

2022 We-Fi Annual Progress Report

I. EXECUTIVE SUMMARY

With the support of the Women Entrepreneurs Finance Initiative (We-Fi), the Asian Development Bank (ADB) has been implementing two programs dedicated to creating enabling entrepreneurship eco-systems for women-owned small and medium-sized enterprises (WSMEs) in Sri Lanka (approved 2018), Viet Nam and the Pacific (approved in 2019). The “Enabling an Empowering Business Environment for Women Entrepreneurs” program in Sri Lanka and the “Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific” (WAVES) aim to foster a gender-responsive entrepreneurship eco-system for women entrepreneurs by improving WSMEs’ access to finance, supporting gender-responsive SME policies, and strengthening WSME skills and capacity. During the reporting period, key milestones have been achieved despite the challenging environment brought about by the ongoing economic and social consequences of the COVID-19 pandemic, and the ongoing economic crisis in Sri Lanka. This annual report will provide details of progress made between 1 July 2021 to 30 June 2022 and provide analysis of challenges as well as next steps.

Access to finance: In Sri Lanka, an additional 237 WSMEs accessed finance thanks to US\$0.95 million of the We-Fi grant, which was blended with ADB’s credit line of US \$15.05 million through participating financial institutions (PFIs). Three additional PFIs joined the program, combining for a total of 13 PFIs. All 13 PFIs have undertaken (or currently undertaking) gender gap assessments and preparing gender action plans. Four PFIs have received dedicated support for the implementation of their gender action plans.

In Viet Nam, ADB has approved two nonsovereign loans to be blended with a performance-based grant to incentivize and support the partner banks to expand their financing to WSMEs and strengthen their capacity to serve women entrepreneurs. These transactions are expected to incentivize the partner banks to reach more women entrepreneurs. A randomized control trial has been linked to one of these transactions to assess the impact of lending practices to women entrepreneurs.

In the Pacific, ADB launched two initiatives in August 2021 to enhance financial institutions’ capabilities to provide services to WSMEs. These include a hackathon, which identified solutions for collection and analysis of business data for WSMEs and support for financial institutions to make gender-responsive lending decisions. In addition, the Women’s Finance Exchange (WFX) initiative was also launched. WFX aims to support financial institutions and their women borrowers through innovative technology-enabled solutions, digital support, and capacity building.

Gender-responsive SME policies: ADB has continued to work with government agencies and other partners to strengthen the policy and regulatory environment for WSMEs. In Sri Lanka, the We-Fi program supported three government agencies to strengthen the gender-responsiveness of their policies and approaches to WSMEs. The National Enterprise Development Authority (NEDA), Industrial Development Board and Industrial technology Institute undertook gender gap assessments, developed gender action plans, and conducted staff-level capacity building training. In total, 216 staff from the three government agencies were trained on how to approach women clients, and 63.4% of the persons surveyed reported higher level of awareness of gender-specific challenges post training.

In Viet Nam, ADB integrated new focused questions on WSMEs into the 2021 Economic Census, which will support the development of Viet Nam's national WSME database and a dedicated WSME White Paper

Strengthening WSME skills and capacity: In Sri Lanka, ADB continued to roll out the business development training program for women entrepreneurs in terms of business management skills including financial literacy and information technology literacy. The training, carried out online, provided dedicated support for women entrepreneurs to develop new business plans with bank financing. The rigorous impact evaluation on the effectiveness of the training program will be completed by December 2022. An online platform for training, mentoring and networking for WSMEs has been developed with the Ministry of Industry and NEDA. The platform will initiate services for networking and mentoring shortly in the latter half of 2022. A total of 490 women entrepreneurs have already registered for online learning by end-June 2022.

In Viet Nam and the Pacific, capacity development programs in Vietnam and the Pacific have reached a total of 974 WSMEs. This includes 850 WSMEs in Viet Nam who have received entrepreneurship training and 124 training participants from the Pacific.

Research: In Sri Lanka, new policy research on bottlenecks to women's entrepreneurship growth through over indebtedness was finalized and endorsed by the government.

Next reporting period: In Sri Lanka, the focus will be on finalizing all aspects of the program. However, due to the uncertain economic climate, ADB may seek a program extension and changes to its implementation arrangements. In Viet Nam, key activities will include i) signing and approval of two blended-finance transactions; ii) full disbursement of the US \$5 million COVID-19 relief grant for the delivery of the business counselling program; iii) completion of the business accelerator program; iv) eight training courses on financial literacy, financial products and procedures; v) preparation of two additional gender gap assessments for participating financial institutions; and vi) publication of a White Book on WSMEs, with data analysis (drawn from the Census data) on WSMEs and policy recommendations.

For the Pacific, ADB will i) continue to work with MiBank on scaling up the use of the data collection application among other customers in Papua New Guinea (PNG); ii) engage with a non-bank financial institution in Fiji to perform market scoping, identify constraints of WSMEs in accessing finance, perform institutional assessment and recommend solutions to increase gender-responsive financing in a more digital manner; iii) conduct research/surveys on risk-sharing mechanisms that will be applied to future blended finance transactions across other countries in the Pacific; iv) organize two WFX webinars; and v) publish the literature review of women's economic empowerment in the Pacific.

II. PROGRAM SUMMARY

Program Timeline

Round	Project/Program Name	Implementation Start Date	Commitment End Date	Supervision End Date	Countries (with active projects)
1	Enabling an empowering business environment for women entrepreneurs in Sri Lanka	8 June 2018	30 December 2022	30 June 2023	Sri Lanka
2	Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES)	16 September 2019	31 December 2024	30 June 2025	Viet Nam, PNG

Mobilization

	ROUND 1			ROUND 2 ^a		
	Approved Amount	Committed Amount	Disbursed Amount	Approved Amount	Committed Amount	Disbursed Amount
Status of We-Fi Funding						
We-Fi Financing ^b (A)	\$12,551,800	\$11,022,097	\$ 9,321,147	\$20,189,000	\$13,815,000	\$2,671,762
Of which IDA	-	\$11,022,097	\$ 9,321,147		-	-
Of which FCS**	-	-	-	\$1,269,019	-	-
Mobilization						
IP Contribution (B)	\$23,000,000	\$55,396,144	\$ 31,384,433	\$147,000,000	\$52,100,000	\$52,100,000
Public sector (C)	-	-	-		\$750,000	\$750,000
Private sector (D)	-	-	-	\$58,500,000	\$148,550,000	\$107,292,400
Other funds [specify] (E)	-	-	-		\$30,300,000	\$26,000,000
Total Mobilization (F)= (B+C+D+E)	\$23,000,000	\$55,396,144	\$31,384,433	\$205,500,000	\$231,700,000	\$186,142,400
Of which IDA	-	-	-	-	-	-
Of which FCS**	-	-	-	-	-	-
Total Project Cost (G)= (F+A)	\$35,551,800	\$66,418,241	\$ 47,705,579	\$225,689,000	\$245,515,000	\$188,814,162
Leverage (F/A)	1.83	5.03	3.37	10.18	16.77	69.67

^a excludes the approved performance-based grant and loan which are pending VIE Government's no objection

^b includes collected and amortized fees

Partners	Round 1	Round 2
Total number of partner institutions supported by We-Fi	15	2
Out of which		
- Financial services intermediaries	10	2
- PE/VC Funds		
- Accelerators, incubators		
- Corporations		
- Public sector	3	
- NGOs (local and international)	2	
- Other (specify)		

III. IMPLEMENTATION PROGRESS – SRI LANKA

A. KEY ACTIVITIES DURING THE REPORTING PERIOD

Over the past 12 months, WSMEs' operations have been severely affected by the combined effects of COVID-19 pandemic (social distancing and mobility), and the deteriorating economic situation in Sri Lanka. Since early 2022, Sri Lanka has been hit by an economic crisis. The US dollar shortage, caused by a current account imbalance and loss of access to international financial markets was triggered by fiscal sustainability concerns. This has disrupted most economic activities due to lack of imported materials, including oil, and regular power cuts. The sharp domestic currency depreciation, inflation, and a tighter monetary environment has seen a worsening business environment. As a direct result, most WSMEs report delaying new investments until the economic crisis is over, explaining the lower demand for access to finance via the ADB grant facility.

In response, ADB has refined the implementation arrangements of the We-Fi program to be more relevant to WSMEs who are severely hit by the economic crisis while continuing to promote better policies and institutional strengthening that improve enabling environment for WSMEs as originally planned.

Component 1: Access to finance for underserved women-owned/ led SMEs and improving gender-inclusive financial services

The component is intended to reduce the gap in financial access by WSMEs through (i) the grant facility which is cofinanced with the ongoing ADB's credit line ("Blended Finance") and (ii) PFIs' behavioral changes for better banking practices for WSMEs. The grant facility provides a principal paydown of 10-25% for eligible WSMEs to undertake capital investments (i.e., the grant facility does not support a working capital financing).

During the reporting period, the grant facility in total of \$0.95 million together with the ADB's credit line of \$15.05 million was availed by 237 WSMEs employing 3,273 people. The grant facility promoted entrepreneurial financing since 82 WSME borrowers were the first-time borrowers. Detailed subloan data of July 2021 – June 2022 is summarized in the table below. Three new additional banks named Pan Asia Bank, Sanasa Development Bank, and Union Bank were added to the original 10 PFIs of the program in December 2021 to expand the program's outreach. Since the start of this grant facility in August 2018, 903 WSMEs employing 11,263 people were financially supported, which far exceeds the original target of 616 WSME beneficiaries.

The disbursement slowed down especially from March 2022 due to the economic crisis. During April – June 2022, only 101 WSMEs were supported with the grant facility of \$0.30 million, out of the total allocation to PFIs of \$0.78 million. PFIs reported that most WSMEs put their investment plans on hold until the country starts recovering from the economic crisis. Thus, it is expected that the WSMEs' demand for the grant support for capital investment will also likely to be contained in the second half of 2022.

Blended Finance: Summary Statistics (July 2021- June 2022)

Size of Blended Finance	Rs 0.75m - Rs 50.0m	Rs. 0.75m or more	More than Rs 1.5m	More than Rs 2.5m	More than Rs 5.0m	More than Rs 10.0m	More than Rs 20.0m	More than Rs 30.0m ^a
	\$5,000 - \$333,333	\$5,000 - \$10,000	\$10,001 - \$16,667	\$16,668 - \$33,333	\$33,334 - \$66,667	\$66,668 - \$133,333	\$133,334 - \$200,000	\$200,001 - \$333,333
We-Fi grant (\$ million)	0.95	0.33	0.09	0.16	0.10	0.13	0.01	0.00
SME Line of Credit (\$ million)	15.05	4.61	1.70	2.46	1.98	1.62	1.61	0.91
Number of beneficiaries	237	76	22	33	37	32	25	11
- Trained	110	43	17	17	12	7	14	0
- Lagging Region ^b	119	43	13	20	15	9	14	5
- First-Time Borrowers	128	45	15	20	15	12	13	6
- Newly Registered	82	28	10	11	12	8	7	5
Average annual turnover (\$)	291,068	199,673	282,693	352,472	270,134	368,189	347,491	378,340
Average number of employees	18.3	14.9	16.7	18.8	15.5	24.8	15.4	42.7

^a Not exceeding Rs. 50 million (\$333,333) under the first loan and Not exceeding Rs.30 (\$200,000) million under the new loan

^b Lagging regions are the following 4 Provinces: Uva, Sabaragamuwa, Northern and Eastern.

Note: Currency exchange rate: Rs/\$ = 235.893 was used for reporting period July 2021 – June 2022. The minimum size of blended finance at Rs. 750,000 was set to be equivalent to \$5,000 as per the assumption of the currency exchange rate (Rs/\$ = 150.00) when the We-Fi grant proposal was submitted to We-Fi Governance Committee.

The grant facility has also incentivized PFIs to develop more women-targeted financial products and services. Notably, four banks have designed their own innovative loans/schemes or blended finance products for women entrepreneurs thanks to their We-Fi experience. For example, Sampath Bank launched a new financial product for women entrepreneurs named “Sampath Savi Liya”, and the product is still in operation to provide financial services to women entrepreneurs. Peoples Bank has developed a policy on women entrepreneur development and launched a product called “Vanitha Saviya” for women in small businesses to either start or expand their businesses. DFCC bank promotes regional knowledge sharing sessions for WSMEs. A female-branded “ALOKA” credit card was launched targeting WSMEs. In November 2021, the bank launched ALOKA women-targeted products across Sri Lanka, which include fee waivers. In October 2021, Commercial bank launched a dedicated loan scheme called “Anagi Business Loan” to cater for the business needs of WSMEs. The Loan product focus on i) loans up to Rs. 2.0 Mn on unsecured basis and ii) loans up to Rs. 250.0 Mn on a secured basis. Women entrepreneurs are eligible to jointly or solely engage in the businesses under this Anagi Business Loan facility.

The program also provides support for PFIs to adapt more gender-responsive services through gender gap assessments, formulation and implementation of action plans. After the completion of gender gap assessment of the original 10 PFIs, additional capacity building supports are being provided for four PFIs - Regional Development Bank (RDB), Commercial Bank (COM), National Development Bank (NDB), and DFCC Bank (DFCC). RDB and NDB set up internal working groups to promote gender-responsive approach to their clients. They started to review the profiles of targeted women clients, proposed specific approaches to service deliveries to women and conducted awareness raising workshops for their staff. DFCC organized an internal awareness raising workshop, and client booklet on financial literacy targeted for women clients is under preparation. COM organized an internal awareness raising workshop. Although those additional supports have been already started, the progress is being delayed due to the current economic crisis, which affects daily operations of those banks. The three new PFIs are undertaking gender gap assessments and developing corporate-level action plans to promote/mainstream gender banking practices.

Component 2: Gender-inclusive policy and regulatory framework, and network strengthening to support women-owned/led SMEs

During the reporting period, gender gap assessments were completed for the following organizations: National Enterprise Development Agency (NEDA), Industrial Development Board (IDB), Industrial Technology Institute (ITI), Federation of Chamber of Commerce and Industry of Sri Lanka (FCCISL) and National Chamber of Commerce of Sri Lanka (NCCSL). Upon the completion of the gender gap assessments, training programs were provided for 216 staff from the three government agencies (NEDA, IDB and ITI) to enhance their capacity and awareness for supporting women clients. Post training, 63.4% of the staff surveyed reported higher level of awareness of WSME-specific challenges. Staff training of FCCISL and NCCSL are ongoing.

Component 3: Building business capacity of women's enterprises

A. Business Development Training

The training program was designed to i) cover a wide range of subjects related to business management and entrepreneurship, ii) have a limited number of participants per session to ensure personalized support, and iii) ensure an opportunity for women participants to present their business plan to banks to

obtain feedback and gain confidence. The training course is composed of five-day sessions during three weeks and a presentation of the business plan to banks in the last day.

The training program were delivered for two different groups: i) special track for the WSMEs nominated by PFIs in 2019-2020 prior to pandemic and ii) general track for the WEs attracted through public advertisement in 2021-2022 during the pandemic (see below a picture).

During the reporting period, 593 women applied for the general track training, out of which 386 were considered eligible based on pre-set criteria, such as a minimum years of operations or number of employees. Finally, 182



Image 1: Women Entrepreneurship Training Program

completed a training, 76% out of whose business proposals were considered bankable by PFIs. WSMEs nominated by banks for special trainings were more likely to complete the training and deliver more bankable business proposals than those through public advertisement for general trainings. This difference in training performance will be researched as part of the impact evaluation.

B. Online Platform – SME Connect

To promote digital transformation of WSMEs and sustainable deliveries of capacity building support for WSMEs in a cost-effective manner, the government has developed a new online platform, the “SME Connect,” with support from We-Fi.

The “SME Connect” platform has three operational areas – learning, mentoring and networking.

- **Learning:** content categorized based on learning materials, commonly used tools and formats, success stories, industry articles and reports, online lessons. Content is currently sourced through platform partners/ publicly available relevant and timely content.



Image 2: Learning, networking and mentoring of the online training program

- **Mentoring:** one-on-one personalized business mentoring function available through the platform. Registered users can apply as mentors or mentees. Service currently restricted to WEs only.
- **Networking:** chat feature, forums, blogs, programs and events available through the platform.

The online platform could be accessed through <https://smeconnect.lk/#/>. It is branded as “SMEConnect” with a tagline “Empowering Women Entrepreneurs”. The platform is mobile-friendly and provides selection for local languages.

479 women entrepreneurs registered for online learning as of 30 June 2022. NEDA owns the SME Connect platform. NEDA will perform the role of platform owner and be responsible for managing and maintaining the overall platform. A platform steering committee is proposed, which would be chaired by the Secretary of the Ministry to which NEDA is reporting to (at present this is Ministry of Industry). The Chair would be providing guidance and monitoring in the overall implementation of the platform. NEDA along with the Ministry is in the process of identifying other members who will collaborate for the content development of the platform. More than 15 stakeholders from the public and private sectors have been reached to date, inviting them to onboard as partners to the platform. Initial discussions were held with 12 institutions, including government organizations and chambers of commerce, and 8 have agreed to sign the memorandum of understanding (MOU) for partnering with NEDA. It is expected to establish and convene the committee in August/September 2022.

Component 4: Strengthening the evidence base on women-owned/led SMEs.

Please see below on information on the rigorous impact evaluation (section C).

B. KEY CHALLENGES AND LESSONS LEARNED

Challenges:

- COVID-19: All components of the program were affected by the COVID-19 pandemic in the country even after 30th June of 2021. The program activities have been disrupted due to restrictions on field trips.
- Economic Crisis: The economic crisis created the sharp depreciation of exchange rate and the sharp increase of interest rate with high inflationary pressure. As a result, WSMEs' business confidence has weakened, leading to low disbursement and financial institutions face challenges even in day-to-day banking operations, which shifted their priority from promotion of development banking (including women entrepreneurship development) to financial stability. Furthermore, the economic crisis led to political instability, which delayed implementation of certain aspects of the program, such as the launch of the online platform.

Lessons:

- Given slowed down demand for access to finance by WSMEs in the current uncertain economic climate, it will be important to consider how the remaining We-Fi grant can be better tailored to support more short-term needs, namely WSMEs' business survival, demand for new investments under the pandemic and economic crisis of the country. This is already being undertaken, in consultation with government and other relevant partners.
- Behaviour change of PFIs: We-Fi has successfully influenced the PFIs to think innovatively and effectively to reach out to women entrepreneurs with new types of tailored products and services. Supporting FIs through advisory services to recognize WSMEs as a business opportunity will incentivize further innovations in favor of WSMEs in the market.
- Capacity building support for WSMEs should be delivered efficiently and effectively with a robust monitoring and evaluation framework. To ensure an integrated solution through multiple government agencies for targeted WSMEs, an online platform can promote standardization of service deliveries by different government agencies and enable them to provide handholding support to WSMEs in a cost-efficient manner.

III. IMPLEMENTATION PROGRESS - WAVES

A. KEY ACTIVITIES DURING THE REPORTING PERIOD

The third year of the WAVES program in Viet Nam has focused on i) implementation of the advisory/TA work and grant support for improving access to finance of women entrepreneurs, ii) further research and advisory support to Viet Nam's government on strengthening the policy environment for women entrepreneurs, and iii) facilitating the development of investment projects in the form of blended finance.

In the Pacific, ADB has continued the implementation of the agreement with MiBank in Papua New Guinea (PNG). Market research, institutional assessment and scoping on technology constraints of MiBank and WSME's access to finance have been completed.

Component 1: Access to finance

In Viet Nam, ADB has been incentivizing participating banks to continue to restructure loans and/or extend new loans to support women-owned/led small and medium-sized enterprises (WSMEs) affected by the COVID-19 pandemic. By the end of June 2022, \$3.9 million (79% of the grant amount) was disbursed to participating banks, and 454 loans were restructured and/or granted to affected WSMEs. The support from the COVID-19 Relief Grant Project and associated business counselling program has so far helped 255 women entrepreneurs to cope with economic shocks, avoid bankruptcy, preserve jobs, and develop business skills needed to lead their businesses through the COVID-19 pandemic.

\$75 million of ADB's A loans and B loans have been disbursed to two partner banks for financing WSMEs; these loans are paired with a performance-based grant or technical assistance to support women entrepreneurs. ADB also approved a \$500 million loan, comprising of an A loan of \$100 million and a B loan of \$400 million, and a performance-based grant of up to \$750,000 to support a commercial bank in serving more women entrepreneurs.

Gender gap assessments at two financial institutions and one non-financial institution were completed during the third year of WAVES. This was followed up by technical assistance for strengthening their capacity in serving WSMEs, including upgrading management information systems to track and report sex-disaggregated data and the development of gender-responsive products and services, such as tailor-made financial products for eligible WSMEs with streamlined appraisal and approval processes, or higher loan to value ratio (loan to value of collateral).

In the Pacific, a hackathon launched in August 2021 was conducted to identify a solution that will support the collection and analysis of business data for WSMEs in the Pacific which ultimately will help banks and financial institutions to make informed lending decisions that are gender-considerate. The selected solution is a data collection app provider from Viet Nam. With the help of ADB, MiBank is now piloting this application among 45 WSMEs in Port Moresby. The pilot group will collect business data for a minimum of three months after which the app provides them an option to apply for a small loan or financing of incoming invoices. MiBank will be able to give a well-informed credit decision based on the business data inputted through the app. MiBank has used its own funds of over US\$32,000 to improve capability and staff skills specifically for the purpose of the pilot, i.e., understanding the credit scoring model of the application, using the application in the back-end after WSMEs apply for a loan, understanding the product parameters that will fit the WSMEs based on the data collected from the application. For the reporting period, Eight new WSMEs have been onboarded by the bank and received loans amounting to over K263,500 (US\$74,000) through MiBank. They are also in partnership with the USAID for a risk-share facility for WSMEs which will cover up to 50% of the loan principal. The initial tranche of \$1M from the total \$5M has been made available. ADB has mobilized over US\$2.8M from its own funding and from public sector funds managed by ADB. ADB is also in final discussions with a second financial institution in Fiji for support in WSMEs lending.



Image 3: Poster of the Hackathon's final Pitch Event for the Pacific Islands

Component 2: Reduced non-financial barriers/ enabling environment

In Viet Nam, the 2021 Economic Census integrated specific WSME data for the first time thanks to We-Fi. Data collection was completed, and a national WSME database was established. In addition, ADB has completed the supply- and demand-side surveys, key informant interviews, and related consultations for a diagnostic report on identifying challenges in WSMEs' access to finance. The report will be published in Q4 2022.

ADB has also concluded a study on the barriers to women economic empowerment in Viet Nam, and the review of WSME support policies and legal framework at national level and four selected provinces. The development of the White Book is ongoing. This provides an updated assessment of WSMEs and their performance, barriers and challenges faced by WSMEs, and recommendations to strengthen the enabling environment for WSMEs. The study is expected to be published as a joint publication of ADB and Ministry of Planning and Investment (MPI) by Q2 2023.

Component 3: Capacity development of WSMEs

A range of capacity development programs for WSMEs are currently being implemented in Viet Nam, tailored to respond to the specific needs of WSMEs according to their growth trajectory. These include: (i) specialized business counselling for WSMEs receiving grant support under the COVID-19 Relief Grant Project, (ii) a business accelerator program for select growth-oriented WSMEs, and (iii) training of WSMEs on financial literacy and loan products and procedures. By end of the reporting period, 850 WSMEs have received entrepreneurship training, of which 255 WSMEs have participated in the business counselling program under the COVID-19 Relief Grant, 304 WSMEs have completed online training modules, and 90 WSMEs have completed provincial-level training courses; 181 WSMEs have participated in workshops on financial literacy and financial products, and 20 WSMEs have participated in the business accelerator program, of which 10 WSMEs have graduated.

In the PNG, ADB has been partnering with the Centre for Excellence in Financial Inclusion (CEFI) to provide the first series of online training for WSMEs. The series consisted of training programs in digital financial literacy, business skills and debt management and e-commerce. To date, over 90 WSMEs benefitted from the trainings, 22% of which was provided additional support through debt counseling or setting up or improving the e-commerce presence of their businesses. WSMEs from Port Moresby and Lae cities were introduced to Business Link Pacific (BLP). BLP connects small- and medium- sized businesses in the Pacific to local advisory services. There were 55 WSMEs who attended the session. In this session, they were given an overview of BLP's services and network in PNG and were shown how to navigate the BLP Finance Facility portal when searching for the specific business services.

B. KEY CHALLENGES AND LESSONS LEARNED

Challenges:

Viet Nam

- COVID-19 pandemic: COVID-19 has affected the roll-out of certain activities. These include outreach to and participation of WSMEs in the surveys; finalizing loan agreements for liquidation of grant funds applications; and organizing training events and site visits. The survey of WSMEs under the 2021

Economic Census took longer time than originally planned due to its expanded scope and the impacts of COVID-19 delaying data collection, development of the WSME database manual, and related analysis on WSMEs.

- WSME training events: the organization of some training events for WSMEs have been delayed due to challenges in reaching agreement with the implementing government agency on procurement procedures. This has affected other key targets such as assessing the impact on WSMEs, which were to be measured through follow-up surveys.

The Pacific

- COVID-19 pandemic: The COVID-19 pandemic continued to pose challenges to implementation as country economies have been differently affected. PNG went through several new COVID-19 waves in second half of 2021 and early 2022 and ADB's financial institution partner was busy keeping operations going. This caused a bit of delay in implementation of the app, design of the product and integration into the bank's core system, including increased lending. Some countries had also closed their borders until recently. Virtual consultations with potential new financial institution partners were taking longer than foreseen.
- Risk averseness: Financial institutions continued to be cautious to do more lending to the SME market segment. Even more so to WSMEs, despite this segment being hit more than their male counterparts.¹ Their focus continued to be on portfolio management and adequate provisioning and selected corporate lending. Additionally, some countries, such as e.g. Fiji through the Fiji Development Bank, have launched SME sustainability packages in early 2022 which decreased additional lending appetite by banks. A revision to the proposal was approved last year to convert the gender bond which was originally on the pipeline for Fiji to more flexible blended finance product in the Pacific. The project team is in final discussions with a financial institution in Fiji to work with ADB to build their capacity to service WSMEs. Therefore, the project team is behind in achieving WSME-related results such as additional financing provided to WSMEs, but expects this to have picked up in the next reporting period.

Lessons learned:

Viet Nam

- To mitigate the impacts of these challenges, several project activities including consultations with provinces and surveys of WSMEs have been conducted virtually. ADB is also providing staff training to enable local staff to better address disagreements with implementing agencies over procurement procedures.

The Pacific

- To mitigate the impact of these challenges, ADB placed resources in country to facilitate progress. Assessments and capacity building was conducted virtually, albeit slower.
- With the opening of the borders the ADB project team has scheduled travels to PNG and Fiji in October and November to meet potential financial institution clients for the first time in person. This will help moving projects through the initial pilot phase to be ready for scaling in PNG and to kick start and gain momentum with the new partner in Fiji.

¹ [Pacific Business Monitor 2021 Female-Led Focus](#)

- To address the challenge of understanding better where the FIs need support and why they are risk averse towards the WSME segment, the project team will conduct a study to understand how the FIs have been impacted by the pandemic and what kind of risk-sharing mechanisms and other support, are of interest to help financial institutions improve access to finance for women SMEs.

IV. IMPACT AND PROGRESS TOWARDS MEETING WE-FI TARGETS – SRI LANKA

A. IMPACT AND PROGRESS TOWARDS MEETING TARGETS

Despite the twin challenges of the economic crisis and the prolonged impacts of COVID-19 during the reporting period, program implementation is still on track for meeting We-Fi targets before the end of 2022. Although the original targets are likely to be met, ADB may request an extension of the program and minor changes to implementation arrangements in order to utilize the undisbursed fund to support WSMEs hard-hit by the economic crisis.

B. RESEARCH AND KNOWLEDGE

A. Rigorous Impact Evaluation measuring impact of business development trainings for WSMEs

The impact evaluation is intended to assess the effectiveness of We-Fi grant and business development training on WSMEs. The original evaluation strategy was to set up three groups to compare their performances: (i) WSMEs nominated by banks and trained in 2019 (Group 1), and (ii) eligible WSMEs invited through public advertisement and (a) to be trained in 2020 (Group 2A) and (b) to be trained in 2021 (Group 2B). A randomized control trial was planned to be applied to Group 2A and Group 2B by comparing the performances of the two groups in 2020 with or without trainings (i.e., the profiles of Group 2A and Group 2B are identical given WSMEs are randomly assigned to each of the groups, but Group 2A would be trained while Group 2B would not be trained in 2020). Also, the performance of Group 1 is planned to be compared with those of Group 2A and Group 2B possibly by a difference-in-difference method to segregate the effect of WSME profiles on the effectiveness of trainings. If a sample size is sufficiently large, the impact of trainings on financial access could be also measured and analyzed.

However, the original research plan needed to be modified due to the pandemic and the ongoing economic crisis. First, the delivery of trainings became different between Group 1 and Group 2A or 2B. Group 1 was trained in person before the pandemic while Group 2A or 2B were trained online, which makes the comparison between Group 1 and Group 2A or 2B complex. Second, the proposed staggered delivery of trainings to Group 2A and Group 2B turned out to be difficult. Under the pandemic, it was difficult for the government to randomly assign half of the WSMEs who were interested in trainings to cope with the financial challenges to Group 2B and ask them to wait for one year for training. The government preferred the provision of trainings to WSMEs on a first-come and first-serve basis to ensure level-playing field for all the interested WSMEs.

The baseline survey was carried out for all the WSMEs who took part in the training; this was one of the preconditions for participating in the training programs. The results of the baseline survey provides a unique informed snapshot given that such micro-level data has not been widely gathered in Sri Lanka. The endline survey is planned for August to October 2022. The quality and quantity of data gathered

through the endline survey may be affected by the economic crisis limiting physical visits to individual WSMEs. Although there is no distinction between Group 2A and Group 2B after the introduction of the first-come and first-serve training delivery, a counterfactual can be constructed by gathering relevant data of a new group of WSMEs that have a similar profile as those of the trained WSMEs (i.e., Group 2A and Group 2B).

B. Policy paper on over indebtedness and graduation issues of women entrepreneurs.

Policy research was carried out in 2021-2022 to understand the challenges of women's entrepreneurship development in relation to their microfinance over-indebtedness that impedes their graduation and growth to SMEs. This is considered to be a significant issue, especially in the Northern and Eastern Provinces. The research will inform new legislation to regulate and supervise the microfinance industry. The pandemic and the economic crisis are also considered to have exacerbated local economic conditions especially in lagging regions, which may increase the risk of women entrepreneurs falling into a debt trap and constrain necessary entrepreneurship development for economic recovery.

The policy paper was submitted to the government in December 2021 and it was endorsed by the Ministry of Finance (MOF) and the central bank. The full report is available on: <https://www.adb.org/projects/documents/sri-49273-001-tacr-11>.

IV. IMPACT AND PROGRESS TOWARDS MEETING WE-FI TARGETS – WAVES

C. IMPACT AND PROGRESS TOWARDS MEETING TARGETS

In Viet Nam, positive progress has been made against key KPIs of the WAVES program. The total committed non-WeFi financing to WSMEs has reached US \$238.8 million, exceeding the target of US\$134 million by end of year 3. US\$138.8 million of new financing has been extended to WSMEs, compared with the year 3 target of \$143 million. Additionally, 850 WSMEs have received entrepreneurship support under the program, as compared with the final target of 1,030 WSMEs.

In the Pacific, after initial delays in implementation, slow progress has been made on targets. The committed non-WeFi financing to WSMEs in PNG is \$5 million, while \$32,000 has been so far extended to WSMEs. 124 WSMEs have received capacity building support and 45 WSMEs are currently participating in the lending pilot with MiBank in PNG. Dialogue with new financial institution partners continue as ADB proactively pursues opportunities to confirm blended finance transactions.

D. RESEARCH AND KNOWLEDGE

Impact Evaluations

In Viet Nam, the first impact evaluation for the WSMEs benefiting from COVID-19 relief project and related business counselling program was conducted during 20-30 June 2022. Subsequent impact evaluations will be conducted from September 2022 onwards.

Research

- The diagnostic report on constraints to WSMEs' access to finance in Viet Nam has been finalized. It includes findings from demand-side and supply-side surveys, key informant interviews, and a review of WSME credit support policies. The report will be published as an ADB working paper in 2022.
- Viet Nam's WSME policy and legal review has also been finalized, the findings of which are being incorporated in a draft White Book. It will be published in the next reporting period.
- A bank has agreed to participate in a randomized control trial in Viet Nam. This will be one of the largest randomized control trial for the sector, involving 60 branches of the banks nationwide. The researchers have completed initial consultations on the study's design. Following the signing of an ADB loan with that bank in late 2022, the study will commence in 2023.
- A literature review on women's economic empowerment in the Pacific has been conducted and the full report will be published and disseminated in the region before December 2022. Summary knowledge products will also be produced including a summary brief, infographic and animated video. A shorter, summary thematic brief on women's economic empowerment and gender-based violence is also in production.

Advocacy and Events

- We-Fi supported activities are being uploaded in the Women's Finance Exchange, an online portal to promote gender-responsive financing. This includes information on the grant project COVID-19 Relief for Women-Led Small and Medium-Sized Enterprises (<https://www.adb.org/what-we-do/private-sector-financing/womens-finance-exchange/covid-19-relief-for-women-led-small-and-medium-sized-enterprises>)
- The first video showcasing the impact of We-Fi on women in Viet Nam was published. Three more impact videos are being developed.



Image 4: Woman entrepreneur from Viet Nam who received support from We-Fi

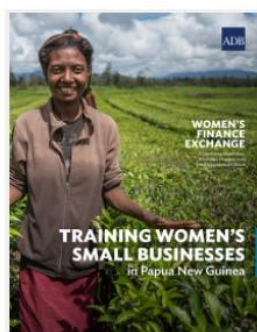


Image 5: Cover of the brochure containing the testimonials of WSME training attendees

- In the Pacific, ADB published a short [brochure](#) online containing testimonies from three WSMEs who attended the series of trainings done in PNG. On top of this, the project team has completed scoping studies on technology constraints as well as WSME market segmentation to support the design of a suitable WSME lending product in PNG. The said lending product is being piloted by [MiBank](#).
- The Women's Finance Exchange (WFX) has conducted five webinars to help raise awareness of financial institutions on the value and opportunity brought about by women SMEs. The first webinar was held in August 2021, which was also the launch of WFX and was entitled, '[Banking the Female Economy](#)'. The second webinar was held during ADB's Gender Forum in November 2021 and was called,



Image 6: Opening slide for the webinar, "Banking the Female Economy"

[‘The Business Case for Financing Women.’](#) Finally, [a three-part credit scoring series](#) was conducted to tackle ‘Digitalization and Credit Scoring for Women SMEs,’ Part I – the Basics, Part II – the technical challenges and Part III - the implementation challenges. These webinars were open to all ADB member countries. Over 100 financial institutions have registered across these events which were held between December to February 2021. The registration from the Pacific is at 5%.

V. PLANS FOR NEXT YEAR – SRI LANKA

In Sri Lanka, the focus will be finalization of all planned activities before the end of December 2022. Most of the planned activities under the program have been delivered by end of the reporting period (June 2022).

Component 1: Access to finance for underserved women-owned/ led SMEs and improving gender-inclusive financial services

- The use of the grant facility that has been already allocated will be expedited. If the economic crisis continues to affect adversely WSME’s businesses, alternative solutions may need to be sought, which may include program extension and changes in implementation arrangements.
- Training programs to selected PFIs to promote gender-responsive banking practices will be completed.

Component 2: Gender-inclusive policy and regulatory framework, and network strengthening to support women-owned/led SMEs

- ADB will support the government to reflect recommendations on microfinance over-indebtedness issue into a new legislative framework to regulate and supervise microfinance businesses.
- ADB will support the government to reformulate a definition of SMEs including WSMEs as part of a new SME policy framework.

Component 3: Building business capacity of women’s enterprises

- The online platform will be further promoted, and its support services will be designed to be relevant to WSMEs that are being affected by the economic crisis. The online platform will be complemented by physical support to WSMEs by government organizations and chambers of commerce that completed gender gap assessments and staff trainings, such as NEDA, IDB and ITI.
- Governance and implementation arrangements of the online platform “SMEConnect” need to be finalized by the government in collaboration with private and public partners.
- Content development will be promoted for the online platform.

Component 4: Strengthening the evidence base on women-owned/led SMEs

- The rigorous impact evaluation on the training program should be completed and its findings disseminated.
- A new support will be provided to the government to design a new SME survey with a gender-responsive approach.

V. PLANS FOR NEXT YEAR – WAVES

Component 1: Access to Finance

Viet Nam

- ADB's board approved an A loan of \$100 million and B loan of \$400 million, which is blended with a We-Fi performance-based grant of up to \$750,000 in April 2022. The loan and grant are expected to be signed in Q4 2022. It is the third transaction combined with We-Fi support.
- ADB expects to approve a fourth We-Fi supported transaction.
- Additional two gender gap assessments will be conducted and related advisory support will be extended to the partnering banks.
- Disbursement of \$ 5 million COVID-19 relief grant will be completed, and the business counselling program support will be delivered to at least 500 affected WSMEs.

Pacific

- In PNG, the project team and MiBank will determine the success rate of the pilot of the data collection app. If the pilot is successful, MiBank will consider will use the We-Fi blended finance component to risk-share with MiBank during the pilot and the scaling thereafter. The scaling should result to WSMEs' increased access to finance through loans. Mobilized funding from USAID will also be used to share the risk of the loans disbursed by MiBank for the pilot and scaling.
- In Fiji, the ADB project team will start engagement with a non-bank financial institution in Fiji. Similar to the process with MiBank, ADB will perform market scoping, determine constraints of WSMEs in accessing finance to grow their businesses, perform institutional assessment of this financial institution then recommend solutions to increase their gender responsive financing in a more digital manner. This is supplementary to a potential US\$20-million SME credit line, for which a small component of the We-Fi blended finance will be used.
- Originally, a gender bond for Fiji was on the pipeline, but last year, a revision was approved to replace the Fiji gender bond with other blended finance transactions across other countries in the Pacific. ADB will hire a consultant to conduct research/surveys on risk-sharing mechanisms in the Pacific and on continuing constraints of financial institutions to lend to WSMEs. The research will have a special attention to gender lens and will aim to identify suitable support to financial institutions to help maximize output under component 1.
- ADB is discussing with financial institutions and non-bank financial institutions across the Pacific to see how We-Fi can provide potential support in easing their constraints to lending to WSMEs especially after the post-COVID-19 environment.
- WFX will hold two webinars, one will explore the nexus of climate action and gender equality. The other one will be more focused on sustainable finance, i.e., how they can calculate their climate-related risk vis-à-vis their portfolio. WFX is raising awareness among FIs on how women are more adversely impacted by climate change and hence would need more financial support.

Component 2: Reduced non-financial barriers/ enabling environment

Under WAVES Viet Nam, the White Book with updated analysis on WSMEs and related policy recommendations will be published. As a joint ADB-MPI publication, the White Book will be disseminated through a workshop, and uploaded on ADB and MPI websites. The copies of the publication could also be

circulated to selected representatives of the Viet Nam's Government, local authorities, etc. for WSME policy development.

Component 3: Capacity development of WSMEs

Viet Nam

- The business accelerator program for the second and third cohorts of 10 WSMEs each will be completed, which will make for a total of 30 WSMEs graduating from the program.
- 8 more training courses on financial literacy and financial products and procedures for at least 250 WSMEs will be conducted and at least 350 additional WSMEs will be trained in provincial-level training courses by 30 June 2023

Pacific

- The WSME trainings conducted in PNG last year in the areas of digital financial literacy, business planning and debt management, and e-commerce will be scaled to three other countries in the Pacific. Tentatively, these countries will be Vanuatu, Solomon Islands and Fiji. It is anticipated that the trainings will reach at least 70 WSMEs in each country and at least 50 WSMEs will be given ongoing support through debt management or building/improving the e-commerce presence of their business.
- The literature review and associated knowledge products (see section above) will be published and disseminated widely internally and externally. The literature review includes an evidence review which highlights specific gaps in evidence and data. Next year further primary and/or secondary research will be commissioned to address these gaps. Specific topics and countries will be chosen based on the need for further data (based on the literature review findings) as well as consultation with key stakeholders in the region. At least two further research areas will be identified, consultants engaged and research carried out within the next year.

Research and Knowledge

In Viet Nam, at least 5 more impact videos/stories will be developed in the next reporting period. The randomized control trial will also be initiated.

For the Pacific, the literature review and associated knowledge products will be published and disseminated widely internally and externally. The literature review includes an evidence review which highlights specific gaps in evidence and data. Next year further primary and/or secondary research will be commissioned to address these gaps. Specific topics and countries will be chosen based on the need for further data (based on the literature review findings) as well as consultation with key stakeholders in the region. At least two further research areas will be identified, consultants engaged and research carried out within the next year.

ANNEX I. FUNDING AND BUDGET INFORMATION

A. Status of We-Fi Funding

Budget Categories (per proposal)	Amount per ROUND 1		
	Revised Budget (if applicable)	Committed*	Disbursed*
Component 1: Access to finance for underserved women- owned/led SMEs and improving gender-inclusive financial services	N/A	\$8,684,294	\$7,910,455
-We- Fi Grant ¹		\$8,244,985	\$7,659,700
-Capacity Building for PFIs		\$439,309	\$250,755
Component 2: Gender inclusive policy and regulatory framework, and network strengthening to support women-owned/led SMEs	N/A	\$495,391	\$222,368
Component 3: Building business capacity of women's enterprises	N/A	\$375,914	\$315,730
Component 4: Strengthening the evidence base on women-owned/led SMEs	N/A	\$658,698	\$304,715
Contingencies²	N/A	-	
Fees³	N/A	\$807,800	\$567,879
Total Budget		\$11,022,097	\$9,321,147

Note:

¹ADB loan and We-Fi Grant are allocated to 10 participating banks annually. The new cycle started in January and funds were transferred to the banks in early April.

²Contingency is earmarked for additional activities for Non-financing activities and Technical Assistance/Advisory Activities, Research and Monitoring and Evaluations.

³Committed fees refer to collected fees by ADB for WAVES. Disbursed fees refer to amortized fees as of 30 June 2022.

Budget Categories (per proposal)	Amount per ROUND 2		
	Revised Budget (if applicable)	Committed	Disbursed
Component 1: Improved access to finance	N/A		
The Pacific		1,500,000	83,725
Viet Nam		7,418,000	1,854,365
Component 2: Reduced non-financial barriers/Improved enabling environment	N/A		
The Pacific		500,000	54,981
Viet Nam		1,001,000	238,362
Component 3: Capacity development of WSMEs	N/A		
The Pacific		250,000	11,886
Viet Nam		1,168,000	203,397
Monitoring and Evaluation	N/A		
The Pacific		750,000	-
Viet Nam		650,000	82,462
Subtotal: Pacific and Viet Nam		12,737,000	2,529,177
Fees*	N/A	1,078,000	142,585
Total Budget		13,815,000	2,671,762

* Committed fees refer to collected fees by ADB for WAVES. Disbursed fees refer to amortized fees as of 30 June 2022.

B. Types of Activities Funded

Funding Categories	Committed Amount
	Round 1
Investment Activities / Grants to WSMEs	\$8,244,985
Technical Assistance/Advisory Activities	\$934,700
WSME Capacity Building	\$375,914
Research, M&E and Evaluations	\$658,698
IP Fees	\$807,800
Total	\$11,022,097

Funding Categories	Committed Amount
	Round 2
Investment Activities	500,000
Technical Assistance/Advisory Activities	4,819,000
WSME Capacity Building	1,518,000
Grants to WSMEs	5,000,000
Research, M&E and Evaluations	900,000
IP Fees	1,078,000
Total	13,815,000

C. Summary Focus Areas Funded

Funding Categories	Committed Amount	
	Round 1	Round 2
Access to Finance	\$8,244,985	\$10,884,140
Access to Markets	-	\$151,840
Access to Skills	\$375,914	\$630,320
Entrepreneurial Ecosystem	\$1,593,398	\$1,070,700
Total	\$10,214,297	\$12,737,000

D. IP Fees structure

Category	Activities (please list)	% of We-Fi fee (approximate)	Costs covered by the MDB (high level)
Mandatory fees	trust fund fees mandated by the MDB for management and admin charge	7%	none
Program management costs	N/A		
Direct project implementation cost	N/A		
Pipeline development & project preparation	N/A		
Communications costs	N/A		
Cost-sharing across departments	N/A		
Other costs (please describe)	N/A		

Interviews from We-Fi trained women entrepreneurs in Sri Lanka

A passion for plants turned business



Earth Dreams Agri Tech, a plant nursery initiated by Niroshini received the support of a We Fi grant in mid-2020. She resides in the Colombo district of Sri Lanka.

Her passion for flowering plants especially orchids which she cultivated in her home garden for beauty became the source of her business when she realized that this passion could be turned into a business venture.

“Since completing the Business Development training program I have received a lot of guidance from peers to find solutions to the business problems I face”

Having obtained a loan of Rupees 3 million from an approved 7 million loan Niroshini enjoys a grant of Rupees 0.9 million from the We-Fi project. Niroshini expanded the number of net houses she had to 7 in order to propagate and grow the plants. In addition, she also established a laboratory to cultivate new plants using the tissue culture technology. Though her orchid collection was initially her main product, she included other flowering plants such as anthuriums and expanded her product range to also include vegetable and fruit plants in addition to seeds.

As the COVID-19 pandemic intensified within the country and a chemical fertilizer ban was imposed by the government, Niroshini saw a silver lining to the dark cloud and ventured into producing compost fertilizer for sale.

Expanding her product range was a good business decision at a time when the country was beginning to face an economic crisis of unprecedented magnitude. As a result of the We-Fi grant Niroshini purchased, seed, fruit and vegetable plants from Gannoruwa and Horana before starting the laboratory.

Amidst the economic crisis Niroshini limited her travels but obtained advice and support over the phone when needed from a network of gardeners. This she found very beneficial in addressing issues in her horticulture business.

“Initially I was quite apprehensive in making a business from my passion for plants. But after receiving the business development training through the ADB’s We -Fi program I am confident to engage with clients, negotiate with suppliers and bank officials, maintain proper accounts, identify potential markets, network and learn from peers and most of all I am confident that I can take this business forward by expanding it further”, said Niroshini with a look of determination.

Niroshini plans to expand and take her business to greater heights by utilizing further funds from the We Fi grant to construct a green house where she could nurture and propagate the plants in a controlled and more conducive environment.

Interview with Mr. Munasinghe - Chief Executive Officer of the Regional Development Bank, Sri Lanka.



One of the leading banks which serves women entrepreneurs in the country with a wide presence in the rural areas, the Regional Development Bank (RDB) was supported with a We-Fi grant to deliver more women centric loan products to small and medium women entrepreneurs (WSMEs) in Sri Lanka.

“With the We-Fi grant we were able to serve more WSMEs in different sectors, and we have been able to provide LKR 1,074.4 million so far in 220 We-Fi grants blended with the ADB loan”, says Mr. Munasinghe, Chief Executive Officer of the Regional Development Bank of Sri Lanka.

The bank adopted several strategies to support the WSMEs during the COVID-19 pandemic. Restructuring of the loan installments based on project cash flows, granting of moratoriums or related concessions as per the Central Bank guidelines were few key steps taken. These strategies provided the impetus for the WSMEs to continue their businesses and survive during the current economic recession.

Further training conducted under the We-Fi program has resulted in improving the financial literacy and negotiation skills of WSMEs, enabling the bank to grant 62 loans to We-Fi trained WSMEs with confidence.

Under the technical assistance component of the We-Fi grant a Gender Gap Assessment was conducted for the bank and the recommendations were endorsed by the Bank’s management, and gender profiles are currently being developed. The international experiences of gender-based banking will be considered in this exercise. A one-day workshop will be conducted on ‘Gender Profile Development and Awareness’.

Amid COVID-19 and economic crisis, the development of the nation depends on the growth of the SMEs, in which women play a significant role. Therefore, the We-Fi project is integral to the keep the momentum to thrive the economy of Sri Lanka.

A 35-year family business receives a face lift



A family business which has been in existence for 35 years needed a boost to keep abreast with modern requirements.

Yogi's Institute of Beauty Therapy is managed and operated solely by Rathika, her younger sister and her mother.

"Though my business is well known and popular in Jaffna, we realized that it was time to boost the business by offering more courses at the institute", said Rathika.

Rathika is from the Jaffna district which is a lagging region which faced a 2-decade internal conflict. Rathika obtained a ADB loan of LKR 3.0 million from the Seylan bank in 2019 out of which We-Fi grant was LKR 0.75 million loan and grant proceeds were used to renovate the business premises, purchase saloon equipment and to expand the family business by including new beauty culture and culinary courses to its current portfolio.

During the COVID-19 pandemic, several health care guidelines prevented Rathika from carrying out her business as close contact with customers were prohibited. As such, no business activities could be conducted because of these guidelines and also the lockdowns imposed by the government.

However, after the pandemic, she recommenced the business and developed it. Rathika has also diversified her training to include culinary courses at her training institute. However, there has been a delay in conducting these courses due to the prevailing economic crisis in the country.

"The loan and We-Fi grant in addition to the We-Fi training program have significantly helped me improve the business during these difficult times", said Rathika with much gratitude.

**"I received
this loan
and grant
from our
banking
partner.
It helped me
create an
organized
family**

WAVES Pacific



COVID-19 affected my business badly. I have a transit accommodation where people come in from overseas. There's not much travelling going on because of COVID-19. We had to lower our rates so we can get people to stay with us.

We were in a rush to turn these apartments into a transient. We don't have a reception area. We run the reception from my office. We want to build an office on the property. The only way we can do it is by getting a loan or saving for some time.

That's why I am very interested in the financial literacy training. I used to wonder how to do budgeting. I didn't realize it was so simple.

I have also learned a lot from the e-commerce training.

CECILIA PEPSON
transient stay business owner

Mary was doing well until COVID-19 came.

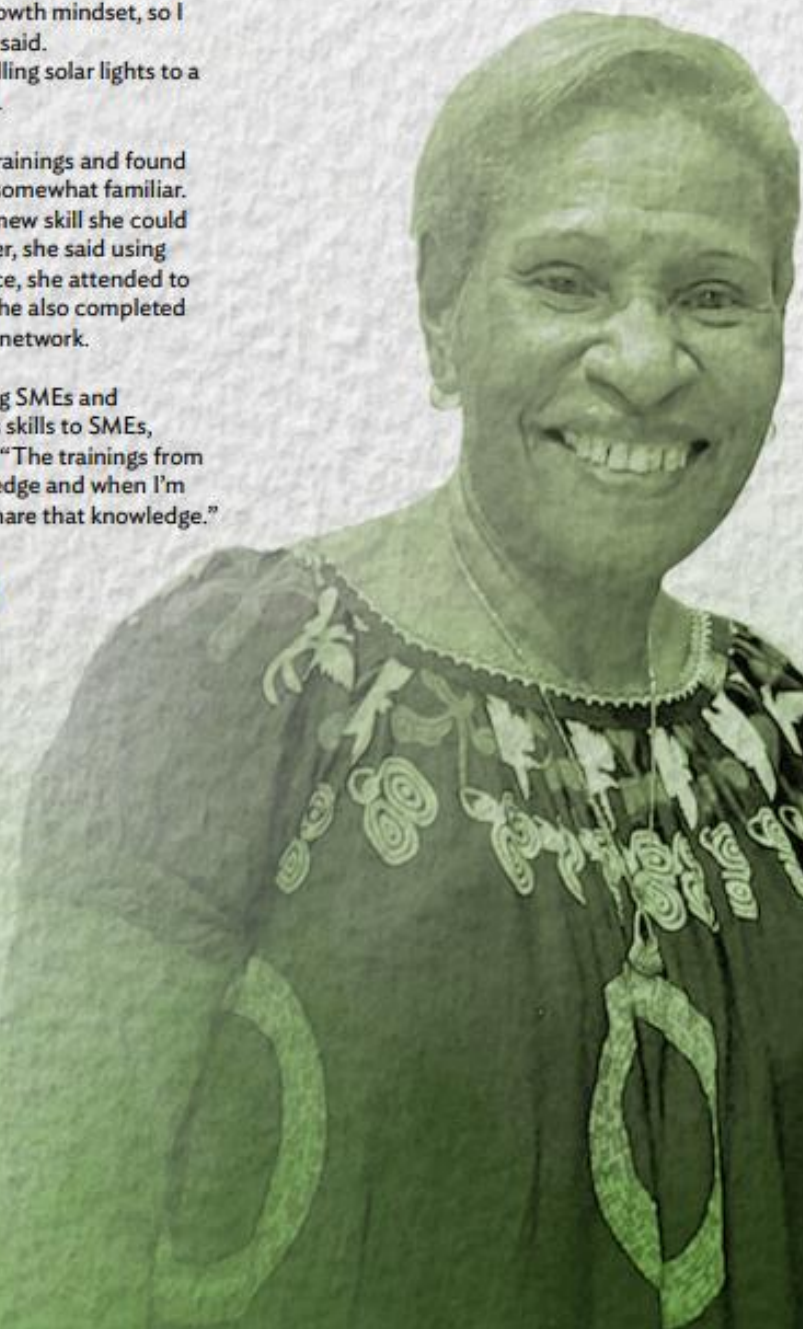
“People started panicking and whatever money they had, they were hanging tight onto it. But, I’m a person who has a personal growth mindset, so I used the time to reflect,” Mary said. She found an opportunity in selling solar lights to a province in Papua New Guinea.

Mary later attended the CEFI trainings and found the business planning module somewhat familiar. Yet, e-commerce was a totally new skill she could learn. And, being a baby boomer, she said using technology is a challenge. Hence, she attended to learn doing business digitally. She also completed most of the trainings to build a network.

“I’m also involved with coaching SMEs and delivering trainings on business skills to SMEs, women especially,” Mary adds. “The trainings from ADB helped expand my knowledge and when I’m talking to women, I’m able to share that knowledge.”

MARY HANDEN

energy sector coach for SMEs



ANNEX III. WSME DEFINITIONS

ADB programs in Sri Lanka, Viet Nam and the Pacific have been using IFC's definition of women-owned businesses and SMEs.

ANNEX IV. IP METHODOLOGY FOR RESULTS MEASUREMENT

Collection of data on disbursed or outstanding loans

In Sri Lanka, the MOF's monthly reports for three months are compiled and then published on the ADB's website as MOF quarterly report. MOF also publishes the portfolio-level data on its annual report. The ADB subloan database is periodically used for policy dialogue with the government. At least every six months, the project performance is discussed at an interagency steering committee based on the analysis on the subloan database.

In Viet Nam data is collected on disbursements to align with the framing of the We-Fi KPIs. The program is only tracking lending facilitated by We-Fi funding, but not the whole portfolio of the financial institutions. Loans are also tracked but not the guarantees.

For In the Pacific, ADB and the FI have agreed to monitor data on a quarterly basis, but ADB also takes into consideration that data reporting may not capture the actual number depending on the time of the month loan proceeds have been credited (i.e., data is not yet available at a certain reporting period). The data will come from the FI's core banking system. On cross validation, ADB has a cross-checking process which involve validation from internal ADB and external stakeholders.

Tracking of data

For Sri Lanka, only the project-related data will be tracked by the IP. FIs publish audited annual financial reports in their web sites. ADB reviews Annual Audited Financial Statements of the project and the entity.

In Viet Nam, ADB only tracks lending facilitated by We-fi funding, but not whole portfolio of the financial institutions.

In the Pacific, on-lending under the WAVES program is only slowly starting. There is one financial institution (FI) partner under agreement and in the process of implementation. The agreement with the FI requires them to report certain indicators such as, number of WSMEs reached by the financial product, total loan account holders, portfolio value, NPL ratio (total and WSMEs segment), among others. So far, the project team has observed that the FI has been challenged to report sex-disaggregated baseline data and is considering separate support on that.

On determining baseline data, the process is stock taking from the time the agreement begins. The project team uses the last available data (annual or quarter), then adds targets from there. This will then be discussed with the FI until both parties agree on the key performance indicator targets. These targets will be stipulated on the legal agreement.

Methodology

On how data is used beyond reporting, after making it anonymous, collected data will be used in the overall reporting of ADB in aggregated form. Data will also be used to discuss with the FIs, i.e., to give recommendations on further refinement of their products for WSMEs, i.e., through a feedback loop after a year or so from the end of pilot/start of implementation of financial product which has been rolled out as a result of the agreement. The project team can also use the data for reference when implementing the product in other FIs, tweaked based on the needs of the FI and its market. Lessons from other FI pilots will be taken into consideration. Data will be used to create new financial products.

ANNEX VI. PROJECT SUMMARIES

EXPANDING ACCESS FOR WOMEN-OWNED SMALL AND MEDIUM-SIZED ENTERPRISES PROJECT

Project Type: Grant

Project Start Date: 2022

Geographical Focus: Viet Nam

Project End Date: 2026

We-Fi Funding Committed: \$750,000

Total project size: \$ 750,000 funded by We-Fi plus VPB's contribution including additional staff costs, office costs, taxes, etc.

CONTEXT:

Gender disparities create a big financing gap in lending to SMEs in Viet Nam. The estimated gap is about \$1.2 billion and only 37% of WSMEs in Viet Nam access bank loans, compared to 47% of men-led SMEs. In addition, the lack of differentiated marketing approaches in Viet Nam for WSMEs, social expectations and preconceptions about women's roles and lower business capacity of small and medium-sized enterprises owned and led by women (WSME) impede women's access to finance.

Given Viet Nam Prosperity Joint Stock Commercial Bank's (VPB) visibility in the market, this intervention will incentivize VPB to provide the much-needed funding for an underserved segment.

CLIENT/PARTNER DESCRIPTION

VPB will receive performance- based grant for undertaking a major randomized control trial on financial inclusion for WSMEs and to invest in its own capacity and processes to lend to WSMEs.

PROJECT DESCRIPTION

- What are the key objectives and focus areas?

The grant will improve access to finance for WSMEs through expanding the VPB's financing to WSMEs as well as strengthen its capacity to serve women entrepreneurs.

- What are the key project activities and milestones?

The grant will help VPB better meet the needs of WSMEs by (i) designing the RCT on financial inclusion on WSMEs, (ii) rolling out and undertaking the baseline survey across 60 of VPB's branches, (iii) collecting interim results and the final results through endline surveys; and (iv) increasing the WSME portfolio and number of WSME borrowers.

- What is the specific use and the role of the We-Fi contribution

The performance-based grant financing of up to \$750,000, funded by We-Fi, is used to incentivize and support VPB in lending more to WSMEs and offset the staffing and administrative costs to undertake a multi-year RCT across 60 of VPB's branches. It will be the first major RCT in Viet Nam on bank lending practices to women entrepreneurs. It is the second project in Viet Nam where ADB is blending a non-sovereign loan with a performance-based grant.

IMPACT: WSMEs have more opportunities to grow through enhanced access to financial products and services, among others.