

Women Entrepreneurs Finance Initiative (We-Fi)

**THEMATIC FUNDING REQUEST
ON A PROPOSED FINANCING
IN THE AMOUNT OF \$10,951,555
TO THE**

INTERNATIONAL FINANCE CORPORATION

FOR

**Leveraging Finance, Data and Technology Solutions
to Grow Women Entrepreneurs**

Submission to the Secretariat: April 5, 2022

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I. EXECUTIVE SUMMARY

The World Bank Group (“WBG”) is strongly committed to gender equality and the economic empowerment of women. Through its public sector arm, the International Bank for Reconstruction and Development and the International Development Association (together the “World Bank” or “WB”) and its private sector arm, the International Finance Corporation (IFC), the WBG has developed a wide range of innovative and complementary approaches to expanding economic opportunities for women. These range from broad policy interventions to direct investments in private companies, encompassing the full spectrum of engagements with intermediaries required to support the systemic change. The WBG’s two funding requests compose of (i) programs of private sector-led interventions that will be implemented by IFC, and (ii) programs of public sector-led interventions that will be implemented by the WB, building on strengths and synergies of the WBG:

- **Theme I:** The WB will focus on strengthening the financial infrastructure, capacity to collect data, and setting international benchmarks working with authorities in over 50 countries, while IFC will provide direct expertise and resources to shore up the sex-disaggregated data collection and business analysis capacity of roughly 90 financial institution counterparts. Both WB and IFC will coordinate closely when working with a range of partners including banks, regulators, development banks, financial institutions, standard setters, credit information companies, and fintechs to develop products and services targeted to support increased access to finance for the WVSMEs, including early-stage finance.

World Bank and IFC both place a high emphasis on learning and sharing knowledge. The two funding requests have robust M&E systems, and the We-Fi Program Management Units put an emphasis on cross-learning between the teams, as well as on sharing best practices and lessons learned across all the programs.

This funding request builds on the strengths and synergies of existing IFC operations and leverages the implementation of the existing IFC / World Bank Group We-Fi Program. It puts emphasis on women’s business growth in challenging markets with 40 percent of We-Fi funding for projects to be allocated to activities in International Development Association (IDA)-eligible and/or fragile and conflict-affected states (FCS). The primary beneficiaries under this program are women entrepreneurs across the business lifecycle, including cooperatives that meet ownership criteria and small female firms, as well as high potential early-stage firms that may not yet have staff or lending history.

The Supporting WE-Finance Code through Sex-Disaggregated Data Program under Theme II is proposed in recognition of the urgent need to equip financial institutions with the tools to produce *and effectively use* gender-lens finance data to expand services to women entrepreneurs and derive more value from their customer relationships. The program will take a deep-dive approach to sex-disaggregated data by providing direct expertise and resources to shore up the sex-disaggregated data collection and business analysis capacity of roughly 90 financial institution counterparts. This initiative is expected to have sector-wide impact by building a strong gender data analysis capacity within a critical mass of partner financial institutions, and by providing tools and templates which make effective use of the data so that financial service providers (FSPs) may generate strategies and value propositions for women, report to regulatory authorities and partners on gender-lens finance and increase access to financial services for women entrepreneurs. The proposed program has a global scope including significant activities in IDA and FCS markets (40 percent of We-Fi funding will be allocated to IDA and FCS countries) with pilot projects in Mexico (banking), Egypt (banking), and Kenya (insurance).. It will deploy capital and blended finance instruments such as performance-based incentives (PBI) to promote innovative financial and nonfinancial

services to WVSMEs, provide data expertise to complement the goals of the WE Finance Code, and generate knowledge that will enable better systemic decision making by donors, other IPs, FSPs, regulatory authorities, and other stakeholders. The program builds on the strong track record of IFC, achievements already made with We-Fi partnership, and a wide range of strategic partnerships.

The proposed programs are expected to be executed with over 100 global, regional, and country public and private partners to build market opportunities and expand access to finance for WVSMEs. Selected strategic partnerships include: (i) institutions and platforms that are focused on gender-lens investing, including the European Commission through the [Digital2Equal Initiative](#), the Financial Alliance for Women, the Women's Financial Inclusion Data Partnership (WFID); Data 2X, Women's World Banking, and the SME Finance Forum, (ii) development partners which can provide additional expertise, and (iii) banking associations and industry associations which will provide data, capacity building activities and linkages for women entrepreneurs

Leveraging Finance, Data and Technology Solutions to Grow Women Entrepreneurs

We-Fi Funding Request

II. PROGRAM DESCRIPTION SUMMARY

Under this 4th Call for Funding requests, IFC proposes a program aligned with **Theme II: Leveraging WVSME Finance & Data for Resilience and Transparency**. IFC's funding request under Theme II is centered around a Global Sex-Disaggregated Data Program, an investment program targeting WVSMEs through financial institutions, and a WVSME Housing Finance Investment and Advisory Services Program. IFC will lead a large-scale, global sex-disaggregated data initiative directly with FSPs across all regions, alongside financing to FSPs. This effort will be supported by two pilot sector-level engagements in Mexico and Egypt, and one pilot engagement with an insurance provider in Kenya.

THEME II: LEVERAGING FINANCE & DATA

Supporting the WE-Finance Code through Sex-Disaggregated Data

Objectives

This program will deliver sex-disaggregated finance data at scale and will complement the proposed Women Entrepreneurs Finance Code (WE-Finance Code) by taking a deep-dive approach to investing in and providing direct expertise to FSPs in all regions to equip them with finance and tools that will allow them to (a) produce and track sex-disaggregated finance data, (b) analyze the data for better strategic business decisions, (c) provide sex-disaggregated reporting to regulatory authorities, business associations, and partners for increased transparency in the financial sector, and (d) ultimately to influence and increase the quantity and quality of lending and other financial services to WVSMEs. In emerging markets, IFC's analysis suggests that there is a \$1.5 trillion finance gap for women-led SMEs in emerging markets, and this gap is expected to increase as the impacts of the ongoing global COVID-19 pandemic continue. Women entrepreneurs more than ever require a range of quality financial services, such as savings, credit, transfers, and insurance services which currently are not available to whole segments of women business owners in developing economies. Comprehensive data availability is critical to closing this gender finance gap as data is needed to make optimal decisions, influence investors and FSPs, and track progress on access to finance to women entrepreneurs. This funding request intends to address the financing gap for WVSMEs exacerbated by the ongoing global pandemic by: (a) providing financing and blended finance solutions to FSPs; and (b) providing deep-dive expertise to roughly 90 private sector FSPs and two public-sector counterparts to track, collect, analyze sex-disaggregated data that will help to continue to build transparency in the financial system, and a strong business case to serve WVSMEs and women customers through targeted financial and non-financial services solutions.

This will help address and face the **regressive effects of COVID-19** and significantly expand the amount of financing available to women entrepreneurs to adapt and sustain during economic shocks, as well as positioning them to grow their businesses in the future. Addressing the financial institution data and data

analysis gaps that inhibit women-led businesses from accessing financial services is at the core of this component. It provides investment, incentives, tools, financial sector transparency, and accountability to close the gap. This program with a global scope will provide performance-based investment and direct advisory expertise to roughly 90 financial service providers including banks, insurance companies, non-bank financial institutions (NBFIs), and other financial institutions (FIs) to produce, flag, and track sex-disaggregated financial data, with significant investment leverage. This funding request is also fully aligned with the objectives and expected impacts outlined in the We-Fi Theory of Change (Annex IV).

Country/Regional/Global Context

The importance of financing women SMEs through FSPs at a time when businesses require funds and support to address the regressive impacts of the pandemic and build back is imperative. Supporting a global effort to collect and use sex-disaggregated data is a key step to help FSPs to adapt and develop targeted solutions. The COVID-19 pandemic has diminished gains on gender equality, enhanced the discrimination experienced by women and sexual minorities, and has created financial challenges for women-led businesses, some of which are illustrated in a recent IFC study on the impact of the COVID-19 pandemic on women-led MSMEs in 13 African countries. The study found that over 90 percent of MSMEs across sub-Saharan Africa are suffering harsh economic impacts due to the COVID-19 pandemic. Women-led MSMEs have been especially hard hit, with many reporting revenue losses of over 50 percent, largely due to their smaller size, informality, and concentration in heavily affected sectors. The survey also found that **over 80 percent of MSMEs** expressed the need for support, particularly for growth capital and expansion assistance, during the recovery. These entrepreneurs in Sub Saharan Africa and elsewhere require more than ever a range of quality financial services which are largely unavailable. The banks' surveys have also expressed a need for assistance on sex-disaggregated and portfolio analysis to better target women borrowers and customers, so they are able to survive, sustain and grow their business through the pandemic.

The financial services sector provides less financing to women than men. The approval processes, collateral requirements, branding and marketing as well as the financial products and solutions on offer often do not consider the needs and preferences of women customers including women SMEs. As a result, women are not considered a viable segment to target and serve, which in turn discourage them from seeking formal financial services. Even FSPs which are interested in serving women customers often lack the evidence and data to understand the business case for doing so, as they do not collect sex-disaggregated data which would help them data mine and analyze their own portfolio and set appropriate targets. While the program is global, there will be two discrete engagements in Mexico with the banker's association and in Egypt with the Central Bank to provide sector wide guidelines and implementation support on the collection and reporting sex-disaggregated data.

Thematic Context

(I) WVSMEs need financial support to address the negative impacts of COVID-19: Women business owners were severely impacted by COVID-19 making financing available for WVSMEs through financial services providers an urgent priority. An IFC study⁷ on the impact of the COVID-19 pandemic on women-led MSMEs in 13 African countries indicated that Women-led MSMEs entered the pandemic with lower rates of financial inclusion than male-led MSMEs, and the pandemic exacerbated these trends. **Among the 13 percent of MSMEs** that accessed financial support during the crisis, fewer were women-led MSMEs. These entrepreneurs in Sub Saharan Africa and elsewhere, as they build back their businesses require increasingly more financial services through financial services providers. On the other hand, there is a need for investment support to banks through blended finance solutions that will extend the FSP risk appetite for providing financial services solutions to WVSMEs as they adapt to survive, sustain, and grow their

businesses, negatively affected by COVID-19.

Aligned with the key principles of the WE Finance Code: This funding request intends to address the data gap by working with public sector entities and private sector financial service providers to track, collect, analyze sex-disaggregated data that will help to continue to build a strong business case to serve women SMEs and women customers through targeted financial and non-financial services solutions. The lack of data has been recognized as a significant barrier to: (i) sizing the financial services gap for men vs. women MSMEs, (ii) establishing a strong business case for targeting WVSMEs, and (iii) establishing a baseline to monitor progress of financial sector initiatives that target women entrepreneurs. The problem not only pertains to commercial banks but also extends to other FSPs such as insurance companies, fintechs and other NBFIs. A new WBG report based on a global survey indicates that even Fintechs which naturally tend towards serving underserved segments and who typically do not use sex-disaggregated data for business decisions, there is a sizeable “fintech gender gap.” While 29 percent of men in the survey use fintech, only 21 percent of women do — a gap of 8 percentage points (pp). According to the report on the Role of Insurance Supervisors in Boosting Women’s Access to Insurance, there is no comprehensive supply-side or demand-side data set on women’s access to insurance in emerging markets. Surveys with IFC clients have highlighted a strong demand for assistance on sex-disaggregated and portfolio analysis to better target women customers to help them survive, sustain and grow their business through the pandemic. This is in line with a Women Entrepreneurs Finance Code that has been proposed to help reverse the regressive effects of COVID-19 and significantly expand the amount of financing available to women entrepreneurs to grow their businesses. By strengthening the capacity of IFC client banks to sex disaggregate portfolio data, ensuring improved quality and quantity of data, it is positioning FSPs to align with the key principles of the WE-Finance Code.

(II) Need for Expertise on Sex Disaggregated Data: Many IFC clients have benefitted from PBIs and other forms of subsidies to incentivize them to lend to women SMEs. While some financial institutions can provide portfolio information on their women customers, there is an overall lack of capacity and understanding on reporting sex-disaggregated data for commercial portfolios across emerging market banks. For FSPs reporting on sex-disaggregated data remains a significant challenge. Specifically, portfolio data that identifies whether a borrower is a micro, small or medium enterprise and whether it’s owned by a woman. In cases where data is collected, it is not flagged in their IT systems. This is particularly a challenge for the MSME portfolio and often this has impacted private sector banks’ ability to report on their portfolio in a sex-disaggregated manner which in turn may lead to an overall underreporting of those client banks’ portfolio’s related to women borrowers and more broadly the impact on women entrepreneurs. Hence there is expertise needed to guide banks on how to define WVSME portfolios, determine changes needed in the front-end interface with clients, mine sex-disaggregated portfolio data to gain insights that would influence business decisions and to report on sex disaggregated portfolio data. From IFC’s experience in MENA, LAC and other regions, the very act of disaggregating portfolio by sex and data mining the information has led to a stronger business case for serving WVSMEs and for banks to explicitly target the WVSME segment.

(III) Sex Disaggregated data helps better Target Setting for We-Fi clients: We-Fi and other BOW clients rely on baselines related to their women SME portfolios to set growth targets that are linked to PBIs. These baselines are not always accurate as the majority of emerging market client banks and even Fintechs do not track sex – disaggregated portfolios for WVSMEs. This leads to banks often missing out on benefiting from incentives that are linked to growth targets, projected on baselines which are not completely accurate. This project will help banks establish accurate and reliable baselines leading to more reliable growth projections and will help client banks benefit more consistently from PBI, which are an important solution funded by WEFI.

Program Description

i. Key Components

IFC's funding request includes investment and advisory services that channels: (i) Investments to local financial institutions such as banks, NBFIs and other FSPs to provide financial services to women SMEs as they sustain and grow their businesses while addressing the regressive effects of the global COVID-19 pandemic. IFC will provide funding, risk mitigation, and performance incentives to these FSPs to continue to support women SMEs; and (ii) Sex Disaggregated Data Initiative through public and private-sector engagements.

Component 1: Investing in FSPs to increase access to finance for women SMEs and mitigate COVID-19 effects : Using We-Fi funds, IFC *Banking on Women* specifically works through financial institutions to create commercial scale and sustainability. Leveraging on the portfolio and pipeline of the *Banking on Women* business, including the We-Fi funding, IFC aims to expand the availability of financial services that women SMEs can access from FSPs, particularly at a time when women owned businesses are struggling to adapt and recover from the effects of the global COVID-19 pandemic. In this component, IFC seeks to invest in financial services providers and incentivize these partners to develop tailored financial services to WVSMEs through banks, NBFIs and other financial service providers. Investment activities in this component will use blended finance, including performance incentives and other instruments, to help extend the FI risk appetite for providing financial services solutions to WVSMEs as they build back their businesses affected by COVID-19.

Component 2: Sex Disaggregated Data Initiative: This is an Advisory Services component that includes (i) Policy Level Engagements and (ii) Financial Institution level engagement. Each of these components will be applied to two separate sets of financial intermediaries: (a) Banks and Digital Financial Service (DFS) providers/Fintechs and (b) Insurance companies.¹

(i) The Policy level pilot engagement will provide advisory services support for (a) the adoption of the WBG/IFC definition of women-owned/women-led businesses for adoption by FSPs and systematic data collection, analysis and communication capacity on financing to WMSMEs and (b) Central Banks that have adopted WBG/IFC definition of WVSMEs, support them to implement the guidance and reporting requirements across the financial services sector through workshops and other discrete sector level knowledge sharing engagement. The pilots will be in two countries only: Egypt and Mexico. In Mexico, the key counterpart is the Bankers Association to help implement a gender agenda and has sought IFC's help to assess Women Leadership in the Financial Services Sector and design gender focus products and services based on sex-disaggregated portfolio data. The engagement is in collaboration with the local WB country office and was discussed with the Finance Ministry and the Central Bank. In Egypt, building off a successful IFC engagement with the Central Bank where it adopted IFC's MSME and WMSME definitions, a WBG team will provide support to CBE on workshops to disseminate the importance of collecting and reporting on sex disaggregated data for banks. In addition, in a recent discussion with the EBRD counterpart for Egypt, the IFC team has ascertained that there are no overlaps with respective program activities and each institution is aware of each other's program, also coordinated through respective Country Coordinators. On the insurance side, one pilot project will be implemented in Kenya with the Insurance Regulatory Authority, IRA. Advisory support will cover gender awareness and sensitization

¹ The budget allocation between Component 1 and Component 2 is subject to change due to business needs and Financial Services Providers' (FSPs) uptake of the gender-disaggregated data activities. Projections related to leverage and results indicators would be adjusted on a pro rata basis.

training, collection and analysis of sex-disaggregated data, championing gender-sensitive national financial inclusion strategies and progressively requiring insurers to report sex-disaggregated data of their portfolio. The team will also support IRA to engage more insurers and reinsurers to cover the whole spectrum of needs under COVID-19 (testing, treatment and care) for the women business owners and their staff.

(II) Financial Institution level engagement on Sex Disaggregated Data tracking and reporting: This component will support FI's investee clients to track and report sex disaggregated data and at the same strengthen the FI's ability to provide more financial services to women businesses. This component will be implemented across two tracks: commercial banks, fintechs and other FSPs and insurers.

- **Engagement with Banks, NBFIs and other FSPs:** Through its long-standing [Banking on Women](#) business, IFC has invested, mobilized investment, and provided advisory expertise to commercial banks, leasing companies, non-bank financial institutions and other financial services providers. While investee clients have committed to report on sex-disaggregated portfolio data, there is a lack of knowhow, capacity and consistency on how definitions are adopted, portfolio tracking, and MIS updates are implemented and lastly communicated so that consistent and high-quality data is tracked and analyzed to help make the business case for continue to serve women customers and women SMEs. The advisory services will be provided to IFC BOW investment clients including We-Fi investment clients as well as to selected clients that are of strategic importance in the markets, they operate in. With regards to private capital mobilization (PCM), the project will mobilize funds from new We-Fi investment clients as well as from ongoing investments under We-Fi. Key activities include: (a) Providing advisory services to perform sex-disaggregated data and build data mining capacity. Activities will include “flagging” in the MIS systems “women-owned enterprises, guidance on implementing the new flag for women-owned enterprises as part of the customer intake process and,” establishing baseline figures for women and women-owned companies. (b) Perform a data mining report to reveal the potential of the Women portfolio (c) Support FI's to build the business case for WVSMEs and (d) diagnostics to provide advisory services on financial and non-financial services.
- **Engagement with Insurers:** The engagement with insurers on Sex Disaggregated Data tracking and reporting with one institution in Kenya will include activities that range from data mining of the insurers portfolio to reviewing current segmentation, mapping of SME related processes and instill data driven managements culture and practices.

ii. Strategic Partnerships

In its We-Fi supported program, IFC leverages existing partnerships with the **Financial Alliance for Women**⁸, the **WFID**⁹; **Data 2X**, **Women's World Banking**, and the **SME Finance Forum**, among others. For each sub-component of this program, the following partnerships will be leveraged:

- **The World Bank's Financial Inclusion Global Practice (EFNFI)** has business units focused on Payments, Data and Market infrastructures. The project team will collaborate with this team to share lessons learned and best practices from the two pilots in Mexico and Egypt as well as learn from global programs that the WB team manages.
- **Data for Strategic Change:** IFC's *Banking on Women* business has an extensive partnership with the **WFID** to increase awareness about the importance of sex-disaggregated financial services data and to coordinate efforts and interventions to maximize its collection and use. Apart from **WFID** and **Data 2X**, the **World Bank IBRD** led gender-disaggregated projects such as the **Gender Observatory in Colombia** and **Entrepreneurship/SME Observatory** for APEC countries. Additionally, IFC is forging new partnerships with local bank and industry associations and other entities that will support the implementation of the funding request.
- **Insurance:** The Women's Insurance team is discussing potential partnerships with stakeholders

such as the **ILO Impact Insurance Facility**, **Women’s World Banking**, the **African Risk Capacity**, and regulators in some targeted countries like Kenya.

iii. Blended Finance & Results Based Mechanisms (RBMs)

IFC’s Banking on Women business uses blended finance and RBMs, namely PBI, to maximize development impact through crowding in funding from other partners and incentivizing development outcomes through ‘stretch targets’ and extending financial services to hard-to-reach beneficiaries. PBI will encourage clients to set ‘stretch targets’; overcome transitory challenges or the initial costs of building a dedicated product, integrating systems, and to mitigate against currency risk. The incentives are time-bound, with the expectation that eventually they will not be needed. The PBI are also intended to support the development or roll-out of client banks’ business proposition for women entrepreneurs.

This Program directly deploys blended finance solutions through incentives to investment clients provides the advisory services to strengthen and enhance the ability of financial institutions that use outcome-based incentives from We-Fi and other sources to maximize their reach. This will happen through (I) increased understanding and tools on how to sex-disaggregate women SME loan portfolios (II) enhanced capacity in MIS systems to generate sex-disaggregated portfolio information (III) data-mine information that allows business decisions to help FIs target women SMEs and (IV) improved baseline and target setting for FIs so that they are better able reach stretch targets and receive PBIs and other incentives.

i. Program/Project Beneficiaries

The program is global and intends to leverage global experience with financial service providers and provide them with funding and support to build and improve capacity in sex – disaggregated portfolio baselining, target setting and reporting. The financial service providers are likely to be private sector banks, non-bank financial institutions such as leasing companies, insurance companies, as well digital financial service providers such fintech companies, e-commerce platforms and potentially supplier finance platforms that target women customers. The primary customer segment that financial service providers will target will be WVSMEs and women business owners who are sole proprietors. WVSMEs include very small enterprises as well as small and medium enterprises as per IFC definition. Insurance customers could be women customers including women SMEs. The project will also include two pilots in Egypt and Mexico with the central bank and other market level regulating or sectoral agencies / banking associations to support the implementation and dissemination of best practices related to sex-disaggregated portfolio data.

⁸ FAW is a collaborative technical and advocacy platform, working through partnerships to improve the availability, quality, and use of gender data to make difference in the lives of women worldwide

⁹ WFID partners include the Alliance for Financial Inclusion (AFI), Data2X, the Global Banking Alliance for Women (GBA), the Inter-American Development Bank (IDB), IDB Invest, the International Finance Corporation (IFC), the International Monetary Fund (IMF), the World Bank Group (WBG), OCDE and UNCDF. WFID works to increase awareness about the importance of sex-disaggregated financial services data.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements:

The International Finance Corporation will be the main implementor of the program, responsible for the overall design, implementation and supervision of activities, and partnerships for the global and country-level activities. The program will be implemented by the Financial Institutions Group (FIG) department. FIG will lead business development, as well as implementation of the investment and advisory work. In addition, the Gender and Economic Inclusion Group will provide input and technical advice to the project teams, as well as quality control and implementation support. The **Blended Finance Department** will provide compliance, oversight and governance over the use of We-Fi funds. It will manage the We-Fi Trust Fund allocations and ensure funding is channeled to the highest priority activities. It will have a small team dedicated to (i) coordinating across the various implementing departments; (ii) approving the use of We-Fi funding on specific investment projects through the Blended Finance Committee (BFC) and supervision of those funds; (iii) coordinating approvals for We-Fi funding of advisory projects based on IFC's standard advisory processes; (iv) oversight of M&E work to ensure high-quality and consistent data gathering is taking place; and (v) working with the implementing teams to deliver reports and other communications to the We-Fi Secretariat and other stakeholders. In the case of blended finance, all activities will have to be first approved under processes established by the Blended Finance Department (BF). **IFC's Trust Fund Unit** will manage the flow of funds and financial reporting for the We-Fi funding. There will be two We-Fi trust funds, one for blended finance and the other for advisory services, monitoring, evaluation, and research. These trust funds will be governed by IFC's standard operating procedures relating to trust funds.

The team will be composed of staff and consultants based in Washington and in regional offices, to ensure close monitoring of activities on the ground. Global IFC experts will coordinate both investment and advisory activities. Advisory teams will work on capacity building activities or any other advisory services provided to partner financial institutions and digital platforms. Given the global and country-level nature of the program, this team composition will ensure a holistic approach.

B. Track Record of the IP and Other Partners:

WBG has long been effective in delivering women's entrepreneurship programs, piloting interventions for WVSMEs and systematically reporting on results. This funding request not only builds on the strengths and synergies of the WBG but also leverages the implementation of the existing WBG We-Fi Program that is working with over 110 public and private sector partners and clients in 64 projects spanning across 37 countries (20 IDA and 11 FCS). The integrated approach for implementing We-Fi proposed will enable the WBG to leverage an extensive and complementary network of public sector (WB) and private sector (IFC) clients in more than 140 developing countries to expand opportunities for women entrepreneurs.

³¹ See Results Framework for details

The IFC We-Fi Program has been advancing access to markets and finance for WVSMEs in 24 countries across five regions, with 16 new projects added in FY21 alone. These projects supported 4 different sectors, including the Financial Sector, Manufacturing, Agribusiness and Services, Insurance and Funds. The new proposed program will build on this track record. Within **theme II**, We-Fi funding of \$5 million has supported over \$420 million in investments dedicated to WVSME finance, including \$350 million invested directly by IFC and \$70 million additionally mobilized by IFC. We-Fi funded PBI alongside IFC loans to financial institutions has been the most common blended finance instrument (Box 2). Several institutions have already received performance-based payouts as a result of meeting their yearly targets, and some of them for two consecutive periods. The new program will apply lessons learned from the existing portfolio and will continue applying the Enhanced Blended Finance Principles³² to any investment that utilizes We-Fi funds, ensuring efficiency in the use of resources for maximum development impact. We-Fi leveraged IFC's pipeline and portfolio and contributed towards a growing business targeting WVSMEs through FSPs. As of June 30, 2021, IFC's [*Banking on Women*](#) business has mobilized and invested over \$3 billion in emerging market financial institutions, specifically to finance women-led SMEs. Since its launch, the *Banking on Women* business has been providing financial and business solutions to women and women-led SMEs through FIG's financial institution partners, with over **160 investment and advisory services projects in 63 countries**.

Box 2: Performance Based Incentives to Expand Lending to WVSMEs

Under We-Fi implementation, IFC has focused on deploying PBI alongside IFC investments with FIs to motivate a higher and faster growth rate of lending to WVSMEs. Typically, performance incentives alongside IFC loans are structured so that incentives are paid out if the FIs expand lending to women entrepreneurs beyond their historical growth rate and/or beyond the level of funding that IFC is providing. This requires that FIs use their own balance sheets to finance the growth of the WVSME portfolio, which significantly increases the number of women entrepreneurs having access to finance. IFC also includes performance incentives in its Risk-Sharing Facilities, which are instruments that enable the FIs to gain more comfort in engaging with customer segments perceived to be riskier, such as WVSMEs.

IFC has prioritized knowledge sharing and policy advocacy to promote the formulation of evidence-based WVSME policy interventions and sustainable business models. The teams have consistently monitored and communicated the results with the We-Fi Governing Committee as well as WBG senior management. IFC also produced research with global partners, including on how to link WVSMEs to corporate value chains jointly with WEConnect International. The WBG contributed to the regional We-Fi Summit in Dubai, organized several industry-specific workshops in Africa and Asia, and shared best practices with We-Fi implementing partners.

³² Report by the Development Finance Institutions (DFI) Working Group on Blended Concessional Finance for Private Sector Project, Update December 2020.
<http://documents1.worldbank.org/curated/en/221851613400323474/pdf/Joint-Report-2020.pdf>

Because IFC works through the private sector, all projects require, first, the identification of suitable partners which can deliver results sought under We-Fi, and second, comprehensive due diligence to ensure they can execute and meet IFC's social, environmental, and integrity standards. Therefore, specific client-facing investment will be considered on a rolling basis as the choice of appropriate partners and sponsors is finalized. IFC will follow its standard investment and advisory processes to approve these projects. In the case of blended finance, all projects will also be approved by the BFC, which is responsible for ensuring donor funds used alongside IFC's investments are being prudently used based on IFC's blended finance principles.

C. Monitoring and Evaluation:

The IFC monitoring and evaluation framework includes (1) ongoing monitoring and data collection, (2) project level data collection. Each project will have an M&E plan and all activities will include systematic monitoring in line with the indicators in the results framework. This framework was established and discussed as part of the first WBG We-Fi funding request. IFC monitoring and evaluation teams will use the results framework presented in Section V below to monitor and assess the development impact of each engagement. The framework flows from the theory of change described for each project, that is aligned with the We-Fi theory of change in Annex IV. Activities under the program must demonstrate specific outcome targets and are expected to report on results indicators per IFC governance standards. IFC will aggregate the results from programs described in Section III.

One of the main tools used by the IFC is the Anticipated Impact Measurement and Monitoring (AIMM) system, launched in July 2017 as IFC's development impact rating system. The tool enables the IFC to better define, measure, and monitor the development impact of each project. The AIMM system enables IFC to assess a project's outcome as well as its effect on market creation, using inputs from the project team on baselines and targets. It looks at how project beneficiaries — including employees, customers, and suppliers — are affected. It also examines broader effects on the economy and society. With the AIMM system, IFC can examine how a project promotes objectives that contribute to the creation of markets — by enhancing competitiveness, resilience, integration, inclusiveness, and sustainability.

For financial institutions clients, the IFC uses the Reach data survey as a tool to measure the performance and results of client Financial Institutions for which the IFC provides private investments and advisory services. This data is collected on an annual basis from clients, and more than 300 clients reported results in CY2020. Data for a given calendar year is typically requested from clients beginning in March of the following year, and internal checks are undertaken on a rolling basis as data is received from clients. Towards the end of this process, which takes approximately 5-6 months, key data are reviewed by external auditors before a final version is released for reporting purposes.

The process for collecting data from Financial Institution clients typically differs from data collection for other sectors, for which it is more common to receive data on a fiscal year reporting cycle. This means that the aggregation of data currently has to be done with different time periods considered for each sector. These specific challenges in data collection were addressed in the We-Fi Annual Report, and the M&E team has convened a Working Group to address the methodology challenges that are currently faced by the IFC, including coming up with the best way to collect and aggregate of portfolio data across a diverse set of industries. New data that will result from additional projects will also assist in providing a more comprehensive picture on WVSMEs, value chains, FIs, and technology companies, and allow for better testing of the hypotheses in the theory of change, resulting in a better assessment of We-Fi's overall impact

