



Women Entrepreneurs Finance Initiative (We-Fi)

THEMATIC FUNDING REQUEST
ON A PROPOSED FINANCING
IN THE AMOUNT OF USD \$4,868,500
TO THE

IDB LAB, PART OF THE INTER-AMERICAN
DEVELOPMENT BANK GROUP

FOR

WECOUNT:

LEVERAGING DATA AND AN INFORMATION EX-
CHANGE PLATFORM FOR WSME PRODUCTIVITY
AND
SUSTAINABILITY

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I. EXECUTIVE SUMMARY

Project Objective: This project proposes to catalyze the productivity and social / environmental sustainability of women-led manufacturing, service, and retail SMEs¹ (WSMEs) in four countries across Latin America to build back better post-pandemic: Honduras (IDA), Guatemala (non-IDA), El Salvador (non-IDA), and Mexico² (non-IDA). The initiative facilitates relationships and transactions between WSMEs and capacity building, market linkage, and finance actors, leveraging an information exchange platform that collects, validates, and shares data across the network of partners to decrease financing and market risks associated with information asymmetry³ and “opaque” WSME data⁴ (e.g. piloting distributed ledger technology). WSMEs will be able to leverage their data to access new market and financing partners, make better-informed selling and capital requirements decisions, and increase their negotiating power with said partners. Market actors (corporates, online platforms, logistics providers) will use WSME transactional data to extend purchase orders and fairer terms, while financing actors will use WSME data to evaluate creditworthiness more effectively. Market and financing actors will use WSME’s transactional data housed in the information exchange platform to make better informed gender equitable decisions.

Key components: The proposed approach is designed to combat the most acute challenges WSMEs face because of COVID-19, namely open access to knowledge, markets, and capital. The project builds a coalition of capacity building, market linkage, and financial services actors that leverages an information exchange platform to collect and share data that facilitates transactions between the parties. The first **capacity building component** of this project partners with a leading regional NGO, Agora Partnerships⁵, to manage the project’s partners and deliver capacity building services directly to WSMEs. Capacity building will focus on business acumen, financial management, social innovation⁶ and digital transformation of WSMEs. The second **market component** partners with leading regional retailers, ecommerce platforms, logistics providers, and telecommunications private sector actors⁷ to diversify WSME sales channels, better position their brands, and digitize WSME transactional data. The third **financing component** capitalizes on the COVID-19-driven surge of digital financing to unlock funds of local fintechs, microfinance institutions (MFIs), investors, banks, and nonbank financial partners⁸ to extend financing (i.e. revenue-based financing, leasing, factoring, matching grant, etc.) to WSMEs based on verified transactional data. In the fourth wrap-around component, this coalition of actors will record data associated with WSMEs and share it in a secure and transparent **information exchange platform** that allows for better-informed gender-equitable decisions to improve business performance and sustainability.

Beneficiaries and results: This program will build a regional pool of 4000 value-chain and finance ready⁹ women-led SMEs over a 3-year period and will leverage market and financing partnerships that can scale. Participating WSMEs will build business and sustainability capacity (productivity, social and environmental innovation, digitization), get access to a variety of financing mechanisms, and gain market linkages with

¹ Includes transformation businesses

² Concentrating on the states with highest gender-based income inequality (using the Palma index) and/or poverty rates: Chiapas, Campeche, Querétaro, Oaxaca, Michoacán, Nayarit, Guerrero, Yucatán, Jalisco, Zacatecas, Puebla, Durango, Hidalgo, Tabasco (<https://bit.ly/3bxaCBM>)

³ “High intermediation costs resulting from information asymmetries between banks and borrowers and limited competition in the banking system can lead to smaller and less capitalized borrowers being charged higher interest rates and fees.”

<https://www.imf.org/external/pubs/ft/wp/2015/wp15206.pdf>

⁴ <https://documents1.worldbank.org/curated/en/809191507620842321/pdf/Addressing-the-SME-finance-problem.pdf>

⁵ The project will be executed via Agora’s Mexico and US entities, with consultant presence in all target countries.

⁶ Social innovation is the process of integrating solutions to challenging and often systemic social and environmental issues into models.

⁷ The project has committed partners which will be publicly named upon signing contracts

⁸ The project has committed partners which will be publicly named upon signing contracts

⁹ WSMEs ready (resilient, viable businesses) to integrate into digital or higher-value commercial supply chains; taking some indicators from the [4.0 Readiness Indicators](#); not all 4000 will be fully ready, but at least will have received some training to become ready in the future

productive value channels for diversified sales. Based on shared and transparent information, market and financial actors will make better-informed, data-backed decisions to include more WSMEs in their value chains/portfolios.

II. WE-FI THEMATIC REQUEST – DATA SHEET

BASIC INFORMATION

IP Name	IDB Lab, part of the Inter-American Development Bank Group
Program/Project Name	WeCount - Leveraging Data and an Information Exchange Platform ¹⁰ for WSME Productivity and Sustainability
COVID-19 Sub-Thematic Focus Area (s)	Harnessing the transformative power of digital technologies for WSMEs to build back better from the COVID-19 crisis
Name of Top-up ¹¹	N/A
# of WSMEs benefiting from the program	4000
Regions	Latin America
Countries	Honduras (IDA), Guatemala (non-IDA), El Salvador (non-IDA), and Mexico ¹² (non-IDA)
Private Sector, Public Sector or Both	Private
Implementation Start Date	September 1, 2022 ¹³
Commitment End Date	August 31, 2025
Supervision End Date	February 28, 2026
IP Focal Point Contact (name, email, phone)	Svante Persson, svantep@iadb.org , +1-202-6154012
Key Staff Contacts (e.g. Project Lead, M&E Officer, Comms Officer)	Svante Persson svantep@iadb.org Cristina Lopez clopez@iadb.org Mara Balestrini marab@iadb.org Paula Auerbach paulaa@iadb.org Carmen Castro cceciliac@iadb.org Andres Rubio andresru@iadb.org Tatiana Virviescas tatianav@iadb.org Patricia Yanez patriciaya@iadb.org Paola Pedroza paolap@iadb.org Vitoria Lima de Moraes vitorial@iadb.org

¹⁰ For example, employing Distributed Ledger Technology (DLT). A distributed ledger is a database that is consensually shared and synchronized across multiple sites, institutions, or geographies, accessible by multiple people (versus a centralized database with a central administrator).

¹¹ Refer to guidance note for the definition of a top-up.

¹² Concentrating on the states with highest gender-based income inequality (using the Palma index) and/or poverty rates: Chiapas, Campeche, Querétaro, Oaxaca, Michoacán, Nayarit, Guerrero, Yucatán, Jalisco, Zacatecas, Puebla, Durango, Hidalgo, Tabasco (<https://bit.ly/3bxaCBM>)

¹³ Depending on We-Fi approval; allowing for 4 months after We-Fi approval to start implementation

TOTAL PROGRAM COST & LEVERAGE¹⁴:

Sources of Financing		Amount (do not round)	
We-Fi financing requested	(A)	4,868,500	
IP Contribution [1 - IDB Lab]	(B)	1,000,000	
Public-sector contributions [2]	(C)		
Private sector financing directly mobilized [3]	(D)	6,300,000	
Additional funds mobilized [<i>in-kind contributions from corporate partner - training, ecommerce platform, promotions, etc.</i>]	(E)	859,500 ¹⁵	
Total Non-We-Fi Mobilized Funds	(F)= (B+C+D+E)	8,159,500	
Total Activity Size	(G)= (F+A)	13,028,000	
Of which % IDA and % FCS	(IDA+FCS / G)	25%	
Leverage	(F/A)	1.68 ^{16*}	

¹⁴ See Attachment 1 for definitions and guidance on this table

¹⁵ Additional funds will be mobilized as the project is executed

¹⁶ Additional leveraged resources will be secured as the project is executed

WECOUNT: LEVERAGING DATA AND AN INFORMATION EXCHANGE PLATFORM FOR WSME PRODUCTIVITY AND SUSTAINABILITY

III. PROGRAM/PROJECT DESCRIPTION

A. Objectives

The COVID-19 pandemic has catapulted the adoption of digital technologies across Central American and Mexican markets. An unprecedented number of consumers across the region are using digital payments to procure goods and services¹⁷; small and medium businesses (SMEs) are selling online at highly accelerated rates¹⁸, and the uptake of digital communications between all levels of the economy has greatly increased¹⁹. SMEs and particularly women-led small and medium businesses (WSMEs) who were not able to digitize or pivot to digital models of communication / payment / commerce, during the peak of the pandemic, were left behind, as the region saw staggering rates of closure and cessation of commercial activities by these WSMEs.

High rates of closure and underperformance of WSMEs is alarming because self-employed women represent 18.5% of the population²⁰ and women represent more than 40% of the region's economically active population. A growing body of research shows that an investment in women-led enterprises has trickle effects that benefit all facets of society including family stability, health, education levels, gender equity, community security, and overall economic development of nations²¹. Despite their importance to the region, many WSMEs lack the capacity, networks, and capital to achieve resilient business models, sustainable growth, and social/environmental goals. The entrepreneurial ecosystem across Central America and Mexico can bridge these gaps, but it is currently siloed, fragmented, and doesn't necessarily focus on value-add themes like digitization / innovation, climate resilience or gender equity.

WeCount proposes to harness the transformative power of digital technologies to catalyze the productivity and social / environmental sustainability of 4000 women-led retail, services, and manufacturing SMEs in one IDA country and three high-poverty or inequality countries: Honduras, Guatemala, El Salvador, and Mexico²². This region was selected because Latin America and the Caribbean is one of the most unequal, discriminatory, and violent regions in the world²³. Gender equality in Central America lags most other areas in the region, and Mexico ranks 125th out of 152 in the World Economic Forum's analysis of female economic opportunity²⁴. This project seeks to reverse those trends by equipping WSMEs with the capacity, market networks, and financial resources they need to integrate digital technologies into their models and access productive value chains. The initiative additionally seeks to prepare these WSMEs for climate adaptation and resilience.

WeCount's near-term objectives are to 1) build WSMEs business capacity, resilience, and digitization, 2) integrate social and environmental practices into their models [social innovation], 3) provide them access to flexible capital, and 4) facilitate market linkages with corporate and digital value chains for increased and

¹⁷ It is estimated that from 2019 to 2020, online retail sales grew by over 63 percent in Latin America (<https://bit.ly/3BCOsZd>)

¹⁸For example, AMVO reported that the fraction of SMEs selling online almost doubled by mid-2020 compared to mid-2019 <https://bit.ly/3mOmZ2H>

¹⁹ 97% of SMEs use social media to communicate with their customers (<https://bit.ly/3pZXV11>)

²⁰ <https://larrlasa.org/articles/10.25222/larr.108/>

²¹ <https://larrlasa.org/articles/10.25222/larr.108/>, <https://bit.ly/3GjivXx>, <https://bit.ly/3CEuiQ8>

²² Concentrating on the states with highest gender-based income inequality (using the Palma index) and/or poverty rates: Chiapas, Campeche, Querétaro, Oaxaca, Michoacán, Nayarit, Guerrero, Yucatán, Jalisco, Zacatecas, Puebla, Durango, Hidalgo, Tabasco (<https://bit.ly/3bxaCBM>)

²³ <https://www.unicef.org/lac/en/gender-equality>

²⁴ <https://www.bloomberg.com/news/articles/2021-01-15/covid-drags-down-mexico-s-women-already-worst-off-in-the-region>

diversified sales. The medium-term objective of WeCount is to build an information exchange platform (e.g. Distributed Ledger Technology) that facilitates the collection and sharing of WSME data for scaled market and financial inclusion of thousands more WSMEs across the region.

B. Country/Regional/Global Context

The COVID-19 pandemic has solidified Central America and Mexico's position as one of the most economically and gender unequal regions in the world²⁵. Economic activity in the region was projected to contract by 8.1%²⁶ in 2020 and already 26 million jobs²⁷ have been lost (with an 11.9% female unemployment rate²⁸). Falling demand, disrupted production, stymied investment, and broken supply chains have forced businesses to close, pause or scale down operations. Small and medium businesses have been acutely affected, worrisome because they contribute up to 50% of Central America and Mexico's GDP and employ up to 90% of the region's population²⁹. Women-led small and medium enterprises (WSMEs), who represent approximately 25% of businesses in Central America and Mexico³⁰, specifically have borne the brunt of the dual health and resulting economic crisis, and as structural and social problems deepen during the recovery. At the start of the pandemic, women were 44% more likely than men to lose their employment, while 56% of women in Latin America are employed in sectors hit hardest by the pandemic. The lasting effect is that the poverty rate among women across the region is predicted to increase to 37%, plunging 118 million women into a poverty situation.³¹ What's more, the COVID-19 pandemic is only one crisis disproportionately affecting women. Given 1 of every 4 households in Latin America and the Caribbean is headed by a woman³² - the highest rate anywhere in the world - and that it is the second most climate disaster affected region in the world³³, climate impacts must be considered in any intervention. Recent past gains in gender equity have faced significant backsliding due to these crises as WSMEs face stagnating productivity growth, lags in technology adoption, limited networks, lack of access to capital and increasing vulnerabilities to climate variability.³⁴

This program will support women-led small and medium businesses across 4 countries in the region with high economic opportunity and participation gender gaps, namely Honduras (IDA), El Salvador, Guatemala, and Mexico³⁵. A focus will be placed on women-led enterprises in the retail, services, and manufacturing sectors, particularly since they are highly vulnerable to supply chain disruptions caused by COVID-19 and climate disaster, and account for 13% of female employment in Central America.³⁶ The selected countries will benefit from cross-border trade, knowledge sharing, and culturally similar markets that for example would allow Honduran WSMEs to sell to Mexican consumers.

- Cross Border Commerce: Supported cross-border trade allows participating Central American countries to compensate for their small individual markets, increase competitiveness, and rebound from pandemic- and climate-related economic setbacks, while Mexico benefits from a diversification of its

²⁵ <https://www.csis.org/analysis/covid-19-exposes-latin-americas-inequality>

²⁶ <https://www.csis.org/analysis/effects-covid-19-latin-americas-economy>, <https://bit.ly/3mDRY1h>

²⁷ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_779223/lang--en/index.htm

²⁸ https://repositorio.cepal.org/bitstream/handle/11362/47059/4/S2100378_en.pdf

²⁹ http://www.obela.org/system/files/Competitiveness_Central_America.pdf

³⁰ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_732455/lang--en/index.htm, <https://bit.ly/3ECBCfA>

³¹ <https://bit.ly/3nY5ahc>

³² <https://climate-diplomacy.org/magazine/cooperation/gender-climate-and-security-latin-america-and-caribbean-diagnostics-solutions>

³³ <https://reliefweb.int/report/world/natural-disasters-latin-america-and-caribbean-2000-2019>

³⁴ Source of graphic: https://oig.cepal.org/sites/default/files/s2000739_en.pdf

³⁵ Concentrating on the states with highest gender-based income inequality (using the Palma index) and/or poverty rates: Chiapas, Campeche, Querétaro, Oaxaca, Michoacán, Nayarit, Guerrero, Yucatán, Jalisco, Zacatecas, Puebla, Durango, Hidalgo, Tabasco

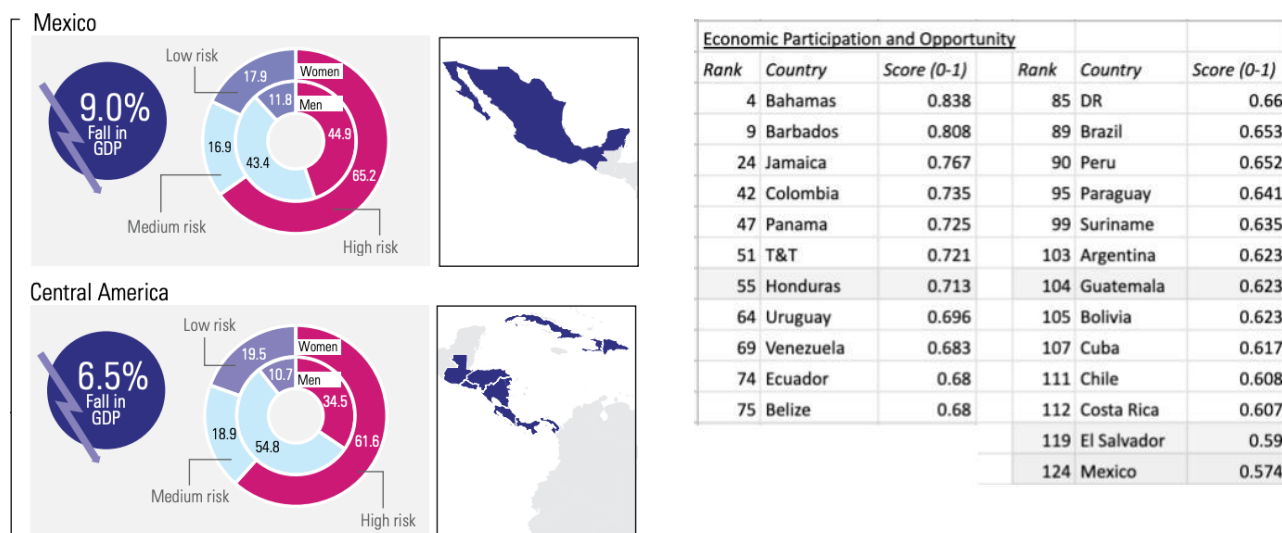
³⁶ https://oig.cepal.org/sites/default/files/s2000739_en.pdf

market and decreased trade dependence on the US³⁷. All these countries also share target export markets, particularly the U.S., and can learn from the processes, challenges, and opportunities of selling to this market.

- **Common Partners:** The common partners included in this proposal, namely corporations, ecommerce platforms, and financing institutions, recognize the win-win scenario presented by participating in a project that serves WSMEs in their principal markets while introducing their products and services to WSMEs in newer markets.
- **Cross-country learning:** There is ample empirical evidence that economic actors operating across the four countries of focus can benefit from shared knowledge and experience³⁸. Given the cultural and geographic similarities of the focus countries, yet the complex nature of the challenges facing the region, cross-border knowledge sharing about WSME challenges, opportunities, markets, and productivity/sustainability/internationalization processes can be hugely beneficial to all involved.

For all the challenges posed by the pandemic, there is an opportunity for the region to double down on mainstreaming WSMEs, capitalizing on increasingly higher rates of women in business, the advances made towards regional economic integration, and the opportunities posed by multinationals seeking to reconfigure their supply chains closer to the US market. An investment in the increased productivity and social/environmental sustainability of WSMEs now can position Central America and Mexico for inclusive economic recovery.

Graphic Number 1 & 2:



Graphic source: https://www3.weforum.org/docs/WEF_GGGR_2020.pdf

C. Thematic Context

The digital transformation of Central America and Mexico’s economies because of COVID-19 presents many opportunities for the region, but also significant barriers to gender equity as persistent gender gaps in access to

³⁷ <https://scholar.smu.edu/cgi/viewcontent.cgi?article=1832&context=lbra>

³⁸ https://repositorio.cepal.org/bitstream/handle/11362/47370/1/S2100582_en.pdf,

https://www.researchgate.net/publication/309121812_Participation_in_Global_Value_Chains_in_Latin_America_Implications_for_Trade_and_Trade-related_Policy, https://unctad.org/system/files/official-document/ditc2020d2_en.pdf

and use of digital technologies widen³⁹. WSMEs tend to be less digitized, work in low-value add and low-productivity sectors, have less access to digital payments and finance, market opportunities, and digitally enabled sales⁴⁰.

For these WSMEs to succeed, they need the right business training to understand revenue and cost drivers, measure performance, digitize processes, and integrate socially and environmentally sustainable practices in their models. They require diversified sales channels that allow them to reach new markets, and they require access to capital to fund systemic improvements and allow for increased productivity. Each of these separate components can spur some level of recovery for WSMEs, but if designed as a collective intervention, uniting various actors to implement the training, market linkages, and finance components, they can have a transformative effect. Our proposal is therefore to create a multipronged intervention that supports women-led SMEs to fuel inclusive and prosperous livelihoods across Central America and Mexico. Recognizing groundwork is already being laid to do this, the project leverages recent work of some of its private sector partners in the Tech for Good⁴¹, the Regional Alliance for the Digitization of Women in Latin America and the Caribbean⁴² and the Financial Alliance for Women, as well as Inter-American Development Bank Group (IDBG) We-Fi funded projects WeForLAC and We3A, and other IDBG projects such as "Women Growing together in the Americas"⁴³. The project also benefits from the Secretariat for Central American Economic Integration (SICA)'s work to help women entrepreneurs in Central America increase their online presence and access foreign markets through cross-border e-commerce⁴⁴.

D. Program Description

i. Key Components

This project aims to build a digital coalition of private and nonprofit sector actors to catalyze the resilience, innovation, and social / environmental sustainability of WSMEs in Honduras (IDA), Guatemala (non-IDA), El Salvador (non-IDA), and Mexico (non-IDA) post-pandemic. A focus will be on retail, services, and manufacturing WSMEs since they have faced acute disruptions due to the pandemic and tend to be stuck in low-productivity situations that could massively benefit from digital transformation. The project will particularly target women who face multiple disadvantages and who operate in or serve low-income or high-inequality communities. We will employ a digital value chain development approach⁴⁵ specifically designed to combat the most acute challenges WSMEs face because of COVID-19, namely open access to knowledge, markets, and capital. To prevent siloed interventions and promote scalability, the project will develop an information exchange platform of capacity building, market linkage, and financial services actors that leverages data to integrate WSMEs into productive value chains across the region.

WeCount will benefit from and link up with the other IDBG We-Fi funded projects WeForLAC and We3A for data collection, pipeline, and other linkages while sharing knowledge and capacity building from each other. The project will also leverage the resources of other IDBG-funded projects "Women Growing Together in the

³⁹ https://oig.cepal.org/sites/default/files/s2000739_en.pdf

⁴⁰ https://oig.cepal.org/sites/default/files/s2000739_en.pdf

⁴¹ <https://thefintechtimes.com/mastercard-launches-tech-for-good-partnership-with-technology-leaders-in-latin-america/>

⁴² <https://www.cepal.org/en/notes/regional-alliance-digitalization-women-latin-america-and-caribbean-highlighted-event-within>

⁴³ <https://www.iadb.org/en/news/idb-and-partners-launch-program-empower-women-trade-and-global-value-chains>

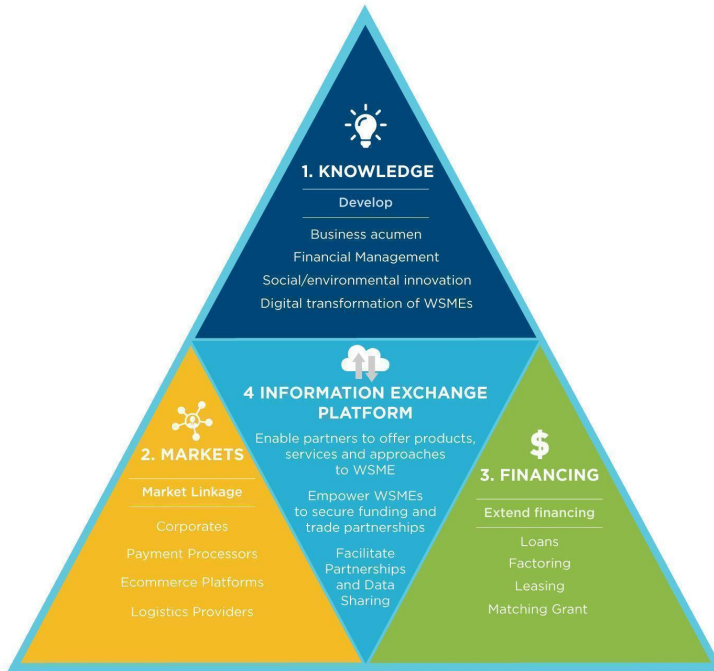
⁴⁴ <https://bit.ly/3ECBE7c>

⁴⁵ Value Chain Development approach looks at market dynamics and relationships between different actors in the chain with the objective of strengthening the whole market system - enterprises, business relationships, financial networks, supporting functions, rules and norms, and the business environment – to ensure greater benefits for the poor from economic growth and development (<https://bit.ly/3EIKT5Z>)

Americas”, Fair and inclusive data economy in LAC, Let’s PYME, Ecosistema Digital, Tech4Dev, and Digital Hub 504. When appropriate, experts who were involved in these projects will be consulted for WeCount’s design and execution; open data sources from these projects will be consulted in order to consider best practices, lessons learned, and red flags. When possible, other resources produced by these initiatives, such as platforms, content, and partners, will be leveraged to benefit WeCount WSMEs.

WeCount will address the productivity and social / environmental sustainability challenges facing WSMEs with a four-pronged approach:

Graphic Number 3. Source: Agora Partnerships:



Component 1: Knowledge - Capacity building will be provided to develop the business acumen, financial management, social/environmental innovation, and digital transformation of WSMEs.

Component 2: Markets - WSMEs will engage with market linkage actors that include corporates, ecommerce platforms, payment processors and logistics providers to gain access to productive value chains and digitize the sales process as more customers turn to online transactions post pandemic.

Component 3: Finance - Capitalizing on the COVID-19 driven surge of digital financing to unlock funds of local fintechs, microfinance institutions, banks, and non-bank financial institutions, the project will extend customized financing to WSMEs (i.e. revenue-based financing, leasing, factoring, matching grant).

Component 4 [Transversal Component]: Information Exchange Platform - The three above components of this project leverage an information exchange platform (e.g. “digital distributed ledger” or other similar technology to be spun off existing infrastructure / technology) for decentralized, secure and transparent data collection and transfer between project partners. WSMEs leverage their digital transactional data to erode the information divide often cited by financial institutions and corporates as a major barrier to working with WSMEs.

Principal Project Goal: To mobilize capacity building, market, and financing resources using a digital value chain development approach that increases the productivity and social / environmental sustainability of women-led SMEs in Honduras, El Salvador, Guatemala, and Mexico.

Principal Results: Key impact resulting from this project include 1290 WSMEs reporting an increase in annual revenues and 1137 direct jobs created by WSMEs.

Component 1: Capacity Building (We-Fi \$1,842,885, Cofinancing \$202,000)

Objective: By the end of year 3, build the capacity of 4000 WSMEs in Honduras, El Salvador, Guatemala, and Mexico through a leveled training program (level 1, 2, 3) that provides information and advisory on the use and

integration of digital technologies, adoption of sustainable practices, and improvement of business performance.

Description

SMEs in Latin America represent 99.5% of all firms but are only responsible for a quarter of the region's total productive value⁴⁶. COVID-19 has only exacerbated the productivity and export gaps SMEs face with large firms, effectively freezing in place the economic development of communities and, in turn, national economies. Women-led SMEs represent an opportunity to counter these persistent trends if we capitalize on the opportunities COVID-19 has laid bare and invest in the digitization, productivity, and sustainability of these enterprises. Stronger and productive WSMEs will not only ignite economic development but could also create more gender-equal societies.

The capacity building component of this project therefore seeks to support WSMEs poised for digitization, growth and integration into productive value chains. WSMEs will largely be from the manufacturing, services, and retail sectors, with at least two years of operations. WSMEs will be sourced from entrepreneurial support organization (ESO) partners across the region, from private sector and commercial project partners, and from other IDBG We-Fi and IDBG projects such as ConnectAmericas Mujer Empresaria.

The capacity building component will be led by Agora Partnerships⁴⁷, a leading NGO with over 15 years of experience building entrepreneurial ecosystems across the region. Agora will employ a leveled approach to the capacity building component to satisfy the basic training needs of a larger group of WSMEs, laddering up to targeted and personalized support of WSMEs who are more advanced and show promise to leverage transformative digital technologies for productivity and sustainability gains. All programming within this leveled approach will focus on the internal and external digital transformation of the enterprises, adoption of social and environmental sustainability practices in their models, and strategic business management for growth and integration into productive value chains. Gendered social norms will be addressed in some of the capacity-building content delivered to the WSMEs, namely as it relates to comfort with financial analysis, data/numbers, networking, innovation, and negotiation. The project will take a participatory design approach to ensure WSMEs have a voice in its delivery and content. WSME feedback and co-design work will also lubricate data sharing by WSMEs otherwise hesitant to do so.

The capacity building component will start with a robust diagnostic to measure the stage/needs of participating WSMEs and match them to the appropriate level of support. **Level 1** will offer 3200 WSMEs a virtual 101 program of curated knowledge and best practices by the project's private sector and commercial partners. **Level 2** offers 680 additional WSMEs a virtual program of digitization and business management Master Classes in part given by the project's private sector and commercial partners, personalized office hours with Agora Partnerships consultants, and communities of practices for peer support and learning (may include in-person local events if safe to do so). **Level 3** is a hybrid offering that combines in-person workshop(s) with personalized virtual modules and advisory to support WSMEs to digitize their models and move towards sustainability -- economic, social, and environmental. Level 3 will work in close concert with the project's private sector and commercial partners to identify 120 additional promising WSMEs for integration into their value chains in subsequent components of this project. Level 3 seeks to work with WSMEs on some of the following based on the individualized diagnostic: (i) organizational and management support, (ii) financial management, (iii) digitization of payments and processes, (iv) digitization of sales channels, (v) alignment between corporate sourcing gaps and WSME Objectives and Key Results (OKRs), (vi) costs and benefits of improved processes, (vii)

⁴⁶ <https://www.oecd.org/latin-america/regional-programme/productivity/sme-development/>

⁴⁷ The project will be executed via Agora's Mexico and US entities, with consultant presence in all target countries.

regulations and standards of value chains, (viii) dignified work and gender equitable policies, and (ix) technical assistance support for eco-innovations (e.g. improvements in resource efficiency, minimization or reuse of waste and by-products, integration of renewable energy and/or minimization of energy consumption, using recycled materials in product design and packaging). Eco-innovation support will leverage the IDB-funded ASAP Climate Adaptation Solutions Taxonomy⁴⁸. A visual representation of the 3 levels can be found in [ANNEX A](#).

The partner content Agora curates for level 1 WSMEs will be housed in an online repository⁴⁹ for access by WSMEs participating in other IDBG⁵⁰ and We-Fi-funded projects, namely We3A and WeForLAC. WeCount WSMEs will have access to a series of networking events (virtual for level 1 and hybrid for level 2 and 3, depending on COVID-19 risks) to connect with each other, project partners, and the entrepreneurial ecosystem at large. Component 1 will leverage the value chain/ecosystem mapping activities of the We-Fi We3A project in order to include a greater diversity of private sector actors in the virtual events.

Business and entrepreneur-level data collection and analysis will be key to this component and will supply later components with the information needed to make gender-equitable buying and financing decisions. For instance, business performance and social/environmental sustainability data may be digitally captured via online accounting platforms, surveys, polls, platform analytics, or other methods. This information will be used to build indicators of the current state of the business and its future condition (leading and lagging indicators) for data-backed decision-making.

Expected Key Results

Expected results of the Capacity Building component include 3200 WSMEs enrolled in the Level 1 virtual program, 30% of whom report increased confidence using digital tools, making better business decisions, or familiarity with positive social/environmental practices. Level 2 expects to support 680 additional WSMEs, 340 who report digitizing at least one component of their business and/or implementing at least one positive social or environmental practice in their models. Level 3 seeks to support 120 additional WSMEs with targeted and personalized support, resulting in 78 implementing digitization and business improvements, 30% of whom report positive results from the integration of social or eco-innovations in their models.

Component 2: Markets (We-Fi \$327,592, Leverage \$809,500)

Objective: By the end of the project, to enhance the market access of 480 WSMEs through the establishment of diversified market linkages with corporate, retail and digital sales partners⁵¹.

Description

Responding to the scant integration of Central American and Mexican WSMEs in productive value chains and their low levels of digitization and internationalization, this component supports Level 2 and 3 WSMEs from Component 1 in accessing new markets or sales channels. Agora will coordinate this component and work in partnership with retailers, corporations, online platforms, and logistics providers to extend market linkages to WSMEs for both domestic and international expansion, with a targeted focus on digitization of processes to facilitate these linkages. This component will also satisfy corporate and commercial demand for more local, sustainable, and diverse suppliers. WSMEs will have access to a variety of support based on diagnostic results and depending on need, stage and business model, which may include but are not limited to:

⁴⁸ https://lightsmithgp.com/wp-content/uploads/2020/09/asap-adaptation-solutions-taxonomy_july-28-2020_final.pdf

⁴⁹ Potentially hosted on ConnectAmericas Mujer Empresaria and in coordination with CTI

⁵⁰ Access potentially given to business development centers supported by IDB loans.

⁵¹ Partners are not mentioned in name below but have all committed to the project and will be named upon contract signing.

- In partnership with a leading online marketplace, enable WSMEs to operate on e-commerce and implement fintech solutions on their businesses with a) Customized training for creation, onboarding and operation in e-commerce & digital payment methods (POS, QR, Payment Service Providers), b) Launching, building and maintaining a dedicated Official Store (OS)⁵², and c) Discounted rates for 3 months of use of the platform's payment tool that allows merchants to process payments through websites and social media.
- In partnership with a leading retailer, offer WSMEs technical assistance to navigate supplier requirements and their procurement platform, offer brand building support for better ecommerce (e.g. Buy Local seal) and in-store positioning (gondolas, promotions).
- In partnership with an ecommerce platform, support WSMEs to build personalized ecommerce stores on their platform, provide access to digital and ecommerce education, and linkages with their partner ecosystem.
- In partnership with a leading logistics provider give WSMEs access to capacity building courses and best practices in export readiness, international consumer trends (ecommerce) packaging and export costing; extend prepared WSMEs credit to ease shipping costs⁵³.
- In partnership with a leading telecommunications provider, WSMEs provide promotional support (press conference, media publicity, broadcast, advertisements on their TV programming, social media postings), digitization workshops (6 per year), and a 30-50% discount on mobile phones and plans.

WSMEs who successfully complete this component of the project will position themselves as key value chain partners for the commercial actors involved, while also building capacity to reach other corporate value chains on their own. In order to diversify sales channels of participating WSMEs, they will additionally participate in a virtual sourcing fair⁵⁴ to connect with medium and larger enterprises who are interested in diverse and sustainable supply chains. Participating medium and larger enterprises will be sourced from the project's private sector partners, We3A's ecosystem mapping project, IDB's trade events, local chambers of commerce, the World Fair Trade Organization, Sistema B, among others.

Data collection in this phase may be supported by ecommerce and corporate buyer partner analytics or internal data sources (and will consider the creation of Application Programming Interfaces (APIs) and Software Development Kits (SDKs) to enable any partner to easily integrate with the system). This digitized sales data will help WSMEs make better informed decisions about product/service mix, customer segmentation, inventory management and channel sales. It will also feed the fourth component, Information Exchange Platform, of this project with rich transactional data that can help commercial and financing entities make gender-informed decisions.

Expected Key Results

Expected results of the Market Component are to get 480 WSMEs (originating from component 1) generating sales through new channels or partnerships enabled by the program (online sales -- social media, dedicated online store, marketplace -- retail or corporate supply chains) within one year of completing this component of the project. Additionally, 7 commercial partners will put systems in place to capture gender-disaggregated data and increase their commitment to incorporating WSMEs into their value chains⁵⁵.

⁵² Characteristics of the WSMEs that would apply to be part of the OS to be defined

⁵³ Terms and period to be determined

⁵⁴ In coordination with INT and their trade events

⁵⁵ Indicator 11: Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting WSMEs.

Component 3: Financing (We-Fi \$1,770,309, Leverage \$6,300,000)

Objective: To mobilize over \$6 M in additional capital to support WSMEs through partnerships with fintechs, non-bank financial institutions, investors, banks⁵⁶ and microfinance institutions by the end of the project⁵⁷.

Description

Recognizing the credit gap facing women-led SMEs in Latin America is \$93 billion⁵⁸, this component seeks to mobilize capital to WSMEs by incorporating fintechs, development finance institutions, banks, microfinance institutions, investors, and non-bank financial institutions into the coalition of actors Agora Partnerships will manage (additional coordination with the Financial Alliance for Women). These financing partners will make commitments to evaluate the creditworthiness of level 2 and 3 WSMEs from Component 1 and consider extending a variety of financing mechanisms to WSMEs. In parallel, Agora will work with WSMEs to determine capital requirements, identify which financing partners are most appropriate, and evaluate capital injection effects on their business models. We-Fi investment dollars will be allocated to these financing partners to increase portfolio sizes and following results-based mechanisms. Financing mechanisms offered by project partners are based on WSME country of operations, sector and risk profile and include but are not limited to:

- Factoring financing in partnership with a leading fintech⁵⁹, in the form of ~\$50,000 working capital, based on secured purchase orders from commercial or corporate partners, up to \$5 million of their portfolio dedicated to the project.
- Matching Grant (or similar mechanism) in partnership with an intergovernmental organization that extends financing of \$10,000 - \$25,000 to WSMEs, up to \$150,000 of their portfolio dedicated to the project.
- Working capital or other loans of \$3,000 - \$200,000K in partnership with a multilateral development financial institution that connects WSMEs with approved Intermediary Financial Institutions.
- Coordination with a leading multinational financial services provider for digitization training and credit access opportunities with fintechs and other financial institutions that are their partners or part of the broader network.
- Crowdfunding and simple loan financing in partnership with a fintech for the purchase of machinery or equipment⁶⁰, up to \$500,000 of their portfolio dedicated to the project.
- Simple credit, revolving credit, factoring, finance leasing in partnership with a fintech, up to \$500,000 of their portfolio dedicated to the project.

This component will add to and leverage the sales transaction data captured in the second Market Component to bridge the information asymmetry gap that prevents many WSMEs from accessing adequate financing due to lack of data/records that financial institutions require. Partner financial institutions will also be able to capture and share gender-disaggregated data that will strengthen the business case for investing in women-led SMEs.

Expected Key Results

Expected key results of the Financing component are that 148 WSMEs (originating from component 1) access financing and project partners mobilize over \$6 million in additional capital to support WSMEs. An additional

⁵⁶ Members of the Financial Alliance for Women that have received support from IDBG to channel resources to WSMEs.

⁵⁷ Partners are not mentioned in name below but have all committed to the project and will be named upon contract signing.

⁵⁸ <https://promujer.org/content/uploads/2020/06/SIPA-Pro-Mujer-Capstone-Final-Report.pdf>

⁵⁹ SMEs must be approved by the fintech's risk policy. Sales must have a fixed price, no consignment schemes allowed. Finance should be post-shipment.

⁶⁰ When WSMEs comply with the requirements for analysis and based on the acceptance of the Committee

key result is that 7 financial services partners put systems in place to capture gender-disaggregated data, report an increase of WSMEs in their portfolios and a commitment to serving more WSMEs in the future⁶¹.

Transversal Component 4: Information Exchange Platform (We-Fi \$218,395, Cofinancing \$600,000)

Objective: To enable 17 capacity building, market, and financial partners to leverage WSME data to offer new/updated products/services/approaches benefitting WSMEs. And to empower WSMEs to use their data to secure financing and commercial partnerships (online sales, corporate supply chains).

Description

Gender gaps in access to markets and financing remain persistent based on several factors including but not limited to (i) low levels of WSME formalization and data collection, (ii) financial actors' reticence to extend financing based on limited historical financial data, and (iii) commercial buyers' reluctance to issue purchase orders without robust historical sales data to evidence SME capacity to meet demand. This wraparound component therefore seeks to create a solution to opaque WSME data collection and sharing by harnessing IDB Lab's [LACChain](#)⁶² and other decentralized database or Distributed Ledger Technology (DLT) resources to develop a transparent and data-driven information exchange platform of WSMEs, market partners, and financing actors all committed to the full integration of WSMEs in Central American and Mexican economies. A DLT is a decentralized database managed by multiple participants that lends itself to scalability.⁶³ DLT or similar mechanisms are contemplated for this project based on their decentralized nature, their public anonymity, and their potential for scale across borders. DLT or similar mechanisms are also being considered for this project based on the potential to tokenize certain transactions that could eventually generate value for the originator, whether it be the WSME itself or an entrepreneurial support organization supporting the WSME to access higher value markets and financial products.

This component will be coordinated by Agora and developed with a tech partner selected in close partnership with a leading global software outsourcing agency, that interfaces with highly vetted development shops across Latin America. Robust rounds of participatory design will ensure WSMEs are at the center of the tech design and will ensure commercial and financial actors' data demands/needs/concerns/privacy/security are being met. During the participatory design sessions, Agora and the outsourcing agency will use WSME feedback and suggestions to determine what data to collect and how to collect it (e.g. mobile phones, online accounting platforms, surveys, etc.) at the low fidelity testing phase, and before developing a higher fidelity information exchange platform prototype. The outsourcing agency and the development shop chosen will analyze LACChain's blockchain infrastructure, distributed ledger technology (DLT), or similar⁶⁴, to develop a solution from existing infrastructure or technologies that matches the specific goals and use-case of this project. DLT is one of several options that will be evaluated given its power to transparently and securely house transactional data in a decentralized manner accessible to all project participants. The end goal of employing this kind of technology is to collect and share WSME transactional data between a variety of stakeholders, plugging the gap of information asymmetry and both enabling market and financial actors to make risk-informed decisions about integrating more WSMEs in their value chains or portfolios, and empowering WSMEs to demonstrate their market or creditworthiness and negotiate based on validated data.

⁶¹ Speaks to [Indicator 11](#): Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefitting women-owned/led SMEs.

⁶² <https://www.lacchain.net/home?lang=en>

⁶³ <https://medium.com/brandlitic/difference-between-distributed-ledger-and-blockchain-vs-dlt-7969f3837ded>

⁶⁴ Specific technology will be determined at the design discovery phase and during participatory design sessions; the project assumes one option will be distributed ledger technology.

The outsourcing agency, Agora and IDB Lab will consider the creation of tools for information accessibility (like Application Programming Interfaces (APIs), Software Development Kits (SDKs)⁶⁵, etc.) that can make it easier to submit information, read, and visualize data in the information exchange platform. This “information accessibility” layer would make it easier to integrate/extend the project’s impact beyond the raw data. For instance, crafting an online dashboard that shows the growth/progress of WSMEs since they joined the program; or showing a map that displays the location of WSME manufacturers and their buyers (both certified as partners of this network) to identify a growing market; or providing an SDK to partner fintechs and other FI partners to query information from the DLT to do risk assessment on WSMEs requesting a loan.

The project will pilot and iterate on an information exchange platform, potentially building on DLT (and on existing platforms / technology), that records transactions from Components 2 and 3 on a secure decentralized database or ledger so that WSMEs can use their data to access new commercial and financing opportunities. The information exchange platform will also satisfy the demand side by increasing transparency of value chains and empowering private sector actors with the data needed to make gender-equitable decisions. The end goal is to create the baseline architecture for interoperable data collection for better management of the entrepreneurial and small business ecosystem and allowing for more informed decision-making and accountability. Governance structures of the platform will be determined at the design phase and as the project progresses but will likely include a consortium similar to LACChain; this structure would manage the longevity of the platform. WSMEs will receive technical assistance to effectively use both the lo-fi and hi-fi tech products produced as a result of this component. Capacity building or technical assistance may also be provided to market and financial partners to facilitate adoption of the platform and for the introduction of gender-equitable considerations / policies in their companies. WSME protection, data privacy, and security will be of utmost importance to the project. Any technologies that could facilitate the transfer and sharing of WSME data, including the use of Distributed Ledger Technologies, will be evaluated for those components with the tech partners.

Expected Key Results

This component aims for 7 commercial/market partners to commit to integrating more women-led SMEs into their value chains, and 7 financial partners to commit to dedicating more of their portfolio to women-led SMEs. The data sharing focus of this component will also allow 17⁶⁶ partners to offer products/services oriented towards WSMEs and will enhance market linkages for 480 WSMEs (per Component 2), facilitate access to new financing for 148 WSMEs (per Component 3), and increase 418⁶⁷ WSME’s use of digital tools⁶⁸. Participating WSMEs will also report better understanding and control of their data in pursuit of buyer contracts and external financing.

ii. Strategic Partnerships

Strategic partnerships are core to the WeCount strategy as the project builds an information exchange platform of capacity building, market linkage and access to finance actors that mobilize support to give women-led SMEs the opportunity to thrive. Project partners were chosen based on their track record and history working with the IDBG. A key executing partner in this project is Agora Partnerships, a nonprofit with 15 years of experience working with WSMEs and building the impact-oriented entrepreneurial ecosystem across Latin America⁶⁹. Agora has partnered with the IDBG on projects over the last decade, routinely partners with other

⁶⁵ <https://www.axway.com/en/products/api-management/extend-apis/sdk>

⁶⁶ Includes confirmed partners in Annex B, as well as additional financial services and market/commercial partners that will be recruited to the project.

⁶⁷ Assumes 50% of level 2 and 65% of level 3 WSMEs from Component 1 will increase the use of digital tools and benefit from Component 4.

⁶⁸ All WSMEs originate from the 4000 WSMEs participating in Component 1.

⁶⁹ The project will be executed via Agora’s Mexico and US entities, with consultant presence in all target countries.

entrepreneurial support providers, and co-leads Red de Impacto LatAm, a network of 100+ entrepreneurial support organizations (57% of which are based in the region and 94% of which have operations in the region). Agora will play a vital role in delivering capacity building, contracting with hyper-local business support actors, and galvanizing market and finance strategic partners to the project.

Private sector partners involved in this project all have a demonstrated interest in advancing gender equity, in integrating WSMEs into their value chains, and in creating more resilient and sustainable local economies in which to operate. Market linkage partners have been selected to support WSMEs as they pursue new domestic and international markets, business model digitization, and integration into productive value chains. Access to finance partners serve to crowd-in capital to WSMEs from ‘unusual partners’ that did not necessarily previously consider gender lens investing or have gender equitable financing targets. Confirmed market linkage and access to finance strategic partners to the project are mostly from the private sector and will contribute to the project’s leverage as noted in [ANNEX B](#).

iii. Blended Finance & Results Based Mechanisms (RBMs)

Blended Finance and Enhanced Blended Finance Principles can be used to guide the delivery of the project when applicable, as well as to crowd-in private sector capital to the project. This project is based on a deadline driven delivery model, with specific Results Based Mechanisms including but not limited to:

1. Pay for Success Contract (Grant): A portion of the funds may be dedicated to additional performance payments upon reaching mutually and pre-defined outcomes. These contracts may be, in part, applied to the implementing partner Agora and to other entrepreneurial support organizations that are contracted by either the IDBG or Agora for support in executing this project. For example, pay-for-success contracts may be used to extend additional financing to implementing partners based on the number of women-led SMEs that increase their use of digital tools or services (outcome).
2. Outcome based pricing: WeCount will consider a percentage of the investment funding of this project (versus TA) to follow outcome-based pricing as financial partners meet capital deployment and other financing goals associated with gender equity. Outcome-based pricing may be used to incentivize financial partners to make additional commitments to the project and test gender-lens informed financial instruments. For example, as a committed fintech partner meets their stated financing goal with the WSMEs participating in this project, they may be extended outcome-based investment financing to increase their portfolio size and deploy capital using a gender-lens adjusted instrument to additional WSMEs.

E. Program/Project Beneficiaries

Target Final Beneficiaries

The primary beneficiaries of the WeCount project are women entrepreneurs who lead/own small and medium businesses primarily in the retail, services, and manufacturing sectors in Honduras (IDA), Guatemala, El Salvador, and Mexico. According to the Economic Commission for Latin America and the Caribbean (ECLAC), almost 57% of women across Latin America are employed in sectors hit hardest by the COVID-19 pandemic, including manufacturing, retail, services, and wholesale trade sectors⁷⁰. Relatedly, women’s disproportionately lower access to the digital economy, including e-commerce, increased the digital divide and put women-led

⁷⁰ <https://bit.ly/3GVVIDJ>

SMEs at a disadvantage as a result of the pandemic⁷¹. Most of the familiar barriers WSMEs face of access to knowledge, markets and finance were exacerbated because of the pandemic and parallel climate disasters. Public and private interventions to lessen the effects rarely addressed women's specific challenges, and a vast majority only contemplated short-term fixes instead of longer-term transformative solutions. This project seeks to support the hardest-hit sectors of WSMEs in the region while building longer-term solutions that scale.

We-Fi's standard definition of SMEs will be used for this project, with one slight adjustment:

Definition of Women-Owned/Women-Led Firm

- ≥ 51% owned by a woman/women; or
- ≥ 20% owned by a woman/women; and have ≥ 1 woman as CEO/COO (President/Vice-President); and have ≥ 30% of the board of directors comprised of women, where a board exists;

Definition of Small and Medium Enterprise

- **For finance projects:** the IFC definition would be used as-is
- **For non-finance projects:**
 - **Financing:** Financing between \$5,000 and \$1 million
 - **Employees:** Between 5 and 300 employees
 - **Sales:** Sales between \$25,000 and \$15 million. **The project requests a definition exception for GC consideration to use \$25,000 instead of \$50,000 as the lower sales limit for Level 1 WSMEs⁷².**

WSMEs will be sourced from the IDBG We-Fi projects WeForLAC and We3A, other IDBG databases and initiatives, principal executing partner Agora Partnerships' vast networks in the region, partner entrepreneurial support organizations, and commercial and financing partner networks. In addition to these referral partners, open calls on social media and other public forums (WhatsApp groups, promotions) will help the project reach WSMEs that do not currently have an association with a private sector partner or entrepreneurial support agents, may be more isolated in rural or peri urban communities, are led by or serve indigenous populations, or are less digitized.

WeCount will create a selection system and criteria for each of the three levels of WSME participation in Component 1, Capacity Building. Selection of all WSMEs will consider multiple disadvantages the entrepreneur may have faced due to geographic location (rural versus urban, high versus low gender inequality community based on the Palma index), age, connectivity (finance, markets, digital products), indigenous status, and head-of-household status. Target WSMEs will generally be dynamic enterprises⁷³ with the potential for growth, job creation, and creation of positive environmental and social externalities. **Level 1** WSMEs in the Capacity Building Component (3200) will be given preference based on the acuteness of negative effects experienced as a result of the COVID-19 pandemic, their lack of access to support systems, and will have between \$25,000⁷⁴-100,000 in annual sales and an interest in considering digitization or environmentally positive practices for their models. These are enterprises that are operational, but that need general and lighter support to continue developing their models and management capacity. **Level 2** WSMEs (680) will similarly be given preference based on the negative effects experienced as a result of the pandemic, their lack of access to

⁷¹ <https://bit.ly/3q35SfA>

⁷² Given most women-led enterprises in the region remain in the informal sector (60%) or are microenterprises <https://promujer.org/content/uploads/2020/06/SIPA-Pro-Mujer-Capstone-Final-Report.pdf>

⁷³ Dynamic enterprises are those targeting higher value-add capacity and growth potential; these types of enterprises tend to contribute to the most job creation and modernization of economies.

⁷⁴ The project requests a definition exception for GC consideration to use \$25,000 instead of \$50,000 as the lower sales limit for Level 1 WSMEs.

support system, and will generate between \$75,000-500,000 in annual sales and are able to adapt at least one/some digitization and environmentally positive practices in their models. These enterprises are already accessing or are almost ready to access productive value chains (online platforms, corporate buyers, retailers, etc.), but need support to benefit from these channels more effectively. **Level 3** WSMEs earn between \$250,000-\$5 million⁷⁵ in annual sales and are poised for growth, robust digitization, and full integration into productive value chains. These enterprises stand to create important positive environmental and social impact as they scale.

Target beneficiaries will be included in participatory design methodology at the beginning and throughout the WeCount project to ensure context-related, business-level, and other considerations are considered in each of the four components of this project: Capacity Building, Market Linkages, Access to Finance, and Information Exchange Platform. Participating WSMEs will particularly be consulted during the prototype and pilot phases of the information exchange platform, or DLT.

Intermediary Beneficiaries

Sustainable business impacts and behavior change of private sector partners are expected as a result of this project. Market linkage and finance partners will recognize the economic and social/environmental sustainability value of integrating women-led SMEs into their value chains and/or portfolios and will therefore set targets into the future to continue working with WSMEs after the project ends.

IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

We-Fi resources associated with this project will be under the administration of the IDB’s Grants and Co-financing Management Unit of the Office of Outreach and Partnerships. IDB Lab is the implementing/executing agency and will coordinate the implementation of WeCount in all countries in partnership with principal regional executing partner Agora Partnerships and in coordination with IDB’s Gender and Diversity Division (GDI), Competitiveness, Technology and Innovation Division (CTI) and Integration Sector (INT). The IDBG will have a fiduciary duty to ensure that We-Fi resources are used for the purposes described in this proposal. The IDBG will assign a dedicated person to oversee the implementation of the four program components and coordinate with Agora Partnerships, additionally interfacing and coordinating with IDB country representatives in each target country, and with the IDB Resource Mobilization Division, also from the Office of Outreach and Partnerships.

Components	Implementation Arrangements
Component 1: Capacity Building	This component will mainly be executed and organized by regional partner Agora Partnerships (including curation and design of content, coordination of partners, facilitation of workshops, implementation of advisory services, and more), in partnership with select local entrepreneurial support organizations when appropriate, and in coordination and oversight by IDB Lab/IDBG.
Component 2: Markets	Market linkage partners will be recruited and coordinated by Agora Partnerships, with IDB Lab support when appropriate, and include but are not limited to Mercado Libre, Shopify, DHL, Claro, and Walmart Central America. Coordination includes but is not limited to managing partners’ technical assistance support, in-kind contributions for WSMEs (in store promotions, free access to

⁷⁵ Assuming the majority will be within the range of \$250K - \$3M

	ecommerce platforms, etc.), and facilitating connections between WSMEs and market partners for integration into value chains. Market partners are responsible for executing training, promotional, and digitization support.
Component 3: Finance	Financing partners to the project, including but not limited to Drip Capital, Lendera, BCIE, and Pretmex, will be recruited and coordinated by Agora Partnerships, with IDB Lab support when appropriate. Coordination in this component refers to but is not limited to ensuring finance partners make commitments to review participating WSMEs for financing and consider WSME needs in product offerings, integrate financing considerations in WSME capacity building, broker connections with WSMEs, and test data sharing mechanisms for component 4 below. Financing partners will be responsible for due diligence, managing disbursements and associated repayments.
Component 4: Information Exchange Platform	The information exchange platform will be designed, developed (based on or on top of existing technology/platforms), and tested by a software development shop to be selected by IDB Lab/IDBG, with Agora's support, through a targeted Request for Proposals process. The software development partner(s) will additionally facilitate design discovery to develop tech requirements and provide TA support to both WSMEs and market/finance partners in the effective use of the product created.

This proposal complements other ongoing IDBG initiatives, public and private, and contributes to the wealth of knowledge and learning opportunities. WeCount provides IDBG with explicit synergistic opportunities and partnerships, leveraging financial and other resources to create more systemic impact for WSMEs. The project will also in the medium term contribute to IDBGs corporate goals toward inclusion and gender equality.

B. Track Record of the IP and Other Partners

The IDB Lab and IDBG has extensive experience in promoting WSME access to: (i) Capacity Building, (ii) Markets, and (iii) Finance.

- *Capacity Building:* IDB Lab has hosted 7 annual editions of WeXchange to connect 600+ women entrepreneurs with 2,000+ mentors, investors, and ecosystem players from the region. IDB has produced two in-depth knowledge products WeGrow 2013 and wX Insights 2020. IDB Lab also operates "Fair and inclusive data economy in LAC: promoting innovation and competitiveness of SMEs (RG-T4013)" to (i) develop strategies to leverage data in SMEs, (ii) develop capacities and competencies of data collection and use and (iii) adapt or create business models based on data. IDB has an SME digitization project in El Salvador, Let's PYME ES-T1309, that includes a gender approach.
- *Market Linkages:* The IDBG has supported WSME access to markets and value chains by: partnering with companies to consider WSMEs in their value chains, creating opportunities in public procurement, and ConnectAmericas for Women. Some specific projects include Marketplace, Edutech & Smart Data in one App for Resilient Small Stores in Mexico in collaboration with PepsiCo and Danone; Hugo technologies: digitalizing Central America and the Caribbean via El Salvador; and Wabi: Robust Technology for Online Ordering, Home Delivery and Digital Payments for Small Businesses in collaboration with PepsiCo and Coca-Cola in Mexico. Additionally, IDB's Ecosistema Digital 503 - SNBX (ES-T1328), connects startups and SMEs with value chains of anchor companies in El Salvador.
- *Access to Finance:* The IDBG has supported WSMEs with access to finance for 30 years. The IDB Lab has an active portfolio of 50+ Seed and VC funds that provides a unique network that can be leveraged for the WeCount program.
- *Tech Development:* The IDB Lab has developed LACChain, a global alliance of actors that are developing a blockchain ecosystem in Latin America and the Caribbean. LaCChain makes blockchain infrastructure available in a public network. IDB Lab also promotes the fAIR LAC initiative, which fosters the ethical

and responsible adoption of new data-intensive technologies and / or that incorporate artificial intelligence in the region. Within the framework of this initiative, IDB Lab has created an ethical self-assessment tool that allows entities in the region and entrepreneurs to analyze their technological systems and data processing practices to ensure that they comply with good practices and international standards.

Track record of executing agencies:

Agora Partnerships was selected as the primary implementing partner to this project based on their 15-years of experience building the capacity of [largely women-led] SMEs in Latin America and their extensive market and finance networks across the region. Agora has also been a BID Lab executing agency in the past, which will facilitate the relationship and project implementation. Agora Partnerships' mission is to create inclusive prosperity in Latin America through: 1) Accelerating the growth of purpose-driven entrepreneurs through access to knowledge, markets, and capital, 2) Promoting social innovation in traditional small and growing businesses for economic, social and environmental sustainability, and 3) Cultivating entrepreneurial ecosystems grounded in collaborative action and impact. The Agora team has executed programs in almost every country in the region, has collaborated with hyper local partners, and has a long history of implementing virtual projects. They execute projects out of their US and Mexican entities, while they have consultancy presence in all target countries⁷⁶. Agora has accelerated the growth and sustainability of 2,000+ social impact entrepreneurs and SMEs across Latin America. Their programming has supported entrepreneurs across a multitude of industries and Sustainable Development Goals to generate 3,000+ jobs, impact over 6 million lives, and save over 890,000 tons of CO2. Their methodology in business strategy, innovation, and environmental sustainability translates to a collective 93% survival rate among participating businesses, 11% average revenue increase, and \$101 million in capital raised⁷⁷. In Agora's history, they have also co-designed innovative financing vehicles for FI serving SMEs, pioneered partnerships with crowdfunding platforms to directly lend to SMEs, and created blended finance mechanisms with partners. Agora also co-leads **Red de Impacto**, a networking of 100 entrepreneurial support organizations across the region, that will facilitate contracting local support and recruiting harder-to-reach WSMEs.

Market linkage and financing anchor partners to this project have deep experience working in the region and have largely worked with the IDB or implementing partner Agora. See ANNEX B.

C. Sustainability and Scale

This 4-pronged Digital Value Chain Development program is specifically designed for longevity and scale. The content and digital structures put into place during Component 1, Capacity Building, will endure in a digital repository so that subsequent generations of WSMEs can build their knowledge and access the digitization, business, and social / environmental sustainability tools they need at Levels 1 and 2⁷⁸. The partners recruited to participate in Components 2 and 3, Markets and Finance, respectively, will continue their relationships with the WSMEs long after this program concludes, especially given mutually beneficial outcomes like increased WSMEs sales in market channels or e-commerce and increased and risk-mitigated capital flowing to WSMEs. The project will work with both market and financial institution partners to build their capacity (via Master Classes) for considering gender-lens internal policies, processes, and products. The project will use the results of the intervention and the data accumulated from the four components of the project to help market and financial

⁷⁶ Agora no longer has offices in Nicaragua and no longer executes projects in the country.

⁷⁷ Data based on Agora's Accelerator program that ran from 2011-2018.

⁷⁸ Some but not all content from level 2 will be housed in the digital repository

sector partners create more gender equitable internal practices and set gender equitable goals into the future. As this project bears fruit, it will recruit additional market and financial institution partners to commit to working with WSMEs; this includes engaging the 50+ seed and VC funds that are part of IDB Lab's network, as well as IDB Invest's network of FI partners.

The fourth Information Exchange Platform component will be a self-reinforcing data collection and sharing mechanism that demonstrates tangible value to WSMEs, market partners, and financiers as a greater volume of transactions are executed, and more proof is generated that doing business with WSMEs makes good business sense. The ultimate goal of the Information Exchange Platform (IEP) is to create a mechanism that allows WSMEs to leverage their data to access the higher value markets and financing they need to grow, and to create a sustainable entrepreneurial ecosystem across the region. WSMEs will be able to collect and share authenticated transactional data to prove their market- or creditworthiness, while buying and financing actors use that same data to decrease their decision-making risk. The aggregate data collected from the IEP will allow the entrepreneurial ecosystem to make better-informed decisions of support and may provide it with a viable business model (which to-date has largely not been found).

Given this project creates a digital coalition of mutually beneficial relationships and wraps it in a transparent data capture mechanism, the impact of the initiative is projected to continue well beyond the implementation period of the core activities. As WSMEs demonstrate increasing levels of readiness to digitize, integrate sustainability, and access higher value chains, more market and finance actors will vie for their business, while WSMEs get greater negotiating power. As more market and finance partners see the tangible economic and social benefits of integrating more WSMEs into their value chains or portfolios, the more they will seek other WSMEs to work with. And finally, as more of these actors feed into the information exchange platform and as use increases, the more valuable and therefore long-lived it becomes. The Information Exchange Platform includes above-mentioned confirmed market and finance partners, but after the pilot phase, will also invite many other market and financing actors to participate.

This information exchange platform, or DLT, can potentially be monetized to ensure replicability and scale. Business models will be explored as part of this project and may include but is not limited to a royalty fee based on verifiable commercial purchase orders and financial products awarded to WSMEs, or a fee to private sector companies who engage in the system and meet social and environmental targets by integrating WSMEs into their value chains. In the case of the royalties-based mechanism, the project will experiment with tokenizing capacity building and network connection support (connection to financial and market actors) so that each subsequent transaction made between, for example, a WSME and a financial actor will yield a very small royalty fee to the entrepreneurial support agent who originally connected the WSME to the financial actor. This would eventually create a sustainable entrepreneurial support ecosystem that can attend to the needs of higher number of WSMEs. If this project identifies a promising business model associated with capacity building using the IEP, it will be shared in a public document and the entrepreneurial support community will be invited to further explore and experiment with it.

This project seeks to collect learnings and engage in knowledge sharing so key public and private sector entities responsible for WSME development, and those working in finance, digital platforms, and value chains, can incorporate best practices gleaned from the initiative. IDBG may be able to use these learnings to support governments to bring this project to scale (via CTI and INT loans). After the initial implementation phase, the project has the potential to be rolled out across Latin America, eventually catalyzing hundreds of market and financial players to buy from and serve tens of thousands of WSMEs based on verifiable and transparent transactional data. Additionally, the data gathered and shared throughout this project may serve as a springboard to obtaining government commitments to better-support women-led SMEs across the region. In

this case, coalition partners may approach international governing bodies like the UN with data that clearly shows the economic case for supporting WSMEs; the coalition may then work with the governing body to get country governments to sign on to WSME commitments and thereafter hold them accountable to meeting those commitments.

D. Theory of Change, Research, Learning and Knowledge Sharing

Theory of Change

The long-term goal of this project is to create inclusive prosperity in Central America and Mexico by 1) increasing the productivity and sustainability of 4000 WSMEs, 2) connecting them with corporate and digital value chains for increased sales, 3) extending financing to satisfy improvement needs, and 4) creating an integrated information exchange platform of WSMEs, capacity builders, market actors, and financing partners for transparent and mutually beneficial data transfer.

WSMEs have an outsized place of importance in the relationship between Central America and Mexico's economic prosperity and inclusion. These enterprises make up a vast percentage of the region's business population but exhibit low levels of productivity, poor integration into value chains, often employ environmentally harmful practices, and are acutely impacted by health and climate risks. In order to move WSMEs towards productivity and social / environmental sustainability, they need tailored training, market linkages, and financing. Training in business management, digitization, sales channels / procedures, and environmentally positive practices, will impact WSMEs capacity for productive and sustainable development. Linkages to commercial and digital value chains will diversify and increase WSMEs sales, while corporate and commercial partners also diversify supply chains as they incorporate more WSMEs. Access to financing for capital improvements, production capacity, and implementation of environmental practices, will accelerate WSMEs adoption of innovations and increase competitiveness.

See [ANNEX C](#) for a complete Theory of Change.

Learning & Knowledge

This project proposes to carry out basic exploratory investigations that allow us to develop knowledge and evaluate WSME interventions to further support their sustainability and productivity. We have selected the inductive reasoning approach to use WSME data collected during the intervention(s) to detect trends or patterns, then formulate a tentative generalization and offer a conclusion. This project contemplates a variety of blended research methods, including but not limited to:

- Quantitative research through stakeholder surveys (WSMEs and partners) before, during, and after intervention. These investigations would mainly be descriptive of characteristics, averages, trends, etc. To analyze this data, we will use statistical analysis to summarize the data, make estimates, and test hypotheses. Using descriptive statistics, we will summarize the data in terms of (i) the distribution of the data (for example, the frequency of each data point), (ii) the central tendency of the data (for example, the positioning of the mean score), (iii) the variability of the data (for example, the standard deviation to describe how spread out the scores are).
 - Includes a review of secondary investigations and / or analysis of quantitative data from surveys already conducted from within the IDBG and partner networks. This includes research and mapping results from the We3A We-Fi-financed project.
- Qualitative research by facilitating in-depth interviews and focus groups between and among WSMEs and project partners. This research will focus on thematic analysis to interpret the meaning of the

information, identify patterns and extract the most relevant parts. This involves following the six most common steps of thematic analysis: familiarization, coding, topic generation, topic review, topic definition and naming, and writing.

- The wrap-around methodology proposed is participatory design that considers the voice of various stakeholders and mainly WSMEs from Honduras, El Salvador, Guatemala, and Mexico, as well as a variety of capital providers and commercial partners.

Findings and learnings gleaned from this project will be shared both by publishing a formal paper (see below under Evaluation) and nonformal publications in the form of blog posts, video capsules, and the like (key publications will be created in English and Spanish). A virtual panel or event can also be contemplated. Dissemination will be facilitated by the robust network of the IDBG, as well as principal implementing partner Agora Partnerships, and the variety of commercial and financial partners involved in the project. Data and findings from this project will improve the WSME support ecosystem in service of higher-productivity and sustainable women-led enterprises. Learnings will contribute to the replication or scaling of similar initiatives across the region.

E. Monitoring and Evaluation

Project monitoring and reporting will be guided by the IDB Financial Procedure Agreements (FPAs) for We-Fi, the We-Fi Governance Framework and the Operations Manual. The IDBG will report to the Governing Committee through the Secretariat on the use of Trust Fund resources and activities financed by them. It will also provide annual progress reports on We-Fi Activities, based on the results framework and in a format specified by the Governing Committee. Robust monitoring and accountability mechanisms will be set up to ensure the success of WeCount. The WeCount coordinator and IDBG We-Fi advisory group, led by the Office of Outreach and Partnerships, will be responsible for Monitoring and Evaluation (M&E) and for reporting to the We-Fi Governing Committee. The IDBG advisory group will oversee the overall annual administration, implementation, and monitoring of the program, in coordination with the relevant technical divisions of the IDBG.

This project will consider the practice of participatory statistics and/or most significant change as forms of monitoring and evaluation when the project is launched. These methods allow WSME voice to be involved in determining the type of information to collect (quantitative data and historical), the type of change expected to be generated, and how to analyze the data. Monitoring specialists will be contracted to ensure consistency of data and to help facilitate any participatory activities. The monitoring specialist will interface with the IDBG and primary implementing partner's impact team to build a WeCount-wide monitoring mechanism and validate data capture mechanisms with WSMEs and anchor private sector partners to ensure the project is considering the most useful data points.

Final data collection methods will be defined at the start of the program and after at least one round of participatory research and design can be implemented. Ahead of constructing the first iteration of the Information Exchange Platform (IEP), lower fidelity data collection methods and tools will be used in order to continuously collect and analyze WSME and partner data, and to start iterating on the best structure for the IEP. Data collected continuously throughout the project will inform adjustments of the design and content of the project as it is being executed. Towards the later part of the project, data collection methods should be facilitated by the higher fidelity pilot of Component 4, Information Exchange Platform, which leverages a distributed digital ledger system or other similar technology to systematize data capture of WSME transactions.

The data housed in the information exchange platform will be accessible and transparent for use by all stakeholders involved in the project.

More specific indicators (both leading and lagging) and data sources will be defined at the start of each component of the project but will be informed by the indicators included in the Results Matrix. The Results Matrix includes target values that will be monitored throughout the project via intake surveys, ongoing pulse-check polls, exit surveys, and transactional data. Data capture mechanisms will be designed in order to disaggregate data by geographic area, sector, firm size, enterprise challenges, and more. The measure of jobs created will consider a combination of surveys and input-output analysis, or Social Accounting Matrices.

The project's principal executing partner, Agora Partnerships, will largely coordinate data collection directly from WSMEs via digital methods defined at the beginning of each component (potentially including online surveys, in-depth interviews, platform analytics, WhatsApp polls, etc.). Data collected include demographic data, business performance data, sentiment, or behavioral data. Participating WSMEs will be surveyed up to one year after completion of Component 1, Capacity Building, to understand ultimate outcomes of the intervention. Data collected throughout this project will both be facilitated by and feed Component 4, Information Exchange Platform. This project does not contemplate the use of control groups.

Evaluation

Both process and outcome/impact evaluations will be considered for this project. Process evaluations will examine the ongoing operations of the project, informing executing partner(s) activities and allowing for adjustments mid-stream, when necessary. Impact evaluations will be used to determine the extent to which WSMEs, partners and the entrepreneurial ecosystem were changed (positively and negatively), and whether WSME needs were met as a result of the project. WSME's will be involved in outcome evaluations to double-check interpretation of final results. One rigorous study reflecting indicator 10 in the Results Matrix and based on the information collected in the above-mentioned qualitative and quantitative exploratory research, will be produced from evaluation activities that includes learnings, recommendations for next steps and/or structural changes to be made to activities and/or components of the program.

V. RESULTS FRAMEWORK

This project aims to 1) increase the productivity, digitization, and social / environmental sustainability of 4000 WSMEs across Central America and Mexico, 2) connect them with commercial and digital value chains for increased sales, 3) extend financing⁷⁹ to select and prepared WSMEs, and 4) lay the groundwork for an information exchange platform that facilitates these transactions for future WSME support. This project reports the following key impact indicators: 1) 1290 WSMEs reporting increased annual revenues, and 2) 1137 additional direct jobs created.

Component	We-Fi Objective	Type	INDICATOR	Unit	Baseline	YR1	YR2	YR3	Total
We-Fi Program Inputs	Mobilize resources from private and public sources that leverage We-Fi funding and augment the number of interventions supporting WSMEs	Input	Total size of We-Fi programs & projects	\$	\$ 0	\$ 4,342,666	\$ 4,342,667	\$ 4,342,667	\$ 13,028,000
		Input	Size of We-Fi funding allocation	\$	\$ 0	\$ 1,622,833	\$ 1,622,833	\$ 1,622,834	\$ 4,868,500
		Input	<u>Indicator 1:</u> Amount of additional financing mobilized for We-Fi supported activities ⁸⁰ .	\$	\$ 0	\$ 2,719,833	\$ 2,719,833	\$ 2,719,834	\$ 8,159,500
			- IP Contribution	\$	\$ 0	\$ 333,333	\$ 333,333	\$ 333,334	\$ 1,000,000
			- Public-sector contributions	\$	\$ 0	-	-	-	-
			- Private sector financing directly mobilized	\$	\$ 0	\$ 2,100,000	\$ 2,100,000	\$ 2,100,000	\$ 6,300,000
- Other funds mobilized (specify)	\$	\$ 0	\$ 286,500	\$ 286,500	\$ 286,500	\$ 859,500			
Increased Access to Finance - Component 3	WSMEs' are better able to engage, negotiate and access finance & investments	Outcome	<u>Indicator 3:</u> Number of women-owned/led SMEs that accessed new financing from We-Fi supported institutions.	#	0	32	44	72	148 ⁸¹
			- Loans	#	0	29	40	67	136
			- Grants	#	0	3	4	6	13
Access to skills - Component 1	Improved business practices and management skills among WSMEs	Outcome	<u>Indicator 4:</u> Number of women-owned/led SMEs accessing entrepreneurial support activities from We-Fi supported institutions.	#	0	1200	1400	1400	4000
			- Business capacity training [level 1 & 2 support; includes training in digitization]	#	0	1164	1358	1358	3880
			- Incubation & Acceleration [level 3 support; includes training in digital tools]	#	0	36	42	4	120
	WSMEs increase access to digital services and tools	Outcome	<u>Indicator 5:</u> Number of WSMEs that increase their use of digital tools and services.	#	0	125	146	147	418 ⁸²

⁷⁹ SMEs must meet financing partner credit criteria.

⁸⁰ Includes the value of IP co-financing and both market / commercial and financial partner support to this project (direct financing to WSMEs and in-kind support).

⁸¹ Assumes prepared WSMEs from levels 2 & 3 of Component 1 will access between \$10,000 and \$50,000 in capital in Component 3.

⁸² Assumes 50% of level 2 and 65% of level 3 WSMEs from Component 1 will increase use of digital tools and benefit from Component 4.

Access to Markets - Component 2	More WSMEs enter and thrive in new markets as suppliers, distributors, and producers	Outcome	<u>Indicator 7:</u> Number of WSMEs with enhanced market linkages, including: WSMEs who sold goods and services to larger firms/corporates/new market segments, and/or WSMEs who purchase goods and services from smaller firms/individuals, and/or WSMEs who won public procurement contracts.	#	0	144	168	168	480 ⁸³
Entrepreneurial Ecosystem & Enabling Environment - Component 4	Stronger evidence base on WSMEs' needs, constraints & finance and market linkages	Output	<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 SMEs.	#	0	6	4	4	14 ⁸⁴
	Stronger evidence on the impact of WSMEs-support programs	Outcome	<u>Indicator 10:</u> Number of rigorous impact evaluations commissioned by We-Fi Implementing Partners.	#	0			1	1
Overall We-Fi Results and Impact	Business case for financing & investing in WSMEs embraced by FIs, corporates and stakeholders	Output	<u>Indicator 11:</u> Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting women-owned/led SMEs.	#	0	7	5	5	17 ⁸⁵
	More WSMEs Thrive & Grow	Outcome	<u>Indicator 12:</u> Total number of women owned/ led SMEs supported by We-Fi.	#	0	1200	1400	1400	4000
	Improvements In WSMEs' Performance & Rising Incomes	Impact	<u>Indicator 13:</u> Number of We-Fi supported women-owned/led SMEs reporting an increase in annual revenues.	#	0	240	420	630	1290 ⁸⁶
	Increased Number of Jobs Created by WSMEs	Impact	<u>Indicator 15 A:</u> Number of additional direct jobs created by the We-Fi beneficiary women-owned/led SMEs.	#	0	337	393	407	1137 ⁸⁷

⁸³ Assumes 60% of level 2 & 3 WSMEs participating in Component 1 will benefit from Component 2.

⁸⁴ Includes confirmed market and financial services partners in Annex B in addition to new partners who will be recruited to the project as it is executed; maps to Component 4.

⁸⁵ Includes confirmed market and financial services partners in Annex B in addition to new partners who will be recruited to the project as it is executed; maps to Component 4.

⁸⁶ Assumes 20% of WSMEs participating in YR1 (levels 1-3) report an increase of revenues, with a concentration in level 2 and 3 participants; 30% participating in YR2 and 45% in YR 3 report the same.

⁸⁷ Includes WSMEs with enhanced access to markets and new financing; assumes that 40% of level 1 WSMEs add .5 jobs, 50% of level 2 WSMEs add 1 job, and 60% of level 3 WSMEs add 2 jobs.

VI. KEY RISKS IDENTIFIED AND MITIGATION MEASURES

Risk	Rating			Assessment	Response Measures
	Probability	Impact	Overall		
Activity Design and Implementation Arrangements					
Risks that the design and implementation of Activities financed by We-Fi will not be implemented as planned and program outcomes will be delayed or reduced.	Unlikely	Medium	Low	<p>1. The IDBG has extensive experience executing and supporting WSME and SME public and private sector programs in the region. This program’s design is based on learnings gleaned from these efforts and will additionally leverage learnings from We-Fi financed activities WeForLAC and We3A.</p> <p>2. The principal executing agency, Agora Partnerships, has 15-years of experience designing and operating WSME and SME programs in the region; their anchor office for this project is Mexico, and they are well-versed in the risks of the operating context.</p> <p>3. The activity will not require major procurement not common for the sector/countries. WeCount will use IDBG procurement guidelines.</p> <p>4. The WeCount proposal was developed with input of key executing partner Agora and confirmed demand-driven market/commercial and financial partners. On the supply side, there is a risk that partners will not be able to enroll as many WSMEs in each level of the program as anticipated.</p> <p>5. The number of WSMEs, market and financial partners involved in this project</p>	<p>1. A WeCount coordinator will be appointed by the IDBG in order to ensure timely execution of activities and to coordinate with the executing agency and other partners.</p> <p>2. The principal executing agency, Agora Partnerships, works with WSMEs/SMEs regionally and has deep networks of partners across the region including other entrepreneurial support organizations, market actors, and financing partners. The four countries of focus serve to balance risks that might be experienced based on any one country’s sociopolitical context (diversification). The project’s 4 components contemplate various levels of virtual and in-person experiences to mitigate ongoing risks associated with COVID-19. In the unlikely event that Agora is unable to execute or coordinate some or all the components of the project, the IDBG can mobilize other well-respected entrepreneurial support organizations with whom they’ve worked in the region.</p> <p>3. No major procurement or transfer of funds between multiple government levels is anticipated.</p> <p>4. Additional market and financing partners will be recruited to the project so WSMEs can be recruited and served from their value chains/portfolios. If insufficient numbers of WSMEs meeting minimum performance indicators cannot be found in specific countries, the implementation structure may be adjusted from executing each component in parallel in each country of focus, to deploying a waterfall execution structure in order to allow for greater sourcing or selection time in specific countries. If that does not yield sufficient results, resources may be shifted to countries who offer larger numbers of qualified WSMEs (while attempting to maintain a balance between IDA and non-IDA countries).</p>

			<p>pose a miscommunication and misalignment of goals risk. Given the high numbers of informal women-led micro-enterprises in the region versus more established enterprises ready for higher value market and investment, partners may not be able to deploy all the support or capital committed.</p> <p>6. Risk of women not trusting the platform and the use of their data. Thus, they may not participate in component 4 of the project.</p> <p>7. Potential low levels of internet connection for both the trainings and the capture of data may impede access and progress.</p>	<p>5. This project will use participatory design in its major components to better-align partners' goals and needs. The multi-component approach gives partners the opportunity to orient themselves to one or many components based on needs/wants. Sufficient numbers of target-size WSMEs in the region will be facilitated by recruiting through all partner's sizable networks. If partners are not able to deploy all committed resources to the program within the allotted timeframe, we can consider accepting future commitments to deploy resources as WSMEs become more prepared.</p> <p>6. Component 4 of the project will use participatory design to put WSMEs needs/concerns at the center of the design of any tech products used or built during this project, thereby diminishing their hesitance to collect and use data and giving them a voice in the design. Additionally, low fidelity data collection and sharing will be tested before developing a higher fidelity product, and the project will involve level 2 and 3 WSME in this component versus level 1 WSMEs that may not yet be accustomed to digital tools.</p> <p>7. WSME selection criteria will include level of internet connectivity; offline information and data capture mechanisms will be available, so work can be done offline and sync when Internet is available. The project will also select user friendly digital tools and provide basic digital tool training. The principal implementing partner, Agora Partnerships, also has ample experience working with lower connectivity SMEs and has often built content and activities that are accessible offline and/or accessible to less digitally literate populations. When needed, the project will partner with hyper-local and geographically close business support organizations as connection hubs to reach more rural or peri urban WSMEs.</p>
Political, Social and Governance Risks				

<p>Risks relating to the political and social environment where the activity will be implemented.</p>	<p>Possible</p>	<p>Medium</p>	<p>Medium</p>	<p>1. Structural barriers to women’s entrepreneurship may persist and be exacerbated by the ongoing COVID-19 pandemic and climate disasters.</p> <p>2. Governance risk associated with this project is mostly around data security and transparency, as well as accountability of partner commitments.</p> <p>3. Governments are not directly involved in the implementation of the WeCount project, but political events, natural disasters, and global events such as the ongoing COVID-19 pandemic could disrupt or prevent specific activities of the project from taking place (esp. in person events). Global or regional recession and other risks could also affect the execution of the project. Continued disruptions in supply chains may specifically prevent some commercial/market partners from considering the integration of WSMEs in their value chains. Economic downturns may specifically affect the credit risk appetite of financing partners, preventing them from extending financing to WSMEs. Political instability in specific countries may affect project execution as a whole.</p>	<p>1. WeCount’s Component 4: Information Exchange Platform will collect, use, and share WSME data to demonstrate investment in women-led businesses makes good business sense. These data, along with demonstrated market and financial partner commitments, can be used to show local governments that women count and should be considered in policy and structural considerations. These data may also support local governments in reaching targets associated with gender policies enacted across SICA (Central American Integration System) countries⁸⁸.</p> <p>2. Data collection and sharing activities will be executed by highly vetted technology firms with robust data security policies, making sure to build strong encryption at the content layer of the distributed ledger technology (or a similar solution). Additionally, while designing and piloting the Information Exchange Platform, a Consortium Network model will be explored in order to prevent fully public access to the data and to give lead or anchor organizations the power to collectively decide who can participate, submit transactions, and access the data. The users who participate in the IEP may also use semi-private pseudonyms (anonymized unless granted access) in order to prevent personally identifiable data from being seen, which also eases the hesitancy of sharing data. It is important to note that different mechanisms will be tested during this pilot phase to find the right mix of transparency, ease of use, comfort of use, privacy, and security. Transparency in the governance structure will be maintained via participatory design methods, while encouraging partners to sign commitments and keep one another accountable.</p> <p>3. The project’s Component 1: Capacity Building includes virtual delivery to mitigate risks associated with in-person events. Level 3 programming uses a hybrid virtual/in-person model that may adjust to a fully virtual modality if necessary. Component 2: Markets includes online platforms to mitigate risk associated with just having corporate partners who are more affected by supply chain disruptions. Component 3: Finance includes diverse providers to</p>
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⁸⁸ file:///Users/ceciliafoxworthy/Downloads/Regional%20Policy%20on%20Equity%20and%20Gender%20Equality%20(1).pdf

					<p>prevent “all eggs in one basket”. Market and finance partners can work in a variety of the project’s target countries, thereby mitigating risk associated with any one country’s political developments.</p> <p>If a country’s political instability affects project implementation, WeCount may consider shifting resources to a less-affected country. In the event of such a risk, the risk mitigation strategy is to closely monitor the situation to determine if activities in that country should be postponed or canceled.</p>
Fiduciary Risks					
Risk that funds will not be used to achieve value for money.	Unlikely	Low	Low	1. It is possible that executing agencies will not use We-Fi funds with integrity or for their intended outcomes. This is a rare occurrence within the IDBG given the strict implementation of procurement policies.	1. All executing agencies will be subject to the IDBG’s Procurement Guidelines and Integrity Frameworks. The principal executing partner additionally undergoes annual financial audits and has achieved a Platinum seal on Guidestar.
Environment and Social Safeguards/Standards					
Risk that the IPs’ safeguards are not properly applied, and that implementation may not achieve objectives with respect to possible adverse impacts on	Unlikely	Low	Low	<p>1. There is a low risk of the safeguards policies not being applied. The IDBG demonstrates a strong commitment to sustainability through its environmental and social safeguard policies, standards, and guidelines.</p> <p>2. The IDB is bound by environmental and social safeguards policies: (a) IDB Environment and Safeguards Compliance Policy; and (b) IDB Operational Policies, including the Policy on Gender Equality.</p>	<p>1. As per IDBG guidance, WeCount program activities will undergo an environmental and social safeguards review process to identify, mitigate and address risks; including gender-based risk safeguards that are part of the Operational Policy on Gender Equality in Development and Indigenous People’s Policy. In situations where We-Fi funds will accompany lending to FIs with the purpose of on-lending to WSMEs, FIs will be required to comply with IDB policy in developing and implementing an Environmental and Social Management System to analyze and screen eligible investments for environmental and social risk. Additionally, the principal executing partner is a mission-driven nonprofit committed to using participatory design, performance, and value surveys (including grievance reporting), and integrating and measuring positive social and environmental practices with WSMEs.</p> <p>2. WeCount, as with all IDB Lab projects, will be subject to the Policy Establishing the Independent Consultation and Investigation</p>

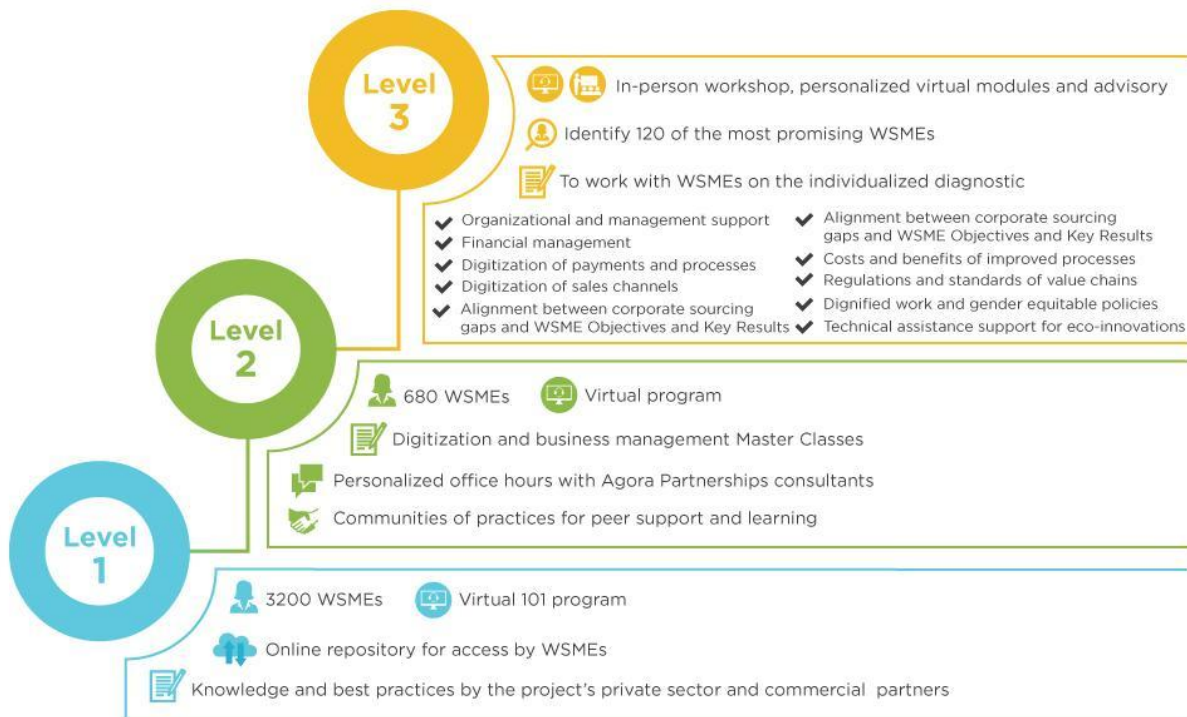
people, esp. women, and the environment.					Mechanism (MICI), the independent accountability mechanism of the IDBG. It receives and investigates complaints from two or more persons who consider themselves to have been harmed by projects financed by the IDBG because of their potential non-compliance with their relevant operational policies.
Other Risks					
Risks pertaining to impacts of post-COVID-19 health and economic crisis	Likely	Medium	High	<ol style="list-style-type: none"> 1. There is a high possibility that the project will encounter economic downturns or crises in target countries, as high unemployment rates, low consumption levels, business close-downs and overall slower economies persist because of COVID-19. 2. There is a possibility that travel, or vaccine restrictions are in place during the execution of some activities. 3. Pipeline of qualified WSMEs for the WeCount program may be reduced, due to high closure or slow restart rates of WSMEs in the region. 4. It is possible financing partners cannot qualify WSMEs based on risk profile and creditworthiness of each institution, given economic effects of COVID-19. 	<ol style="list-style-type: none"> 1. Four countries are contemplated in the project to mitigate risks associated with the economic downturn affecting any one specific country. Digitization strategies are contemplated in all the components and helping to digitize the business models of WSMEs themselves should boost productivity and capitalize on new digital consumer consumption patterns⁸⁹. 2. The project contemplates using virtual delivery modalities to mitigate ongoing travel restrictions. 3. To mitigate lack of pipeline, the project will incorporate more market and financing partners with WSMEs already in their value chains or portfolios but who need support to digitize and transform into small or medium businesses. The country mix proposed for this project will also serve to open up larger populations of WSMEs. 4. The Capacity Building and Market components will build the business acumen and sales, and therefore external capital readiness of WSMEs. If this does not help WSMEs qualify for financing, we may recruit other financing partners with lower requirements.
Risk that empowered WSMEs lead to gender-based violence.	Possible	Medium	Medium	<ol style="list-style-type: none"> 1. Disruptions in gender norm balances due to women's increased economic independence and confidence may increase violence perpetrated against women, and particularly domestic violence. 	<ol style="list-style-type: none"> 1. The IDB Lab screens all projects for gender-based risks as part of its Operational Policy on Gender Equality. IDB tools and experiences in gender lens support will be leveraged to mitigate negative effects (GBV WeToolkit, Ciudad Mujer). The principal executing partner will also employ gender-lens tools developed by MEDA and Value for Women to help mitigate these negative effects.

⁸⁹ <https://theglobalamericans.org/2021/05/capitalizing-on-covid-19s-digital-potential-in-latin-america/>

ANNEXES

ANNEX A: CAPACITY BUILDING LEVELS

The capacity building component will group WSMEs based on the level of support needed. **Level 1** will offer 3200 WSMEs a virtual 101 program of curated knowledge and best practices by the project's private sector and commercial partners. **Level 2** offers 680 WSMEs a virtual program of digitization and business management Master Classes in part given by the project's private sector and commercial partners, personalized office hours with Agora Partnerships consultants, and communities of practices for peer support and learning (may include in-person local events if safe to do so). **Level 3** is a hybrid offering that combines in-person workshop(s) with personalized virtual modules and advisory to support WSMEs to digitize their models and move towards sustainability -- economic, social, and environmental



Source: IDBG and Agora Partnerships

ANNEX B: STRATEGIC PARTNERSHIPS⁹⁰

The below-mentioned market and financial partners have committed to the WeCount project based on the scope and geographic distribution of this proposal⁹¹. Their commitments are detailed below and in the descriptions of Capacity Building, Components 2 and 3 within the text of the core proposal.

Strategic Partner	Component	Countries	Leveraged Contribution
Retailer	Market Linkages	Honduras, El Salvador, Guatemala	Promotional benefits for participating WSMEs ⁹² , technical assistance on internal inventory platform and buyer requirements, WSME seal on the ecommerce site, preferential in-store treatment
Marketplace	Market Linkages	Mexico, Honduras, El Salvador, Guatemala	Train WSMEs for the proposed program and activities; deploy technical activities and support; facilitate necessary data inputs for effective analysis of the impact of this project.
Ecommerce platform	Market Linkages	Mexico	Platform support, digital and e-commerce education and access to their partner ecosystem to help SMEs in Mexico grow and scale
Financial services provider	Capacity Building & Access to Finance	Mexico, Honduras, El Salvador, Guatemala	Will work with the IDB/Agora team to define a scope of work that could include access to training content/toolkits on digitalization (in development) and recommendations on credit access opportunities with fintechs and other financial institutions that are partners or part of the broader network.
Telecommunications actor	Capacity Building	Mexico, Honduras, El Salvador, Guatemala	Promotional support via press conference, media publicity, broadcast, social media postings; digitization workshops (6 per year); and a 30-50% discount on mobile phones and plans.
Logistics provider	Market Linkages	Mexico, Honduras, El Salvador, Guatemala	Technical assistance on export preparedness and international trends, instruction on packaging for optimal customer experience and to reduce environmental footprint.
Fintech	Access to Finance	Mexico, Honduras, El Salvador,	Dedicate \$5 million of its fund to extend factoring financing to select WSMEs ⁹³ .

⁹⁰ Additional strategic partners will be recruited as the project is implemented.

⁹¹ Partners will be named upon signing of contracts.

⁹² A percentage of Level 3 WSMEs will be sourced from the retailers SME programs

⁹³ If and when determined to be creditworthy and meeting the fintech's risk requirements.

		Guatemala	
Fintech	Access to Finance	Mexico	Dedicate up to \$500,000 of funding to extend leasing or simple credit ⁹⁴ .
Intergovernmental institution	Access to Finance	Honduras, El Salvador, Guatemala	Dedicate up to \$150,000 of funding to extend a matching grant mechanism of \$10 – 25,000 or similar financial product to select WSMEs (match can be grant, loan, equity).
Fintech	Access to Finance	Honduras, El Salvador, Guatemala	Dedicate up to \$500,000 of funding to extend simple credit, revolving credit, factoring, financial leasing ⁹⁵ .
Payment provider	Access to Finance	Mexico	Offer preferential merchant discount rates from the Buy Now Pay Later Product to up to 1,000 WSMEs.
Development financial institution	Access to Finance	Honduras, El Salvador, Guatemala	Mobilize their network of Intermediary Financial Institutions to offer working capital and other loans between \$3,000-200,000 to select WSMEs ⁹⁶ ; support the project's technical assistance efforts.
Technology outsource agency	Information Exchange Platform	Mexico, Honduras, El Salvador, Guatemala	Build a Latin American-based software development team that will be ideally aligned with product, project, location, budget, technical and cultural requirements, and preferences.

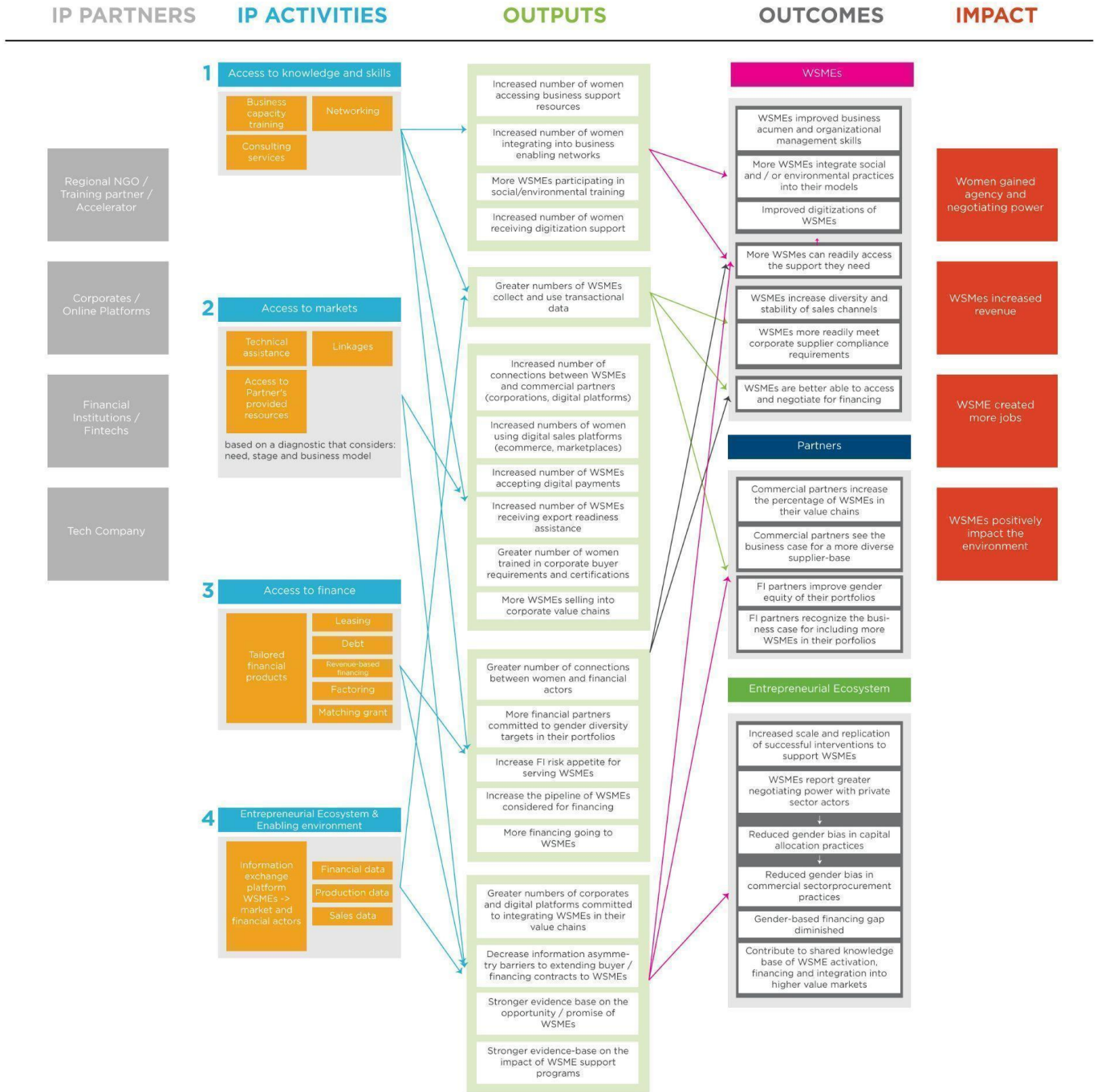
⁹⁴ If and when determined to be creditworthy and meeting the fintech's risk and investment committee requirements.

⁹⁵ If and when determined to be creditworthy and meeting fintech's risk and investment committee requirements.

⁹⁶ Financing at the discretion of each Intermediary Financial Institutions participating in the initiative

ANNEX C: THEORY OF CHANGE

PDF version [here](#).



Source: IDBG and Agora Partnership