³ WSME will need support to strengthen their risk mitigation practices and techniques to optimize the management of working capital and liquidity invested in supply chain processes and transactions. We-Fi is supporting the increased needs for trade finance during Covid-19. For example, Wi-Fi resources are being used to provide performance-based incentive payments in Vietnam to a local bank, OCB, to increase its portfolio of WSME lending with an emphasis on supply chain financing.

Tailoring insurance products to suit WSMEs needs is another alternative. We-Fi seems to be at the forefront of this work in the ecosystem, and has responded to this need by allocating funding to IFC, who in turn will advise insurance companies in developing a women's market value proposition and tailored insurance products for women and women entrepreneurs in several countries.

Therefore, there is an emerging trend in developing innovative depth products, tailored to WSMEs needs. Here, We-Fi has been an important ecosystem player and in several instances, a pioneer in designing and deploying innovative debt instruments. Although other ecosystem players also play an important role in this matter, we have determined that also at later stage financing, programs and instruments will still take form as pilots and that the saturation level of the ecosystem is low. When the various pilots have been implemented, the ecosystem should ensure that lessons are learned across multiple countries and stakeholders, in order to scale successful pilots and strengthen the national and global ecosystem serving WSMEs. Nevertheless, the growing amount of national and global piloting initiatives allows for the ecosystem to promote learning across them, with the potential of bringing lessons learned into less matured ecosystems.

SME growth through financing innovation

Innovation loans and matching grants are increasingly being offered by public financial institutions as an instrument for enabling growth. This often occurs through the financing of R&D processes which develop and commercialize new products or services, by strengthening working capital, or expanding markets. For example, the EU has several schemes for enabling radical innovations and public financial institutions in developed countries by providing loans and grants for companies with ambitions to create value through innovation. At the country-level, innovation loans are offered to primary SMEs. In Norway, for example, the public innovation loan is a top-up financing of profitable development and investment projects, where the innovation loan finance up to 50% of the capital requirement. While in Germany, innovation loans are provided for SMEs in order to finance investments in the technology field.⁹⁴

Financing sources for entrepreneurs aiming at innovation in developing economies are limited.⁹⁵

That does not imply that innovation does not occur in these markets. On the contrary, developing economies produce homegrown innovations increasingly seen in products, services, and delivery mechanisms. We-Fi projects are paving the way for female-led, tech-oriented startups. For example, We-Fi and IFC have contributed with equity investments in the TIDE Africa Fund (which is an early stage venture capital fund) for funding women owned tech startups in several African countries. IDB Lab are also

⁹² Dalberg (2020) Closing the Gaps: Finance Pathways or Serving the missing Middles

⁹³ IFC (2020) Why Trade finance Matters - Especially Now

⁹⁴ <https://ec.europa.eu/growth/tools-databases/regional-innovation-monitor/support-measure/innovation-loans>

⁹⁵ Casanova, L. et. Al. (2018) Financing Entrepreneurship and Innovation in Emerging markets, Academic Press

supporting female STEM entrepreneurs and IFC has received funding for building a pipeline of women entrepreneurs in the digital space in Ethiopia.

WSMEs are increasingly looking at fintech as an alternative to traditional bank-facilitated trade finance and financial services in general. A global survey conducted by the Financial Alliance for Women shows that nearly 40 percent of FinTechs reported that regulatory incentives and grants hold the greatest potential to help them serve the women's market.⁹⁶ Due to the current Covid-19 pandemic, a digital shift has occurred. This has brought several developing countries to utilize digital cash transfers, which have helped put money directly in people's hands. The eight members of the West African Economic and Monetary Union have also allowed people to open accounts by text message or telephone, which has contributed to more than 8 million West Africans signing up for accounts while their countries were in lockdown.⁹⁷ Several ecosystem actors, such as Women's World Banking, believe that digital innovation and FinTech are the future of financial services, as they offer a tremendous opportunity to drive access to finance and help overcome many of the most persistent obstacles related to women's financial exclusion. Related to this, Women's World Banking has arranged the Fintech Innovation Challenge, for innovating FinTech solutions for women, sponsored by Bill & Melinda Gates Foundation, EY, and Novi. In addition, Financial Alliance for Women organized a Fintech hackathon, with the support from We-Fi. SME Finance Forum is another ecosystem actor with focus on Fintech.

Crowdfunding, especially, has grown into a meaningful and gender-friendly digital fundraising option for many SMEs. This may provide start-up cash, which enable women to gain access to additional investors or be considered for other types of financing later in their growth-journey. A World Bank study of East African startups showed that crowdfunding by SMEs may lead to increases in revenue and create employment, on average by 2.3 new employees the year following a successful campaign.⁹⁸ Another study by PwC shows that women (in the US and UK) are 32% more likely to reach their goals on crowdfunding projects than men.⁹⁹ A challenge for WSMEs in developing countries, might be that women are often limited by inadequate access to internet, digital competence, or a lack of access to technological devices which are needed to gain access to digital fundraising alternatives. Throughout this literature review we identified few crowdfunding platforms that may assist women gain access to funding. An exception is, WeFunder, a global crowdfunding platform that connects female startups with investors.

⁹⁶ Financial Alliance for Women (2020) How fintechs can profit from the multi-trillion-dollar female economy

⁹⁷ Bill & Melinda Gates Foundation (2020) Goalkeepers Report. Covid-19, A Global Perspective.

⁹⁸ The World Bank (2013) Crowdfunding's Potential for the Developing World, infoDev Growing Innovation


⁹⁹ PwC (2017) Women unbound. Unleashing female entrepreneurial potential, <https://www.pwc.com/gx/en/diversity-inclusion/assets/women-unbound.pdf>

Assessment of access to skills and networks

Summary of level of engagement

The figure below summarizes the level of engagement of ecosystem players' support to improve women SMEs access to skills and networks:

Figure 5. Ecosystem engagement in improving access to skills and networks

WSME needs	Solutions provided by ecosystem actors		Degree of market saturation			
Pillars in the entrepreneurship ecosystem	Approaches	Services/products	Nascent ecosystem	Advancing ecosystem	Well-established ecosystem	Mature ecosystem
 Access to skills & networks	Training	Gender-sensitized business training		✓		
		Digitalization training	✓			
		STEM training	✓			
	Mentoring	Mentoring programs		✓		
	Networking	Network platforms		✓		

Identified gaps related to access to skills & networks

- There is a potential for designing more diverse networks for WSMEs that are both tailored to women entrepreneurs' needs, while also including male mentors and collaborators.

Women SMEs' needs for skills

Female entrepreneurs in developing countries lack or have limited access to formal education and business-related knowledge, skills, and networks. A report from AfDB reveals that women entrepreneurs have in general less formal education than male entrepreneurs.¹⁰⁰ Moreover, in topics of importance for innovation and growth, such as the STEM fields (science, technology engineering and mathematics), only 35% of students are women, and out of these are only 3% pursue fields like IT.¹⁰¹ Women and girls are also 25% less likely than men to use digital technology for basic purposes, 4 times less likely to know how to program computers and 13 times less likely to file for a technology patent.¹⁰²

Bhardway (2014) argues that formal entrepreneurial education stimulates women to take up entrepreneurship as a career option and for female students to launch businesses.¹⁰³ Yet entrepreneurship programs at universities in developing countries are seldom gender sensitized. An exception is IFC/We-Fi Gebeya program, which includes training for young women in IT fields. Global stakeholders, such as UNESCO's CapEd, could be a relevant partner for the ecosystem in this regard, as they are providing education for those left behind, with an emphasis on the empowerment of girls and women. Most of these programs focus on employment, however they also give insight to the opportunities deriving from experiences starting their own enterprises. In Madagascar, CapEd has graduated 500 youth, of which 35 percent were female, bringing a mix of vocational and entrepreneurial skills.¹⁰⁴

Campos (2017), Alibhai et al. (2016) and Setiher (2018) show that women are demonstrating less confidence in their abilities, which again makes them less willing, or able, to compete in

¹⁰⁰Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report, (Undated), The World Bank Group

¹⁰¹ UNESCO (2020) Girls' and women's education in science, technology, engineering and mathematics (STEM) <https://en.unesco.org/stemed>

¹⁰² UNESCO and EQUALS (2019) I'd blush if I could: closing gender divides in digital skills through education

¹⁰³ Bhardway, B. (2014) Impact of education and training on performance of women entrepreneurs: A study in emerging market context, Journal of Entrepreneurship in Emerging Economies 6(1)

¹⁰⁴ <https://en.unesco.org/themes/education/caped/country-examples>

stereotypically male-dominated domains.¹⁰⁵ A World Bank report from Africa, also reveals that in many cases, male entrepreneurs have higher technical, financial, and management skills, in addition to be more likely to demonstrate confidence in their abilities and participate in training programs.¹⁰⁶

Business training programs for female entrepreneurs should therefore also include training on how women may face different constraints in their everyday life as women, relating to psychological and cultural factors. This is also highlighted in an AfDB report, where one of the conclusions was that women's needs of socio-emotional training must be understood in the context of the underlying constraints that female entrepreneurs are finding at the normative and legislative level.¹⁰⁷ This point also underscores the importance of increasing the number of women investors, as pointed out earlier, as they have the possibility to help build up peer networks which work to enhance confidence and reduce barriers that women are more likely to experience than men.

There is also a need to design training programs for women, and in particular for female entrepreneurs with growth ambitions, on how to succeed in male dominated sectors. A World Bank report shows that psychosocial factors, particularly the influence of male role models and exposure to the sector from family and friends. These were identified as crucial in helping women overcome the norms that hinder women's participation in male-dominated sectors.¹⁰⁸ Research from Ethiopia and Uganda also highlight the importance of the support of male mentors in assisting women in starting activities in male-dominated sectors. The lack of such mentors may limit women's entry into non-traditional and possible more profitable activities.¹⁰⁹

Level of engagement in the ecosystem

WSMEs capacity needs are met by gender-sensitized entrepreneurship and business training programs offered by ecosystem actors. Both We-Fi and the ecosystem at large are providing gender-sensitive business training programs around the world. Examples of We-Fi funded projects that are offering business training to WSMEs, are ADB Sri Lanka's tailored training to strengthen WSMEs business skills, and the World Bank's Mozambique training program in male dominated business sectors. Numerous other similar programs are being offered by other stakeholders in the ecosystem, e.g. the EBRD coaching programs (bespoke advisory program), the World Bank e-commerce training, and IDB STEM specific training.

Fundamentally, programs need to be designed in a way that address socially constructed and imposed gender roles/norms in order to increase women's understanding of inhibiting normative assumptions, as well as developing effective solutions to circumvent them. Several of the aforementioned examples of training programs are mostly offered as empowerment programs by NGOs, however there are a few exceptions. In Africa, for example, there are business training programs that are addressing socio-emotional skills and gender-specific content, as opposed to standard managerial training programs, proven to be effective in numerous contexts, and pay for themselves by increased profits in the long-term.¹¹⁰ In India, female entrepreneurs increased participation through the cultivation of peer support networks. The program provided the opportunity to come with a friend to a two-day training program. Results showed increases in household income and business activity, and the effects were particularly strong for women from socially conservative groups.

Studies show that business trainings combined with wraparound services such as mentoring and coaching are more effective in improving business performance for WSMEs than stand-alone interventions.¹¹¹ We-Fi has contributed funding to several projects in this matter, such as IFC and

¹⁰⁵ See for example Campos et al. (2017) «Teaching personal initiative beats traditional training in boosting small business in West Africa», Science 357, Alibhai. et al. (2016) «From learning to Earning: An Impact Evaluation of the Digital Opportunity Trust (DOT) Entrepreneurship Training». World Bank Africa Gender Innovation Lab, Policy Briefs Issue 17, and Batista and Seither (2018) «Reference Points and Entrepreneurship: Evidence from a Field Experiment on Aspirations, Goal Setting, and Business Skills». CSAE 2018 working papers

¹⁰⁶ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report

¹⁰⁷ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report

¹⁰⁸ Campos, F. et al. (2015) Breaking the Metal Ceiling. Female Entrepreneurs Who Succeed in Male-Dominated Sectors. Policy Research working Paper 7503, World Bank Group, African Region.

¹⁰⁹ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report

¹¹⁰ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report

¹¹¹ Word Bank Group (2018) An operational guide to women's entrepreneurship programs in the Word Bank.

Endeavor's global entrepreneurship program and IDB Lab's regional platform, connecting women entrepreneurs in STEM with mentors and networking sessions. The ecosystem is also contributing in this field, such as USAID and Power Africa network, Cherie Blair Foundation's 'Women's Mentoring Women in Businesses' and AfDB's '50 million women speak', a regional digital platform offering female entrepreneurs networking and inflation. Mentor programs and business trainings, are also more effective on business performance indicators when combined with relevant services, such as childcare or joint sessions with spouses to discuss the women's enterprise and household responsibilities.¹¹² However, it is unclear whether the identified initiatives in this analysis have taken these issues into consideration in their design of programs. Travel restrictions is another obstacle that often hinder women's participation in training programs. Therefore, the ongoing Covid-19 pandemic provides an opportunity to rethink program design and moving components (or whole programs) on to digital platforms – rather than requiring physical presence, such as the "Win Win" business and training program (UN Women and ILO) provided to women entrepreneurs in the LAC region that was conducted online during the Covid-19 crisis.

While few, there is also a rise of female sensitive training within the STEM-field, and, as seen among the gender lens accelerators, are also to a large degree taking place into a more mature ecosystem, i.e. where there's a presence of a variety of ecosystem players at a national level. We-Fi is funding such an initiative; Gebeya, a pan-African education technology company who are training female software developers, and simultaneously providing technical and strategic guidance to business development. Other actors are Girls in Tech, who works to empower women through online learning modules and participatory online events in Asia. In addition to similar initiatives such as Women in STEM Entrepreneurship (Wise) and the Standard Chartered women in technology Incubator (a tech incubator for women in Kenya and a collaboration between Standard Chartered Bank, ibizAfrica and Strathmore Business School). These, and others, have contributed to supporting women entrepreneurs with growth potential in STEM by also connecting them to investors and relevant networks.

Related to the above, it is also important to ensure that women entrepreneurs also have access to relevant employees, such as quality programs for digital startups. Andela is an African private initiative, and a pioneer solution to the problem, contributing with remote engineering capacity and matching these with businesses all over the world.¹¹³ Since the Covid-19 pandemic has brought so much online, providing another opportunity to address the skills gap, further emphasizing that geography does not need to limit WSMEs access to relevant skills training. Another relevant program at a national level is Technology for Women in Business, a South African public initiative aiming at enhancing the accessibility of STEM to WSMEs.¹¹⁴

We-Fi is also starting to respond to designing training programs for women entrepreneurs who want to succeed in male dominated sectors. We-Fi has contributed by funding the World Bank's Mozambican efforts in designing and deploying training programs for women entrepreneurs in male dominated business sectors. We-Fi has also, in partnership with EBRD, funded a program with Mercy Corps known as the MicroMentor, which is an online platform that connects entrepreneurs with volunteer mentors, and will be offering a mentoring program for WSMEs - 100% virtual and free. However, we did not identify other similar programs among the ecosystem actors.

Women SMEs needs for networks

A long-standing body of research has proven the value of good business connections throughout the entrepreneurial journey and an enterprises' life. Networks are important for several reasons; at different occasions, it can impact an entrepreneur's access to credit; learn about new market opportunities; improve access to technology; increase the entrepreneurs' skills and creativity and contribute with moral support in coping with small are larger challenges. Brixiova and Kangoye (2019), holds that entrepreneurs' ability to build or be part of networks plays an important role in securing venture capital and increasing sales performance.¹¹⁵ Furthermore, Chan and Foster (2011), argue that immediate network or channel for information can be more important to women business owners that it is to men business owners.¹¹⁶

¹¹² Word Bank Group (2018) *Ibid.*

¹¹³ <https://andela.com/>

¹¹⁴ <https://smetoolkit.businesspartners.co.za/en/content/technology-women-business>

¹¹⁵ Brixiova, Z. and Kangoye, T. (2019) Networks, Start-Up capital and Women's Entrepreneurial Performance in Africa: Evidence from Eswatini, Discussion Paper Series, IZA Institute of labor Economics, South Africa

¹¹⁶ Chan, S. and Foster, M. (2001) "Strategy Formulation in Small Business: The Hong Kong Experience, International Small Business Journal 19(3)

Robinson (2011), further reveal that women entrepreneurs benefit more from early stage strategic assistance and coaching, suggesting that strong networks encourage women to take the risks necessary to grow.¹¹⁷

Evidence suggests that women's networks tend to differ from male networks in quite significant ways, which may help explain the gender gaps in business performance. For one, women and men's networks to a large degree are segregated by sex. Men-dominated business networks are larger and more diverse comprised of professional actors and colleagues. While women-dominated business networks, on the other hand, are comprised by mainly, female family members and friends.¹¹⁸ This is not surprising, taking into consideration that women are less likely than men to attend formal education and hold formal positions within their communities. Research from advanced and developing economies have also revealed that women's high share of relatives and network homogeneity are key weaknesses in women's entrepreneurial networks.¹¹⁹ The upside of such networks is that good family ties may contribute with moral support, inspiration, as well as funding. However, mixing family ties with business might put the female entrepreneurs in vulnerable situations. This is particularly relevant for patriarchal societies and in contexts where women are subordinate to their parent's and/or husband's decision-making.

Strengthening women's networks, and contributing to access to connections beyond the family, is thus an issue of major importance for women entrepreneurs. Studies from Africa have shown that women who receive support from professional networks have higher initial capital, while those trained in financial literacy more often access external funding sources, including through their networks.¹²⁰ In addition, the literature reveals that greater diversity in the networks also provides a wider variety of resources, ideas, and information.¹²¹

Level of engagement in the ecosystem

There is a rise of networking platforms for women entrepreneurs in developing countries, at national, regional, and global levels. Examples of networks at a global level is the Collaborative for Frontier Finance, connecting stakeholders facing similar pain-points to a peer network of actors for small and growing businesses in emerging markets. An example of a regional network is Lioness of Africa, a community supporting women's start-up dreams on the continent.

Most (although there are exceptions) networks targeting WSMEs are focusing on women only, thus leaving out the potential benefits and economic that may derive from more diverse networks, where men also participate.

¹¹⁷ Robinson, S. (2011) Social Networks and Entrepreneurial Growth, International Journal of Management & Information Systems, 15(4)

¹¹⁸ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa, Report

¹¹⁹ See Renzulli et al. (2000) "Family matters: gender, networks and entrepreneurial outcomes", Social Forces, 27(2) and Brixiova, Z, and Kangoye, T. (2019) *ibid*

¹²⁰ Brixiova, Z, and Kangoye, T. (2019) *ibid*


¹²¹ IFC, MENA Businesswomen's Network and Vital Voices (Undated) Solutions to Increase Access to Women-Owned Businesses in the Middle East and North Africa

Assessment of access to markets & technology

Summary of level of engagement

The figure below summarizes the level of engagement of ecosystem players' support to improve women SMEs access to markets and technology:

Figure 6. Ecosystem engagement in improving access to markets and technology

WSME needs	Solutions provided by ecosystem actors		Degree of market saturation			
Pillars in the entrepreneurship ecosystem	Approaches	Services/products	Nascent ecosystem	Advancing ecosystem	Well-established ecosystem	Mature ecosystem
 Access to markets	Value chain	Value chain programs connecting WSMEs to suppliers		✓		
		Supply chain finance	✓			
	Digitalization	E-commerce and digital platforms	✓			
		Business model innovation	✓			

Identified gaps in access to markets and technology

- We-Fi has taken a role in incorporating WSMEs into value chains. Due to the ongoing pandemic, there is an urgent need to target women's participation in the value chains, as well as adapting to the rapid digitalization and innovations occurring in the value chains.
- Due to the disruptions taking place in the global value chains, there will be a need for assisting WSMEs in business model innovation in their business recovery phase.
- To couple training in business model innovation together with capacity in digitalization, will probably be a positive contribution to WSME's recovery from the pandemic.

Level of engagement in the ecosystem

E-commerce provides new platforms for selling products across the world. Global e-commerce platform companies also have the potential of increasing women's access to markets in developing countries, such as Jumia, a private company and an online marketplace for electronics and fashion, targeting several African countries. The company also contributes to logistic and payment services and may thus be perceived as an ecosystem player tapping in and contributing to filling the gaps in several pillars.

Platforms like Meetup, WhatsApp, LinkedIn, and Facebook have also supported women entrepreneurs in making connections and accessing digital networks with suppliers and consumers.

Several ecosystem players are providing training in digitalization, such as the Pro Mujer initiative in LAC and the Girl Effect in Africa. Interestingly, multinational tech companies are increasingly offering workshops for increasing digital skills, such as Microsoft Global Skills Initiative. Their aim is to bring more digital skills to 25 million people worldwide by the end of the year. Google provides digital workshops in Africa, while Mozilla provides online Citizen Digital Community Clubs.

Furthermore, digitalization is also an opportunity for SMEs, to encourage women's participation in the digital economy, including digital marketing and digital trade. This includes digital identification and allowing innovative ways of securing collateral and credit histories, but also in ensuring capacity building and training, as well as access to technology. We-Fi has already acknowledged that disruptive technologies and digital platforms can play an important role in improving innovation, productivity, and access to markets for women entrepreneurs. Digitalization was one of three themes prioritized in We-Fi's last call (October 2019). The World Bank group received USD 16 million for digitally enabled access to finance and markets programs for WSMEs in the Sahel, while IDB received USD 14.7 million to support WSMEs in STEM during the pandemic. EBRD was granted USD 7.36 billion for amongst others innovative solutions for leveraging

digital technologies, while IFC provided grants for building a pipeline of women entrepreneurs in the digital space in Ethiopia.

Experimenting with alternative business models is increasingly perceived as a necessity, as many businesses simply cannot operate as they had in the past and need to adapt to new market realities. As also highlighted by a World Bank report, there is a need to innovate and to adapt technologies to local needs in order to increase the competitiveness of local businesses.¹²² To couple training in business model innovation together with capacity in digitalization will likely be a positive contribution to WSME's recovery from the pandemic. We have not identified any players in the ecosystem providing these services, therefore this may be an area where We-Fi can make a difference for WSMEs.

The digital shift is creating opportunities for female entrepreneurs around the world. The lack of access to technology is a well-known barrier for female entrepreneurs in developing countries.¹²³ Similarly, a lack of connectivity is another immense challenge, particularly in rural areas in poor countries, where female entrepreneurs (i.e. agriculture) operate. The digital shift depends thus upon a solid infrastructure as well as skills that enable women entrepreneurs' digitalization journey on the one side, and private enterprises as providers of digital solutions, including e-commerce platforms for WSMEs on the other. The ecosystem and its players will consequently continue to change and key questions that need to be raised include, how these will influence the ecosystem and what roles they will take.

Women SMEs needs related to access to value chains

For entrepreneurs to succeed, they need access to customers and consumers, other firms and government contracts. The share of world trade passing through global supply chains varies between 55% and 80%. Women are drawn into local and global value chains at every level; as farmers, workers, processors, entrepreneurs, service providers, managers, and consumers. According to a report published by World Economic Forum (2018), women play a key role in services that support global value chains,¹²⁴ yet, they continue to face barriers to achieve their full potential in the marketplace. Furthermore, the lack of access to financial services is explained as a major reason why WSMEs face high obstacles to participate in trade and value chains.¹²⁵

Reports, such as FAO's guideline for developing gender sensitive value chains (2018) holds that women entrepreneurs in developing countries face stronger constraints than men, which in turn is closely linked to the inequality in the participation and decision-making power within the household, and in community institutions and organizations.¹²⁶ The above mentioned report from WEF highlights that women-owned businesses are under-represented in value chain sourcing as a percentage of all female entrepreneurs.¹²⁷ Vazques and Frankel (2017), estimate that women-owned businesses earn less than 1% of what governments and large corporations spend on products and services globally.¹²⁸ Christian et al. (2013), show that specific gender constraints in global supply chain include occupational segregation, low pay, precarious work, poor access to care, poor education, long working hours, as well as discrimination. Women owners and entrepreneurs also face constraints such as ownership of property and land, accessing credit and loans, obtaining procurement contracts, and corruption.¹²⁹

From a value chain perspective, improving women's access to the right inputs is pivotal to open new markets for input providers. Improving WSME's access to markets involves expanding opportunities for women to take part in the current market possibilities, which may include reaching additional clients and

¹²² Blimpo, M. P. et al. (2017) Leapfrogging: the key to Africa's development – from constraints to investment opportunities, The World Bank Group

¹²³ UN Women and Pulse Lab Jakarta (2020) Leveraging Digitalization to cope with Covid-19. An Indonesia case study on women-owned micro and small businesses (2020)

¹²⁴ Barrientos, S. et al. (2018) Global Value Chain Policy Series. Gender, System Initiative on Shaping the Future of International Trade and Investment, World Economic Forum

¹²⁵ World Bank Group and GPFI (2017) Financing for SMEs in sustainable global value chains

¹²⁶ FAO (2010) Developing gender-sensitive value chains. Guidelines for practitioners

¹²⁷ Barrientos, S. et al. (2018) *ibid*

¹²⁸ Vazquez, Elizabeth A. and Barbara Frankel (2017) The Business Case for Global Supplier Diversity and Inclusion: The Critical Contributions of Women and Other Underutilized Suppliers to Corporate Value Chains, WEConnect International,

¹²⁹ Christian et al. (2013) "Women in Value Chains: Making a Difference", Capturing the Gains Revised Summit Briefing No. 6.3, 2013, http://www.capturingthegains.org/pdf/ctg_briefing_note_6.3.pdf (accessed 24 August 2018)

new markets. Below, we will assess the ecosystems' response and solutions for supporting better access from women entrepreneurs to markets.

Due to the ongoing Covid-19 pandemic and the urgency of prioritizing digitalization for sustaining businesses, we are also looking into the emerging needs of WSMEs and the solutions to be offered by the ecosystem in terms of digital platforms, e-commerce, and innovation in the near future.

Level of engagement in the ecosystem

Some of the leading multinational companies have supplier diversity programs that also target WSMEs. This has contributed to inclusive value-chain programs, which in turn has increased WSMEs participation in the corporate value chain. For example, Coca Cola has committed to enable the economic empowerment of 5 million women entrepreneurs across the company's value chain by 2020. At the end of 2013, there were 5by20 programs in more than 40 markets, and more than 550,000 women had participated in the initiative.¹³⁰

In addition, there are intermediaries and new platforms connecting corporates and WSMEs. Key players in the ecosystem are WeConnect International and She Trades. Both provide a global network and platform that connects women-owned businesses to buyers around the world, in addition to building strong networks and providing free online learning. In addition, training programs that enable WSME's participation in corporate value chains are also important, with training and advice on topics such as logistics, quality control, and standards. UPS Women Exporters Program provides training and networks necessary to enable WSMEs to engage in trade, and so far, has more than 6000 WSMEs participated in 35 events around the globe.¹³¹

We-Fi has funded several projects that are complimenting the other ecosystem players' efforts, with the potential of contributing to narrowing a gap in WSME's access to value chains. The focus has been on increasing supplier contracts as well as opening for market opportunities. For example, We-Fi and IFC are investing in TradeDepot, a digital retail distribution platform connecting informal retailers with brands and manufactures in Nigeria. Supply chain finance has been allocated to IDB, who in turn are providing financing to two companies in Honduras to expand their aggregate production capacity and diversify their production. IFC received funding for a similar project, in order to support a company with a strategic increase of the participation of women entrepreneurs in its value chain in India.

At the research and policy level, IFC and WeConnect International have partnered to raise awareness on the business case for gender-inclusive sourcing in Bangladesh, India, Latin America and the Caribbean (LAC)-Andean Region, Nigeria, Pakistan, Sri Lanka, South Africa, and Turkey. IFC has also received We-Fi funds for an IFC research partnership with Daraju - a leading, fast-moving consumer goods company to study the role of female distributors in the company's distribution network and to enhance understanding of how incorporating women into corporate supply chains can contribute to business results, strengthen the business capacity of female distributors, and support sales growth.

The gender gap in value chains is still severe although We-Fi has taken a role in incorporating WSMEs into value chains in developing countries. The ongoing Covid-19 pandemic severely redistributed the global value chains, which in turn resulted in dramatic consequences for many WSMEs. Consequently, there is an urgent need for continuing to promote women's participation in value chains, as well as adapting to the rapid digitalization and innovations occurring in value chains. A key issue for the ecosystem in the way forward is to investigate how they can support WSMEs to tapping into the disruptions taking place. Digitalization and innovation in business models provide opportunities to explore further, which we will elaborate upon further below.

The pandemic has brought new opportunities for innovation among SMEs. Crises create many new opportunities, which may enable more women than ever to step into the economic sphere and into entrepreneurial activities. According to McKinsey, the ongoing crisis will fundamentally change the way we do business over the next five years.¹³² It is probably too early to say whether the crisis will lead to what Schumpeter would coin a "creative destruction" of the current economic system. The crisis has, however, already led to several disruptions, as have previous crises, such as the sharing economy that rose out of the 2009 financial crisis in which technology enabled the creation of crowd funding and digital marketplaces.

¹³⁰ Harvard Business Review (2020) Why You Need a Supplier-Diversity Program

¹³¹ International Trade Centre, She Trades, ICC, UPS and W20 (2020) Women entrepreneurs – Action Plan to Build Back Better

¹³² Am, J. B. et al. (2020) Innovation in a crisis: Why it is more critical than ever, McKinsey & Company

In this pandemic, it is obvious that many businesses simply cannot operate as they have in the past and business models need to adapt to new market realities.

The ongoing pandemic has escalated the need for businesses to uptake digitalization, e-commerce and innovation in their business models. SMEs have adapted digital platforms in order to attend essential activities during lockdowns. In middle-income economies, such as Chile and Mexico, the most favorable impact of the pandemic has been the push towards the digital transformation. Both countries report an emergence of multiple digital and innovative initiatives.¹³³ Moreover, an OECD report on the MENA-region shows that many businesses are moving online.¹³⁴

For WSMEs, digital financial and other supporting products and services have been key to survival during the pandemic. The McKinsey report estimates that the adoption and use of digital payments and financial services will increase the GDP of all emerging markets by USD 3.7 trillion by 2025, possibly creating up to 95 million new jobs. In Kenya, for example, mobile savings has led to new businesses, more capital investment, and better business practices.¹³⁵ In Indonesia and Myanmar mobile money services taking off and have shown to be used to receive money more easily from family and friends – who often are a key source of funding.¹³⁶ Access to financial services is perhaps more important than ever before, yet women are disadvantaged in these circumstances, as they disproportionately lack both digital access, technology, and skills in moving efficiently online.¹³⁷ There is consequently an urgent need for enabling women entrepreneurs to partake in the digital transition.

The uptake of digitalization also provides an opportunity for innovating business models. Manolova et al. (2020), highlights that innovating business models are difficult for women entrepreneurs, whose businesses are concentrated in the industry sectors most severely affected by the economic shutdown.¹³⁸ To date, few studies focus on gender differences in business recovery, or business model innovation following crises and shocks,¹³⁹ however a DIRI survey of the effects of Covid-19 on entrepreneurs revealed that women are as willing to experiment, innovate, and take action as men.¹⁴⁰ In this survey, 54% of the women respondents revealed that they have done their marketing or promotion in a new way, 35% have streamed services or classes, and 53% have been offering new products or services. To reduce costs, 45% of the women respondents cut office expenses, 36% have deferred vendor or lease payments, and 24% renegotiated vendor contracts.¹⁴¹ Am et al. (2020), argue that successful business model shifts require both to understand which aspects of the business model that are unlikely to return, and to pivot to develop a digital approach for the “next normal”.¹⁴²

¹³³ Ionescu-Somres Ibid.

¹³⁴ OECD [Policy Responses to Coronavirus \(Covid-19\) \(2020\) Covid-19 crisis in the MENA region: impact on gender equality and policy responses](#)

¹³⁵ Bastian, G. et al. (2018) Are Mobile Savings the silver Bullet to help Women Grow their Businesses? Policy Brief Issue 29 Gender Innovation Lab, East Asia & Pacific Gender Practice and Center for Global Development

¹³⁶ ESCAP (2018) Fostering Women's Entrepreneurship in ASEAN. Transforming Prospects, Transforming Societies

¹³⁷ World Bank Blogs (2021): <https://blogs.worldbank.org/arabvoices/how-digital-financial-services-can-provide-path-toward-economic-recovery-algeria>

¹³⁸ Manolova, T. S. et al. (2020) Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created by the COVID-19 pandemic, International Small Business Journal: Researching Entrepreneurship Vol. 38(6).

¹³⁹ Manolova, T. S. et al. (2020) *ibid*.

¹⁴⁰ <https://entrepreneurship.babson.edu/pandemic-women-in-small-business/>

¹⁴¹ <https://entrepreneurship.babson.edu/pandemic-women-in-small-business/>


¹⁴² Am, J. B. et al. (2020) *ibid*

Assessment of the enabling environment and ecosystem

Summary of level of engagement

The figure below summarizes the level of engagement of ecosystem players' support to improve the enabling environment:

Figure 7. Ecosystem engagement in improving the enabling environment

WSME needs	Solutions provided by ecosystem actors		Degree of market saturation			
Pillars in the entrepreneurship ecosystem	Approaches	Services/ products	Nascent ecosystem	Advancing ecosystem	Well-established ecosystem	Mature ecosystem
 Enabling environment	Evidence building	Policy and regulatory reforms		✓		
	Knowledge	Sex-disaggregated data		✓		

Identified gaps in improving the enabling environment

- There is great potential for easing women entrepreneurs' care burdens if the ecosystem joins forces and collaborates on solutions for policy reforms, increasing the involvement of men in care activities, and the deployment of childcare programs that have a positive impact on women entrepreneurs. We-Fi could work towards addressing this gap through their convening power which can bring together actors from public, private, and NGO sectors

Women's needs related to policy and legislation changes

Every entrepreneurial ecosystem is embedded in an institutional context which includes formal regulations and laws, as well as informal institutions, such as sociocultural norms and local-embedded practices and know-how. Women entrepreneurs do not make business decisions in a vacuum and some major underlying constraints help to explain women's underperformance in business compared to men. The institutional context is more supportive in some regions than in others, and therefore lead to different rates and types of entrepreneurial activity and different regional development paths.¹⁴³

We-Fi aims to improve the enabling environment by working with public and private sector actors to break down gender biases and legal and regulatory constraints that women entrepreneurs face in running their businesses.

Women entrepreneurs are constrained by legal discrimination, such as laws restricting women's ability to own and run a business. Other laws and policies that are restricting women's participation in the formal economy are gender-discriminating laws, which restrict access to financial services, property ownership, and inheritance. Regulatory reforms are needed to secure gender-equal opportunities in the formal economy. A recent report from the World Bank found that in 131 countries there have been 274 reforms to laws and regulations, leading to an increase in gender equity. However, 155 of 173 economies still have at least one law restricting women's economic opportunities.¹⁴⁴

At a policy level, there is an urgent need for changes in to reduce gender inequalities in responsibility for care. Women entrepreneurs have long faced time constraints due to gender roles that encompass household obligations and care responsibilities. In a study from Tanzania, women reported spending on average ten hours less in their businesses per week than men.¹⁴⁵ While another study from sub-Saharan Africa noted that 26 percent of married female business owners were spending more than six

¹⁴³ Gertler, M. (2010) Rules of the Game: The Place of Institutions in Regional Economic Change, Regional Studies, Volume 44, 2010 – Issue 1

¹⁴⁴ World Bank Group (2020) Women Business and the Law 2020

<https://openknowledge.worldbank.org/bitstream/handle/10986/32639/9781464815324.pdf?sequence=10&isAllowed=y>

¹⁴⁵ Siba, E (2019) Empowering women entrepreneurs in developing countries. Why current programs fall short. Brief, Brookings

hours per day on domestic duties and childcare while still operating their business, compared to 18 percent of married male business owners.

Women's domestic responsibilities have severely increased in the ongoing pandemic. Since the Covid-19 outbreak, working mothers are interrupted at work 50 percent more than fathers.¹⁴⁶ Female entrepreneurs are also taking a larger portion of the extra burden of domestic and care responsibilities than men.¹⁴⁷ A question, in this regard, is to what degree can the enabling ecosystem take a role in solving this severe obstacle for female entrepreneurs? Emerging evidence suggests that childcare programs may have a positive impact on women's employment outcomes, but these studies do not analyze the impact of childcare on women's business outcomes.¹⁴⁸

Not only formal laws, but also informal cultural norms and customs, are well-known hindrances for female entrepreneurs in developing countries. Siba (2016), even argue that women entrepreneurs in developing countries are more likely to be affected by social and cultural factors than by limited access to financial services.¹⁴⁹ An example of the bias on women's participation in the formal economy is found in a recent policy brief by the OECD and EU, where a survey among the North Africa population revealed that two-thirds of the responders believe that children will suffer with working mothers, while one-third believed that it is not acceptable for women to work outside the home for pay.¹⁵⁰

Many societies remain highly patriarchal, in which decision-making at household and community levels are primarily a male concern. This has a profound impact of women entrepreneurs who lack decision-making powers. Lie et al. (2017), report in their research from Latin America that 27 percent of female entrepreneurs claim to have been discriminated against because of gender when doing business, while only 4 percent of men perceive this type of barrier.¹⁵¹

The risk of gender-based violence (GBV) should also not be underestimated. In many countries, working outside of the home may put women at risk. A report from the AfDB reveals that in Malawi, for example, have 14% of female entrepreneurs been subject to physical or emotional violence by their domestic partner.¹⁵² Ribero and Sanches (2014), reveals in a study from Colombia that women entrepreneurs who experienced GBV had 70 percent lower earnings than for non-victims.¹⁵³ However it is important to take into consideration that enterprise performance is complex and the literature looking into the relation of entrepreneurship and GBV is limited.

Enhancing the knowledge of female entrepreneurs

The gap analysis revealed that there is a rather collective agreement in the ecosystem regarding the importance of collecting data stratified by sexes. Here, We-Fi contributes by targeting an increase in the knowledge needs and constraints of WSMEs by improving data collection and usage of data concerning female entrepreneurs, i.e. sex-disaggregated data.

A strong commitment and partnership among key players in the ecosystem are occurring, such as Data2X and their convening the Women's Financial Inclusion Data Partnership. This partnership works to increase awareness about the importance of sex-disaggregated financial services data and coordinates efforts and interventions to maximize its collection and use. Within the ecosystem, there seem to be a unified perception that We-Fi will contribute with significant outputs and outcomes in this work, as they have the ability to not only include MDBs, but also contribute to developing a more uniform scorecard for the ecosystem. This is of importance for both regulatory actions, such as central bank reporting requirements, as well as multi-stakeholder initiatives.

¹⁴⁶ Andrew et al. (2020) The Gendered Division of Paid and Domestic Work under Lockdown. IZA Discussion Paper No 13500

¹⁴⁷ Global Entrepreneurship Research Association (2020) Diagnosing COVID-19 Impacts on Entrepreneurship. Exploring policy, London Business School

¹⁴⁸ The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa

¹⁴⁹ Siba, E. (2016) Article: "Enabling female entrepreneurs and beyond", <https://www.brookings.edu/blog/africa-in-focus/2016/07/25/enabling-female-entrepreneurs-and-beyond/>

¹⁵⁰ OECD (2020) [Policy Responses to Coronavirus Covid-19 crisis in the MENA region: impact on gender equality and policy responses](#)

¹⁵¹ Lie, C. et al (2018) "Entrepreneurship and Gender in Latin America", INCAE Business School, https://www.researchgate.net/publication/323384496_Entrepreneurship_and_Gender_in_Latin_America

¹⁵² The World Bank Group (Undated) Profiting from Parity. Unlocking the Potential of Women's Businesses in Africa

¹⁵³ Ribero, R and Sanches, F. (2014) "Determinates, Efectos Y Costos De La Violencia Intrafamiliar En Colombia", Ideas

A more elaborate assessment of We-Fi's work on this matter is found in the Deep Dive on Sex-Disaggregated data, which is a part of the MTR.

Level of engagement in the ecosystem

Policy reforms prohibiting gender-based discrimination increase women's access to finance.

Financial regulatory reforms related to property ownership, inheritance, and collateral frameworks also increase a women's ability to start a business. There are some NGOs and multilateral development agencies working in this space. Worth mentioning, are the UN Women and the UNCDF's programs that offer normative approaches for enhancing women's economic empowerment. We-Fi is also contributing to this important work by funding research projects related to policy reforms, such as the World Bank's effort to produce a reform memorandum for 12 We-Fi countries and in-depth advisory in 2 countries. This led to 4 laws being revised. In addition, ADB Sri Lanka is assessing existing policy and regulatory challenges to WSMEs, while EBRD also have concrete activities focused on policy and regulatory reforms.

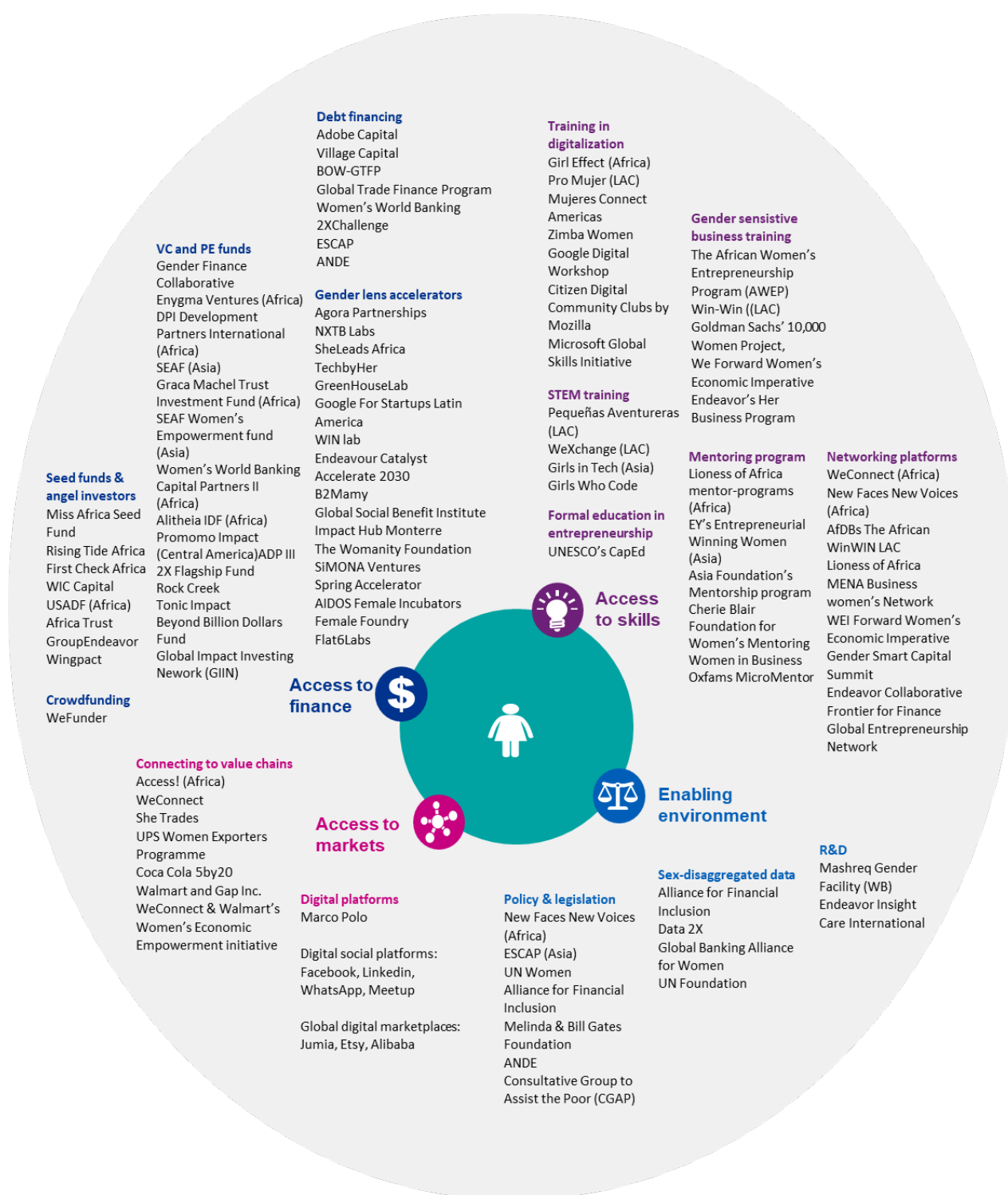
Advocacy work towards more gender-friendly law and policy reforms are driven forward by national women's (business) organizations, NGOs, and multilaterals. In addition, ecosystem actors are also contributing. For example, the We-Fi funded the World Bank 'Women Business and the Law' Reform Advisory program to conduct diagnostics in 12 countries to outline disparities in gender equality, provided recommendations on policy reforms.

The lack of child – and elderly care among female entrepreneurs in developing countries is emerging as a gap in the global entrepreneurial ecosystem. This is also acknowledged by several stakeholders in the ecosystem, including the We-Fi Secretariat and their Implementing Partners. Studies show that advocacy by women's groups coupled with support from international organizations are efficient triggers for reforms. Childcare is a priority for several of the MDBs, however this is an issue that goes beyond entrepreneurship programs and must involve a range of public institutions.

Conclusion

In conclusion, this gap analysis summarized relevant literature regarding WSMEs and mapped the various entrepreneurial actors that influence We-Fi programming, through a descriptive account of existing literature. Based on the findings of the gap analysis, it appears that the ecosystem players supporting WSMEs in developing countries are growing in numbers. This contributes to new strategic partnerships, increased funding, and innovative tools, services, and products tailored to WSMEs needs. However, several gaps were also identified relating to the need for WSME's access to finance and access to value chains; the Covid-19 pandemic; the increased need of bank loans; gaps in access to seed funding; an emerging need for the widespread introduction of digital platforms and innovation; and a need for leveraging partnerships and collaboration among the various actors in the ecosystem. Additional considerations related to the key findings from the gap analysis may also be used to strengthen and support future We-Fi programming.

Ecosystem overview



Note: Illustrative overview of global and regional ecosystem actors.

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Contact

Oddbjørn Vegsund

Partner

T +47 4063 9919

E oddbjorn.vegsund@kpmg.no

Thomas Fugelsnes

Director

T +47 4157 0368

E thomas.fugelsnes@kpmg.no

kpmg.no