

**Women Entrepreneurs Finance Initiative (We-Fi)**

**THEMATIC FUNDING REQUEST ON A PROPOSED FINANCING**

**IN THE AMOUNT OF US\$1,230,500**

**TO THE**

**INTER-AMERICAN INVESTMENT CORPORATION AND IDB LAB**

**FOR**

**WE-FI'S 5TH CALL FOR PROPOSALS**

**WECODE PILOT**

**DOMINICAN REPUBLIC**

## Table of Contents

<b>I. WE-FI THEMATIC REQUEST – DATA SHEET .....</b>	<b>3</b>
<b>II. PROGRAM/PROJECT DESCRIPTION .....</b>	<b>5</b>
<b>A. Program development objective and specific objectives .....</b>	<b>5</b>
<b>B. Program Design and Key Activities .....</b>	<b>6</b>
<b>C. Country Readiness .....</b>	<b>7</b>
<b>D. Stakeholders &amp; Key Partner Readiness .....</b>	<b>8</b>
<b>F. IP Readiness/Track Record .....</b>	<b>11</b>
<b>III. IMPACT AND LEARNING .....</b>	<b>12</b>
<b>Sustainable Beneficiary Impact .....</b>	<b>12</b>
<b>A. Results Framework .....</b>	<b>13</b>
<b>B. Learning Agenda .....</b>	<b>14</b>
<b>IV. KEY RISKS AND MITIGATION MEASURES .....</b>	<b>14</b>
<b>A. Risks Identified .....</b>	<b>14</b>
<b>B. Proposed Action Plan .....</b>	<b>15</b>
<b>Attachments .....</b>	<b>15</b>
<b>Attachment 1: We-Fi Results Framework .....</b>	<b>15</b>
<b>Attachment 2: Risk Framework .....</b>	<b>15</b>

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

### BASIC INFORMATION

IP Name	Inter-American Development Bank: IDB Invest and IDB Lab
Program/Project Name:	Dominican Republic WeCode
Country(s)	Dominican Republic
# of partners engaged through the Pilot	3
Private Sector, Public Sector or Both	Private Sector
Implementation Start Date	Preferably in CY2023
Commitment End Date	June 30 <sup>th</sup> , 2025
Supervision End Date	June 30 <sup>th</sup> 2029
IP Focal Point Contact (name, email, phone)	Vitoria Lima de Moraes, VITORIAL@IADB.ORG; OPERATIONS ASSOCIATE (ORP/REM)
Key Staff Contacts (e.g., Project Lead, M&E Officer, Comms Officer)	Laura Giraldo, lauragir@iadb.org; Isabel Berdeja, isabelbe@iadb.org; Paula Pelaez, paulape@iadb.org; Patricia Yanez, patriciaya@IADB.ORG; Sam Todd, stodd@iadb.org; Manuel Jimenez, manuelji@iadb.org; Shari Johnson, sharij@iadb.org; Colin Mckee colinm@iadb.org; Smeldy Ramirez, smedlyr@iadb.org; Svante Persson, svantep@iadb.org; Remedios Leyba, remediosl@iadb.org; Laila Choe, gyoungc@iadb.org; Maria Claudia Ventocilla, remediosl@iadb.org; Yuri Soares, yuris@iadb.org Mara Balestrini, marab@iadb.org

### WE-FI FUNDING REQUEST<sup>1</sup>

	Year 1	Year 2	Total
<b>IDB Invest (USD)</b>			
Investment Activities	-	-	-
Advisory / Technical Assistance	<b>300,000</b>	<b>300,000</b>	<b>600,000</b>
Grants to WSMEs	-	-	-
Research & M&E	-	<b>100,000</b>	<b>100,000</b>
Administrative Fee <sup>2</sup>			<b>49,000</b>

<sup>1</sup>To allow efficiencies in the execution of this pilot we request approval for a flexibility of up to 15% in budget allocation by line item over the implementation period of the proposal to be able adjust to any unforeseen activities that may require reallocation of resources.

<sup>2</sup>The fee is used to cover the Bank's costs in respect to services performed by the Bank in connection with the management of the trust fund's account and projects. Some of these Bank services include, but are not limited to, activities associated with the

<b>Total IDB Invest</b>			<b>749,000</b>
<b>IDB Lab (USD)</b>			
Investment Activities	-	-	-
Advisory / Technical Assistance	<b>200,000</b>	<b>200,000</b>	<b>400,000</b>
Grants to WSMEs	-	-	-
Research & M&E	-	<b>50,000</b>	<b>50,000</b>
Administrative Fee <sup>3</sup>			<b>31,500</b>
<b>Total IDB Lab</b>			<b>481,500</b>
<b>Total We-Fi Financing Requested</b>			<b>1,230,500</b>

#### TOTAL PROGRAM COST & CO-FUNDING:

Sources of Financing		Amount (do not round)	
We-Fi financing requested	(A)	1,230,500	
IP Contribution IDB Invest[1]	(B1)	30,000,000	
IP Contribution IDB Lab [2]	(B2)	5,000,000	
Public-sector co-funding [2]	(C)	-	
Private sector co-funding [3]	(D)	40,000	
Additional co-funding [specify]	(E)	-	
Total Non-We-Fi Funding	(F)= (B+C+D+E)	35,040,000	
Total Activity Size	(G)= (F+A)	36,270,500	
Of which % IDA and % FCS	(IDA+FCS / G)	-	
Co-Funding ratio	(F/A)	28.48	

fiduciary, accounting, treasury, and legal services provided to the trust fund, as well as structuring, approving and committing trust fund resources, and supervising and monitoring projects, and any other additional workload generated as a result of the management of the trust fund.

<sup>3</sup> The fee is used to cover the Bank's costs in respect to services performed by the Bank in connection with the management of the trust fund's account and projects. Some of these Bank services include, but are not limited to, activities associated with the fiduciary, accounting, treasury, and legal services provided to the trust fund, as well as structuring, approving and committing trust fund resources, and supervising and monitoring projects, and any other additional workload generated as a result of the management of the trust fund.

# Dominican Republic WeCode Pilot

## II. PROGRAM/PROJECT DESCRIPTION

Now, more than ever, women's financing represents an important business opportunity, a differentiator that will strengthen financial Institutions' position in the market. While sizing the women's market remains difficult, the potential is clear. Research suggests that by 2028, women will control 75% of discretionary spending worldwide<sup>4</sup>. In Latin America and the Caribbean (LAC), women's buying power is on the rise. As of 2022, women represent more than 51% of the workforce<sup>5</sup>. Women helm nearly one-quarter (22%) of the region's entrepreneurial enterprises, a vibrant commercial segment with significant collective purchasing power and growth prospects. And yet, at \$86 billion, the credit gap for women owned/led micro, small, and medium business (WMSMEs) in Latin America is among the highest in the world<sup>6</sup>.

In the last five years, Latin American and Caribbean countries have made significant progress towards women's financial inclusion. Across the region, women account for more than half of financial service providers' customers, and this figure continues to grow, as regulatory urgency has driven increased women's financial inclusion in the region. This is an indication of strong demand on the part of women customer segments, representing significant business opportunity for financial institutions.

The 2021 edition of the World Bank's Global Findex report shows a significant decline in the account ownership gender gap for the years 2017–2021 for most countries. Notable exceptions are the Dominican Republic, which experienced an increase in the gender gap: from 2 percentage points in 2011 to 5 percentage points in 2021, and Honduras, which saw an increase of 8.3 percentage points<sup>7</sup>. In addition, the Findex findings also highlight that women's financial inclusion is far from universal across the region, and significant gender gaps remain, including discrepancies in data collection. These gaps represent a significant opportunity cost for the region's financial institutions because they are not maximizing the market potential.

To be able to tap into this market potential, it is essential for financial institutions to understand the loss opportunity and how to address the financial and non-financial needs of women entrepreneurs, which are both an objective of this pilot program. Collecting sex-disaggregated data is essential to understating and addressing the factors contributing to the widening gender gap in access to credit. However, there are multiple gaps in the collection, quality, and usage of gender data<sup>8</sup>. The WeCode (hereinafter referred as the "Code" or "WeCode") will provide capacity building to harmonize data gathering and help financial institutions in the Dominican Republic (DR) develop targeted initiatives to improve women's access to credit.

### A. Program development objective and specific objectives

The general objective of the IDB Invest and IDB Lab WE Finance Code Pilot proposal is to create a sustainable shift in how women entrepreneurs are accounted for, perceived, and served by the financial sector in the DR by:

---

<sup>4</sup> Neilson. "[Wise Up to Women](#)." March, 2020.

<sup>5</sup> ECLAC. 2022. "[Economic Survey of Latin America and the Caribbean](#)." United Nations.

<sup>6</sup> IDB Invest. "[Growing as Equals](#)." August 2018.

<sup>7</sup> World Bank. 2021. [Global Findex](#).

<sup>8</sup> For example, of 21 FIs surveyed in the DR, 57% indicated that they disaggregate data by sex, but the vast majority (almost 80%) labeled the data manually, which may affect the quality of these data.

(i) Building the capacity of financial institutions and the banking association to collect, generate, use and report on sex-disaggregated data for women's financial inclusion; (ii) Promoting the coordinated aggregation of private-sector gender portfolio-level and financial data for industry-level reporting; (iii) Piloting private-sector commitments and the leverage of a champion to promote data-disaggregation and increased financing opportunities for women entrepreneurs, and (iv) Leading the learning agenda, developing and implementing diagnostic tools, strategies, new processes, products, services, or initiatives—as appropriate—associated with commitments made.

## **B. Program Design and Key Activities**

For the implementation of the WeCode Pilot in the DR, IDB Invest will implement the following components and activities. The components might be implemented simultaneously, based on the stakeholders' needs and the progression of the consensus building.

**Component 1: Building capacity for sex-disaggregated data collection and usage (US\$400,000):** i) provide technical assistance to banking association to conduct a diagnostic on the current state of sex-disaggregated data among FIs and build capacity for aggregation and reporting of sex-disaggregated data; ii) provide technical assistance to financial institutions<sup>9</sup> to build capacity for disaggregation, reporting of sex-disaggregated data, and designing financial and non-financial strategies to serve the Women-Led Micro, Small and Medium-Sized Enterprises (WMSMEs) segment; iii) provide technical assistance to financial institutions and banking association on data management systems and digital technology to accelerate the systematic collection and reporting of sex-disaggregated portfolio-level and financial data.

**Component 2: Building consensus for WeCode commitments (US\$200,000):** i) organize fora, trainings, dialogues, and business-case discussions among the public and private sector on best practices for women's banking, sex-disaggregated data, and harmonization of indicators and definitions; ii) establishment of one industry-level data aggregation committee or similar body to facilitate commitments; (iii) communications and outreach activities for awareness raising and increased FI participation; and iv) peer learning exchange programs inside and outside the region on WeCode experiences (i.e. UK Code), and other related topics such as gender bonds<sup>10</sup>.

**Component 3: Generating a learning environment for sustainability of the WeCode (US\$100,000):** i) conduct one study or impact evaluation that leverages on the use of sex-disaggregated data supported by this initiative to showcase gender gaps in credit markets, the role of data collection practices with a gender perspective on increasing access to finance for WSME and, potentially, the impacts of increasing access to finance on the WSME segment.

**IDB Lab will implement the following components and activities:**

**Component 4: Technological platform for ethical and trusted data. (US\$300,000):** This component will implement an ethical and trusted technological solution, to be defined, to allow the Private Equity/Venture Capital industry to measure, report, and use sex-disaggregation data on transactions and business performance. This will enable the use of these data for management and expansion of gender-based agendas among funds, the entrepreneurial ecosystem, and other market actors. Activities will include developing technology and training partners for implementation and use. It may also include tracking tools to measure industry-level performance. If convenient it could be applied industry wide.

**Component 5: Advancing WeCode among early stage and venture. (US\$150,000);** This component will finance convening and technical assistance for the innovation industry, including accelerators, company

---

<sup>9</sup> Financial institutions (FIs) such as commercial banks, microfinance institutions, fintech firms, digital finance service providers, PE/VC Funds, and other financial service providers, etc.

<sup>10</sup> This component may include IDB staff travel when deemed necessary for the proper execution of activities or supervision.

builders, incubators, seed and angel investors, and venture. Activities will include financing connection fora, meetings, peer learning, and other convening activities. It will also include technical assistance to the innovation industry to implement key changes to processes, products, and services, to expand opportunities provided to women entrepreneurs. It can also include specific support to address transaction costs that partners may incur in adhering to the Code.

### C. Country Readiness:

The Government of the Dominican Republic (GDR) has adopted a number of policies and programs to promote women's economic empowerment, including the National Strategy for Gender Equality 2020-2030 and the National Plan for Financial Inclusion 2022-2030<sup>11</sup>. The foundational work already underway in the Dominican Republic paired with data sources that provide information on women-owned businesses in the Dominican Republic may facilitate the timely implementation of the WeCode pilot. For instance, the Ministry of Industry, Commerce, and SMEs and the General Direction of Public Procurement have worked alongside the IDB Group (IDBG) in successful projects that have developed databases around women entrepreneurs.

Also, the country has a well-developed financial sector with several commercial banks, microfinance institutions, and other financial service providers that provide financing to women entrepreneurs, including IDB Invest's clients Banco BHD Leon and Promerica DR. The DR also boasts microfinance clients dedicated to a gender agenda, such as ADOPEM, an IDB Lab client, as well as an emerging innovation ecosystem, with company builders, accelerators, angel investor organizations, and some early venture finance activity.

**Financial Institution Readiness.** The latest IDB Invest survey found that the extent to which FIs disaggregate their data by gender varies from country to country. Of the sample of 21 FIs in the DR, 57% indicated that they disaggregate data by sex, but the vast majority (almost 80%) labeled the data manually, which may affect the quality of these data. In addition, these FIs do not use the data for business intelligence. A significant amount of FIs do not have an established definition for the WSME segment, only for retail products. Technical assistance, digital instruments, dialogues, and exchange of good practices are needed to create capacities to generate and use the data.

**Women entrepreneurs readiness.** The DR has a large and growing population of women entrepreneurs. In 2022, 55.6% of the business were led by women<sup>12</sup>. However, according to the GEM 2021-22 Women's Entrepreneurship Report, financing in the DR needs serious attention. In 2021, experts gave the country a 2.4 on their Entrepreneurial Finance condition, and 2.8 on Ease of Access to Finance<sup>13</sup>. Both were the lowest among GEM Level C economies. A recent IDB Lab survey of tech-based entrepreneurs in the Region placed the DR in an "initial" category, with no DR companies among the leading "technolatinas" evaluated in that report. In fact, given its level of human capital, high growth trend, and high exposure to North American and global markets, the DR entrepreneurial ecosystem has the potential to perform much better. A recent assessment by IDB Lab shows that very few DR entrepreneurs have companies that would be ready for equity investment. A lack of financing opportunities can also help explain why new DR businesses struggle to establish themselves. It may be necessary for the state to encourage financial institutions to lend more, as well as to make it easier for foreign investment to reach areas of the Dominican economy outside of tourism. Foreign direct investment (FDI) was increasing before the pandemic - a trend that could help in this regard.

---

<sup>11</sup> [Banco Central anuncia la Estrategia Nacional de Inclusión Financiera \(ENIF\) 2022-2030](#)

<sup>12</sup> [Conectora, junio 2023](#)

<sup>13</sup> Idem.

## D. Stakeholders & Key Partner Readiness

**D.1 Financial intermediaries:** For the purpose of the activities of this proposal, IDB Invest and IDB Lab will prioritize working with financial institutions which may include commercial banks such as Banreservas, Banco Popular, Banco BHD, Scotiabank DR, Banco Santa Cruz, Banco Promerica, Banesco, Banco Caribe, Banco Lopez de Haro, Banco ADEMI, Banco Vimenca, Banco Lafise RD, Banco Fihogar, Motor Credito, Banfondesa, Banco Adopem, JMMB Bank RD; credit and savings associations such as Asociación Popular, Asociación CIBAO, Asociación La Nacional; insurance companies like Banesco Seguros, Seguros Sura, Humano Seguros, Seguros Universal; cooperatives; fintechs; innovation ecosystem builders, venture funds, investment funds, etc. The initial approach and prioritization of these Financial Institutions will be determined by the diagnostic and initial dialogues with the ABA.

Specific financial institutions consulted were:

**BHD Leon (BHDL)** has emerged as a pioneer in recognizing the market potential to support the growth of WSMEs and has taken a leadership role in developing a value proposition of products and services to provide better access to finance and growth opportunities for women. The Mujer Mujer Program, launched in 2015, offers a wide range of products tailored to women's needs, including working capital and investment loans.

An essential feature of the Code Pilot is the presence of a Champion that effectively incentivizes associations, regulators, and private sector entities to engage with objectives of the WeCode initiative. Given their women's market trajectory and expertise, BHDL is well-suited to become the national champion of the Code in the DR. IDB Invest will define the championship approach during the diagnostic phase of the project, to ensure that other FIs are incentivized to participate, in the best manner possible, and ensure the success of the pilot.

**Promerica Dominican Republic** is a multi-faceted bank with 21 years of local presence, with an emphasis on serving personal clients, small and medium-sized companies, corporate and institutional clients, and payments. Through the financial services that Grupo Promerica offers, it permanently contributes to financial inclusion. During the past year IDB Invest has been working with Promerica to improve their value proposition to WSMEs. Promerica may be interested in participating as part of their new approach to women's banking.

**Banco Adopem** has a strong history of supporting women entrepreneurs. They are known for their well-developed digital capabilities and exceptional implementation skills. Adopem has built a great reputation within the financial industry, specifically in small-ticket microcredit and associated services. They have partnered with IDB Lab to implement two initiatives aimed at expanding access for women entrepreneurs, including training, coaching, and reactivating digital businesses owned by women and are currently structuring a transaction with IDB Invest. Given their track record, Adopem could be an ideal signatory for the WeCode.

### D.2 Technical partners (*That may receive funds, under the WeCode Pilot*):

**The Dominican Republic Banking Association (ABA)** will be a key partner for the pilot, acting as an aggregator of sex-disaggregated data from various financial institutions, leading the discussions on the business case of sex-disaggregated data, establishing a framework for member banks to provide gender-disaggregated data, including information on account holders, loan recipients, and credit card users, and raising awareness on the importance of harmonizing gender data collection. By analyzing this consolidated data, ABA can generate comprehensive reports on gender-specific trends in the banking sector, informing financial inclusion programs and promoting gender equality, and at a second stage, may act as a bridge for the eventual reporting to the OCDE. Initial conversations with the ABA are currently taking place and have been received with interest.



**Boost Acceleration Camp.** Boost is the leading organization in the DR focused on building and expanding early-stage entrepreneurship. They have a great convening capability within the emerging innovation industry in the DR.

**Agora Partnerships.** Agora is a regional leader in developing entrepreneurship and entrepreneurship finance. They are currently developing tools to measure, track, manage and promote women-owned businesses across FI portfolios in LAC.

**LAC Chain.** LACChain is a global alliance integrated by different actors in the blockchain environment and led by IDB Lab for the development of the blockchain ecosystem in Latin America and the Caribbean. LAC Chain can provide technical support in the implementation of a blockchain-based data monitoring system.

**fAIr LAC.** fAIr LAC is a partnership between the public and private sectors, civil society and academic institutions, designed to influence public policy and the entrepreneurial ecosystem in the promotion of the responsible and ethical use of Artificial Intelligence. It is the largest regional association to address the ethical use of technology. fAIr LAC can serve as an advisory role in the AI ethics risk assessment and the implementation of mitigating measures to support DR Code throughout execution of the project.

### **D3. National bodies:**

For the purposes of this proposal, national bodies, or government agencies, including the regulator, will not be included as counterparts. However, if the authorities express a demand for it, the project team may involve national bodies at a later stage.

### **D.4 Other stakeholders during execution:**

**We-Fi Implementing Partners:** IDB Invest has been actively engaging with and coordinating efforts with International Finance Corporation (IFC) and the Asian Development Bank (ADB) to foster peer learning and south-south collaboration between the private and the public sector of each continent. We will maintain continuous communication to share lessons learned during the execution of this Pilot Program and to execute the regional peer-learning exchange programs for financial institutions in the region to learn from other experiences outside the region.

**Alliance for Financial Inclusion (AFI).** IDB Invest reached out to consult with the AFI and discuss potential areas for collaboration. In the context of this private sector-led pilot, the AFI will be invited to participate in the exchange of best practices but will not directly implement activities since their current strategy is regional, rather than country-specific.

**ConsumerCentriX.** Is an impact consulting firm working with financial sector providers to develop gender-inclusive strategies, and business models to reach the underserved. In the past, ConsumerCentriX was commissioned by WFID<sup>14</sup> to conduct the gender data ecosystem assessments that informed the Code.<sup>15</sup> Conversations on collaboration under this proposal have focused on providing support for code implementation and peer learning<sup>16</sup>.

---

<sup>14</sup> WFID seeks to expand the impact of their work and develop a global gender data strategy to determine the best approach to amplify existing activities and advocate for critical gender data needs through a set of interventions in the financial sector.

<sup>15</sup> ConsumerCentriX also have experience advising financial sector regulators in Nigeria and Bangladesh on their sex-disaggregated data collection and analysis practices.

<sup>16</sup> This support may include activities for: i) diagnostic: mapping of the ecosystem, with the data flows, state of gender data collection and usage; ii) industry convening: share the diagnostic results, seed the coalition, create awareness of the importance of the Code; iii) form coalition and recruit signatories; iv) build financial institution capacity: onsite technical advisory (CCX) and leveraging FAW gender data learning series; v) develop aggregator case for data: create dashboard data; vi) build aggregator capacity; and, vii) peer learning: develop knowledge sharing plan in country.

**The Financial Alliance for Women (FAW)** has an existing network of financial institutions who already produce sex-disaggregated data and track record of advisory to FIs and regulators on building effective platforms, tools and processes for data collection, management, and visualization. Each year the Alliance works with members so that more can report sex-disaggregated data and the aggregated data set can be expanded. In 2019 the Alliance served as the technical lead to WFID<sup>17</sup> for between 2019 and 2022 driving national supply side data diagnostics and action plans in six countries<sup>18</sup>. Per the WeCode guidance note, the FAW will be part of the public-private advisory council that includes the We-Fi and OECD; and lead work on peer learning.

**Organization for Economic Co-operation and Development (OECD).** The OECD has been tasked by We-Fi to test piloting the data aggregation role of country-level data and collaborate with the FAW on peer learning. Under the WeCode Pilot in DR, the OECD reporting will be considered once the national bodies and regulator are in alignment with this private sector led initiative.

**UN Women and UN Global Compact.** They have the mandate to work with the financial ecosystem in LAC to address the need to introduce innovations that guarantee the financial inclusion of women under their “Finanzas para Todas” strategic approach. IDB Invest will coordinate closely, to leverage this approach<sup>19</sup>.

**Vital Voices Global Partnership.** For the WeCode Pilot, IDB Invest expects to coordinate with Vital Voices in the DR for the execution of trainings and outreach.

**Women’s Financial Inclusion Data (WFID) Partnership.** The IDB and IDB Invest both participate in this partnership, which is also comprised of Data2X, the FAW, the World Bank Group, the International Monetary Fund and the AFI. WFID seeks to expand the impact of their work and develop a global gender data strategy to determine the best approach to amplify existing activities and advocate for critical gender data needs through a set of interventions in the financial sector.

## **E. Roles and consultation of stakeholders**

**National Aggregator of the WeCode for Financial Service Providers:** The Banking Association<sup>20</sup> (ABA) will act as an aggregator by: (i) collecting sex-disaggregated data from various financial institutions, thereby building understanding of gender-specific trends in the banking sector; (ii) leading discussions on the business case for sex-disaggregated data, highlighting the benefits and potential opportunities associated with analyzing gender-specific data in the banking industry; and (iii) coordinating the development of a guiding framework that outlines guidelines and requirements for financial institutions to provide gender-disaggregated data, ensuring consistency and standardized reporting across participating financial institutions.

In addition, the ABA could take the lead in raising awareness about the Code among financial institutions, associations, and other relevant stakeholders in the DR. They may organize workshops, seminars, and training programs to share the importance of harmonizing definitions and collecting, reporting, and using sex-disaggregated data at an industry-level.

**National Champion of the WeCode:** BHDL has been consulted and has confirmed their interest in becoming the WeCode national champion. The most relevant activities in the role of champion is to be the first to commit to signing the WeCode, name a senior advocate, collect, report, and use data to benefit the WMSMEs market. By being the first code signatory, BHDL would play a demonstrative effect that could potentially inspire other private sector entities to also join the Code.

---

<sup>17</sup> [FAW: Data 2x and WFID](#)

<sup>18</sup> Honduras, Bangladesh, Turkey, Pakistan, Nigeria, and Kenya

<sup>19</sup> [ONU Mujeres: Finanzas para Todas](#)

<sup>20</sup> [Asociación de Bancos Múltiples de la República Dominicana: https://www.aba.org.do/](https://www.aba.org.do/)

In preparation for the proposal, IDB Invest and IDB Lab engaged in consultations with various stakeholders, including the ABA, the AFI, the FAW, Boost Impact, and Agora Partnerships. These consultations aimed to gather valuable insights and perspectives, ensuring a comprehensive approach to the pilot. By actively involving these stakeholders, IDB Invest and IDB Lab strives to enhance the proposal's effectiveness and foster collaboration towards achieving common goals. IDB Invest is actively engaging on initial conversations with other stakeholders to gather their input, including the ABA. These pending consultations with additional stakeholders are scheduled to take place within the next month.

#### **F. IP Readiness/Track Record:**

IDB Invest and IDB Lab have extensive private and public sector experience in guiding clients in generating data for women's financial inclusion and promoting WSME access to: (i) Finance; (ii) Markets, and (iii) Skills and Networks. Through our work promoting women's entrepreneurship, IDB Invest and IDB Lab learned that narrow solutions are rarely effective to promote WSMEs' business growth; multidimensional approaches are more likely to succeed than finance alone. IDB Invest and IDB Lab have also extensive experience conducting causal impact evaluations and producing knowledge products that have served to measure the impacts of specific business models or interventions<sup>21</sup> or that have tested innovative solutions implemented by the private sector to facilitate access to credit to SMEs before scaling up<sup>22</sup>.

Through the WeForLac project, IDB Invest has provided 8 advisories for financial institutions to develop financial and non-financial value propositions for WSMEs, which included capacity-building for data disaggregation. In addition, IDB Invest is in the process of implementing a supply-side survey Access to Finance Database to capture market information of more than 200 FIs in LAC in 13 countries. Also, IDB Invest implemented 3 engagement workshops with banking associations and financial supervisors.<sup>23</sup> Furthermore, through the creation of the sustainable finance Scorecard, IDB Invest has conducted nearly 100 diagnostic assessments on the maturity of individual banks to provide performance data related to environmental, social and governance (ESG) factors. Finally, IDB Invest in collaboration with United Nations Development Programme (UNDP) has supported the Bolivian Bank Association (ASOBAN) in designing and implementing a comprehensive impact monitoring system, which includes sex-disaggregated data among other impact measures<sup>24</sup>.

IDB Lab is currently executing a We-Fi project to develop data on women entrepreneurs across the region (WeCount), with a specific focus on the development of digital data platforms for FIs. This project will produce valuable inputs that will help build digital capabilities for the FIs and related businesses that sign on to the Code in the DR. IDB Lab also has a deep portfolio of developing skills for women entrepreneurs,

---

<sup>21</sup> See, for instance, a [recent causal impact study](#) conducted with an IDB Invest client (Konfio) measuring the causal impacts of access to credit on WMSMEs, which shows that two years after receiving a loan, the sales growth of Konfio clients was 19.4% higher than similar firms that were rejected for financing. Among women-owned firms, the difference was even higher at 41.9%.

<sup>22</sup> For example, a [causal impact study](#) was implemented with a financial institution in Peru to test the impacts of using psychometric tools for credit scoring models and what their impact is on facilitating access to finance to MSMEs. Results show that the tool increased SME loan use 54 percentage points for applicants without a credit history, without leading to worse repayment behavior.

<sup>23</sup> Also, on the public sector side, IDB has executed a regional TC program that has defined a set of key sex-disaggregated indicators that financial regulators should collect and monitor, developed guidelines for financial inclusion demand survey sex-disaggregation and analysis, and provided technical assistance to country regulators to incorporate these recommendations.

<sup>24</sup> The technical assistance provided to ASOBAN included not only the diagnosis and conceptualization of the system and its metrics, which have been aligned to international standards, but also the development and deployment of a technology platform to systematize and facilitate the data collection of the 11 associated banks. Following this experience, and with the support of WeForLAC funds, IDB Invest is currently running an initiative to support FIs in its portfolio to design and implement impact monitoring systems that collect sex-disaggregated data.

including digital skills, and has worked across the region with FIs and fintechs to build digital capabilities, and to expand financial services to women entrepreneurs.

Other access to finance areas relevant for the WeCode pilot are: (i) PE/VC, the IDBG has invested in more than 130 PE and VC funds in the region through the IDB Lab and IDB Invest and over the last year has been encouraging these funds to use the Women's Empowerment Principles (WEP's) Gap Analysis tool to identify areas for the promotion of gender equality; (ii) fintech, and (iii) access to skills and networks: WeXchange, wherein just four years, WeXchange has brought together nearly 1,000 women entrepreneurs, mentors, and investors from 24 countries.

Overall, the IDBG brings 30 years of supporting MSMEs, and it is committed to expanding its reach and to fostering a strong MSME sector in LAC. In 2012 the IDBG launched the women entrepreneurship banking (weB) initiative and over the past six years, weB FIs (over 16) have invested over \$800 million to address the main barriers for WMSMEs and innovated with new products and services to tap a large potential market. IDBG has also been instrumental in the expansion of the FAW to LAC, with technical and financial support.

### III. IMPACT AND LEARNING

#### **Sustainable Beneficiary Impact**

The pilot is expected to generate short-run results associated with the convening and data initiatives implemented, and larger, more significant outcomes at the ecosystem, FI/Organization, and at the entrepreneurial level, in the medium-term. Short-run results (1-3 years) include the preparation of a coalition of private-sector agents adhering to the Code, improvement in the quality and quantity of sex-disaggregated data available, as well as improved capacity across code adherents, to manage transactional and (in some cases) outcome-level data, and to better understand and serve their markets.

Ecosystem impacts would materialize in the medium-run (after the implementation period) and would include: (i) a financial system increasingly committed to collecting and reporting comparable sex-disaggregated data; (ii) industry portfolios increasingly dedicated to women-led businesses across product classes, for both FIs and innovative finance; and (iii) continued awareness and engagement on the importance of women leadership across the financial and tech sectors.

The pilot is also expected to produce medium-run benefits for the FIs and businesses who participate. Specifically: (i) the improvement of processes, initiatives, or other commitments that will promote a gender agenda; (ii) a deepening of a gender-lens investing approach across participants; (iii) improved ability to draw business insights based on timely, trusted, and high-quality data.

Finally, the pilot is expected to benefit women entrepreneurs in the long term. Over time, better data and technology, new gender commitments, stronger coalitions supporting the gender agenda, are expected to: (i) increase the share of women-owned businesses with access to the right type of financial instrument to grow their business; (ii) better visibility, business performance and job creation across women-owned businesses; and (iii) improved business linkages and connections.

These ecosystem, business, and entrepreneur impacts, however, are not expected to be visible in the short term. As is seen from the experience of other efforts to build gender-focused coalitions in the past, the short-run observable results are related to success in convening, and systemic improvements in data quality. Broader impacts for women entrepreneurs would take more time.

**WSME Definition:** During the diagnostic stage of the pilot, technical assistance will be provided to the aggregator to build consensus around feasible definitions for all stakeholders to track the data, ensuring best practices and best standards around business ownership, leadership, and sex-disaggregated data.

Based on past project's experience, most FIs collect only ownership data, or identify their gender portfolio through the credit recipient's sex. Therefore, for the purpose of this proposal, IDB Invest and IDB Lab will work with a broader definition of women-owned/led business, which may include WMSMEs, micro, early-stage, individuals with productive initiatives, among others, always differentiating by business size. The focus will be to sex-disaggregate financial products in an FI's portfolio. The pilot will work toward the systematic use at an industry-level of a women-led and women-owned business definition.

## A. Results Framework

The theory of change for this program focuses on leveraging collaboration across the ecosystem to increase financing to women entrepreneurs with the ultimate indirect outcome of increasing funding provided to women-owned/led businesses. This will be measured through number of WSMEs that indirectly accessed new financing from We-Fi supported institutions that participate in the pilot (indicator 3). These impacts would be achieved through evidence-based decision-making process in which financial service providers design services and products for women entrepreneurs, given the information they acquire from the sex-disaggregated data collected. This will be measured through indicator 9 and 11. Reference Annex I, WeFi Results Framework, for further details on the indicators.

<u>Indicators</u>	<u>BID Invest</u>	<u>BID Lab</u>	<u>Overall</u>
<b>Overall Output Indicators</b>			
<u>Indicator 1:</u> Amount of additional financing mobilized for We-Fi supported activities.	\$30,000,000	\$5,000,000	\$35,000,000
<u>Indicator 9:</u> Number of institutions supported by We-Fi that have put in place a system for capturing and reporting data on women- owned/led MSMEs.	3	5	8
<u>Indicator 10:</u> Number of rigorous impact evaluations commissioned by We-Fi Implementing Partners.	1	0	1
<u>Indicator 11:</u> Number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting women-owned/led MSMEs.	3	3	6
<b>Outcome Indicator</b>			
<u>Indicator 3:</u> Number of women-owned/led SMEs that indirectly accessed new financing from We-Fi supported institutions. <sup>25</sup> (Preliminary and to be confirmed).	2,400		2,400

<sup>25</sup> Please take into consideration that the outcome indicator is not fully attributable to the implementation of the Code. This number may change as further information from stakeholders and partners becomes available.

- B. Learning Agenda.** Leveraging on its experience conducting impact studies and causal impact evaluations,<sup>26</sup> IDB Invest plans to conduct a piece of research or rigorous impact evaluation connected to the WeCode pilot. Analysis to be conducted could be on three fronts:

First, learning could exploit the sex-disaggregated data to be collected during the pilot to further document the gender gaps that exist in credit markets of DR. IDB Invest could expand to the DR the work developed with the support of WeForLAC funds, using sex-disaggregated information on loans (when available) to document the existing gaps and the gender biases that exist in the market. The analysis so far has shown how WSMEs of similar characteristics to the rest of the firms usually receive higher interest rates, are required more collateral and receive smaller loan amounts. Findings also show that gender biases exist and can be pervasive.<sup>27</sup>

Second, learning could be generated by measuring the impacts of the WeCode pilot on financial institutions themselves to showcase how facilitating access to sex-disaggregated information and providing further analyses based on this data can lead to changes in FIs internal practices, development of new products and services, culture, and decisions. For instance, based on the availability of data and sample sizes, synthetic control methods could be explored to measure how certain variables, such as the growth of WSME portfolio, is influenced by the change in this data collection culture, including levels of gender bias among credit officers<sup>28</sup>.

Third, to the extent that more sex-disaggregated data will be available thanks to the pilot and that access to secondary sources of data is possible in DR, further research measuring the impacts of access to credit on WSMEs could be conducted. For instance, IDB Invest conducted a study in Mexico to assess the impact of loans on Micro-, Small and Medium-sized Enterprises (MSME) sales. The study employed staggered cohorts of businesses, comparing those that received loans with those that were rejected over multiple periods. Similar exercises could be conducted in DR.<sup>29</sup>

Lastly, data on the overall financial sector can test the degree to which convening activities, pledges, and other soft encouragement activities are associated with quantifiable improvements in overall ecosystem metrics, such as the share of portfolios dedicated to women entrepreneurs, the narrowing of gender gaps in financial products and services, among other ecosystem-level outcomes. The results from the impact studies conducted under WeCode will be broadly disseminated through multiple channels<sup>30</sup>. Overall, all the dissemination efforts will seek to inform and encourage the scale up of the lessons gathered under the pilot and the rollout of similar pilots in other countries.

#### **IV. KEY RISKS AND MITIGATION MEASURES**

- A. Risks Identified:** IDB Invest and IDB Lab identified potential challenges that may arise including the medium-level possibility of a lack of demand from financial institutions in the DR, who may prioritize other

---

<sup>26</sup> For some examples, check footnotes 16 and 17 above.

<sup>27</sup> See, for example, the following [article](#) describing some of the work conducted on gender biases. Also, a related initiative was recently launched with the [Red de Instituciones Financieras](#) from Ecuador, which could potentially be explored in DR and leverage on the sex-disaggregated data collected by WeCode.

<sup>28</sup> Using the gender bias tool developed by IDB Invest, analyses at the level of credit officers could be conducted to measure their levels of gender biases and test whether more access and visibility of sex-disaggregated data makes a difference in their behavior vis-à-vis those credit officers working in FIs that maintain the status quo.

<sup>29</sup> Data from sales was obtained from the tax agency for months before and after the loan application to guarantee that firms were comparable.

<sup>30</sup> Research conducted under this pilot is expected to be published in the “Development Through the Private Sector Series”, which is a technical notes series that follows a peer review process and are also disseminated through blogs and videos with broad reach.

financial and/or sustainability strategies, therefore causing a lower number of signatories from the private sector. Another high-risk area is the effective communication of outputs and outcomes if stakeholders do not receive the specific and precise information they need in a timely manner.

In terms of political, social, and governance risks, there is a low risk of public sector sensitivities which may arise during data collection and reporting, especially due to the existing mismatch between the 5-year commitment period of the WeCode and the political cycle of the country. Furthermore, there is a medium-level risk associated with delays caused by the lack of a regulatory framework, as well as potential challenges related to data management and storage practices.

Fiduciary risks related to the project are considered low, thanks to the rigorous implementation of IDB Invest and IDB Lab procurement policies, which ensure that project funds will be used with integrity to achieve value for money and deliver the intended outcomes.

Regarding environment and social safeguards/standards, there is a low risk of financial institutions failing to align with IDB Invest's exclusionary list or not properly applying the organization's standards in project design.

- B. Proposed Action Plan and overview of risk mitigation measures:** To manage the risks associated with activity design and implementation arrangements, private-sector dialogues will be conducted to build the business case and highlight the value-added of signing the Code for financial institutions (FIs). Consultation calls will be held to ensure effective communication of information to stakeholders, and constant communication and feedback cycles will be established during program implementation.

To address political, social, and governance risks, the WeCode pilot will be implemented in stages, beginning with the Banking Association and a private sector champion, and later opening up to other institutions that may express interest. Close dialogue with the Banking Association and financial institutions will be maintained regarding opportunities for aggregate reporting. Delays from election cycles will be anticipated by identifying technical counterparts who can provide continuity in the information flow. Efforts will be made to build the capacity of financial service providers for reporting and using sex-disaggregated data.

To mitigate fiduciary risks, all executing agencies and financial institutions involved in the project will adhere to IDB Invest and IDB Lab's Procurement Guidelines and Integrity Frameworks, which include a rigorous competitive selection process for consultancies and implementing agencies.

For the risks related to ESG safeguards/standards, IDB Invest's sustainability policy will be strictly applied as a contractual requirement. If loans result from the We Code pilot, measures will be implemented throughout the life of the loan to mitigate and address any noncompliance issues, in line with IDB Invest's commitment to environmental and social sustainability.

## Attachments

[Attachment 1: We-Fi Results Framework](#)

[Attachment 2: Risk Framework](#)