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MULTILATERAL INVESTMENT FUND

REGIONAL

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

RG-T4146 AND RG-T4147

DONORS MEMORANDUM

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PROJECT SUMMARY

REGIONAL

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

(RG-T4146 AND RG-T4147)

As a result of the COVID-19 pandemic, women in the manufacturing, services and retail sectors across Latin America are experiencing high risk of job loss related to global value chain disruptions, concentration in low productivity sectors, low levels of formality and digitization, and high barriers to financing, entrepreneurship, and market access¹. This project supports women-led SMEs (WSMEs) in hard hit sectors with the development and adoption of innovations that generate greater productivity and sustainability of WSMEs. It will do so in four countries across Latin America to contribute towards economic and social recovery after the pandemic. The project will operate in Honduras, Guatemala, El Salvador, and Mexico².

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** will focus on business acumen, financial management, social innovation³ and digital transformation of WSMEs. The second **market component** partners with marketplaces, ecommerce organizations, and corporation 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 FinTech's, microfinance institutions (MFIs), investors, banks, and nonbank financial partners.

Digital technologies are harnessed in two principal ways in this project: 1) leveraging an information exchange platform (e.g., distributed ledger technology) for transparent data capture and sharing between market/commercial partners, financial services, capacity building actors and WSMEs, and 2) supporting WSMEs to adopt digitization strategies for productivity, innovation, and sustainability.

After this project, 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.

¹ <https://bit.ly/3q1DwIN>, <https://bit.ly/2ZNR0qu>

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

In summary, this project will be implemented in **hard-hit economies** by the pandemic, with **high levels of gender inequality and poverty**. The project aligns itself with the Vision 2025 of the Bank as it **aims to contribute to reduce gender gaps in value chains and financial markets**, by creating new and empowering information on WSMEs, to be used by business women and entrepreneurs, financial institutions, and market players.

ACRONYMS AND ABBREVIATIONS

API	Application Programming Interfaces
CEO	Chief Executive Officer
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
CRF	Corporate Results Framework
CTI	Competitiveness, Technology and Innovation Division of the Bank
DLT	Distributed Ledger Technology
DNA	Diagnostic of Executing Agency Needs
EA	Executing Agency
ESO	Entrepreneurial Support Organizations
GDI	Diversity Division
GDP	Gross Domestic Product
IDA	International Development Association
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IEP	Information Exchange Platform
IIC	Inter-American Investment Corporation
INT	Integration Sector
MIF	Multilateral Investment Fund
MFIs	Microfinance Institutions
NGO	Non-Governmental Organization
NON-IDA	Not part of the International Development Association
OKR	Objectives and Key Results
OS	Official Store
POS	Point of Sale
PSR	Project Status Report
QR	Quick Response
SDKs	Software Development Kits
UN	United Nations
VC	Venture Capital
WeFi	Women Entrepreneurs Financial Initiative
WSME	Women Small and Medium Enterprises

PROJECT INFORMATION

REGIONAL

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

(RG-T4146 AND RG-T4147)

Country and Geographic Location:	Honduras, Guatemala, El Salvador and Mexico ⁴		
Executing Agency:	Agora Partnerships		
Focus Area:	Knowledge Economy		
Coordination with Other Donors/Bank Operations:	<p>The project coordinates with We4LAC in Honduras, with RG-T3877 and RG-3901 WE3A in Honduras, El Salvador and Guatemala. These are projects financed by WeFi and focused on WSMEs as well.</p> <p>Additionally, in El Salvador, the project will coordinate with ES-T1309 Lets Pyme, to identify WSMEs.</p> <p>Regarding other IDBG-funded projects, the project will create synergies with Connect Americas through its program “Women Growing Together in the Americas,” to identify beneficiary WSMEs.</p> <p>For the design of the platform, projects such as fAirLAC, Ecosistema Digital, Tech4Dev, LacChain, and Digital Hub 504 will be consulted.</p>		
Project Beneficiaries:	4000 value-chain and finance ready ⁵ women-led SMEs		
Financing:	Technical Cooperation IDB Lab	US\$ 1,000,000	16.9%
	Technical Cooperation WeFi	US\$ 4,868,500	82.3%
	Co-financing:	US\$ 50,000	0.8%
	Counterpart:	0	0
	TOTAL PROJECT BUDGET:	US\$ 5,918,500	100%
Execution and Disbursement Period:	36 months of execution and 42 months of disbursement.		
Special Contractual Conditions:	Special conditions precedent to first disbursement will be: (i) a project manager contracted by the executing agency; and (ii) signed agreements with the key partners and stakeholders of the project, including the corporates and financial intermediaries with their respective contributions.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB’s safeguard policy (GN-2965-21) on May 23rd. Given the limited impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	IDB Lab Headquarters		

⁴ Concentrating on the states with high 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>)

⁵ 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

I. The Problem

A. Problem Description

- 1.1 The COVID-19 pandemic has solidified Central America and Mexico's position as one of the most economically and gender unequal regions in the world. Economic activity in the region will experience a slowdown during 2022, going from a growth rate of 6.1% in 2021 to 2.1% projected for the current year⁶. Unemployment is a major concern, already 26 million jobs had been lost during 2020⁷, (with an 11.9% female unemployment rate between 2019 and 2020⁸). Falling demand, disrupted production, stymied investment, and broken supply chains have forced businesses to close, pause or scale down operations. Small and medium enterprises (SMEs) 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 population.
- 1.2 Women-led small and medium enterprises (WSMEs), which represent approximately 25% of businesses in Central America and Mexico, 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 manufacturing, services, and retail sectors). 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. What is more, the COVID-19 pandemic is only one crisis disproportionately affecting women. Given one of every four households in Latin America and the Caribbean is headed by a woman - the highest rate anywhere in the world - and that it is the second most climate disaster affected region in the world, climate impacts must be considered in any intervention⁹. Recent 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**¹⁰.
- 1.3 WeCount will support WSMEs across four countries in the region with high economic opportunity and participation gender gaps, namely Honduras (IDA), El Salvador (non-IDA), Guatemala (non-IDA), and Mexico (non-IDA)¹¹. A focus will be placed on WSMEs in the retail, services, and manufacturing sectors, particularly since they are highly vulnerable to supply chain disruptions caused by COVID-19, and account for 13% of female employment in Central America.¹² This project uses We-Fi's standard definition of SMEs, with one slight adjustment:

Definition of Women-Owned/Women-Led Firm

≥ 51% owned by a woman/women.

⁶ CEPAL 2022. <https://www.cepal.org/en/pressreleases/latin-america-and-caribbeans-growth-will-slow-21-2022-amid-significant-asymmetries>

⁷ ILO 2020. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_779223/lang--en/index.htm

⁸ CEPAL 2021 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_779223/lang--en/index.htm

⁹ See component one, level 3

¹⁰ IFC 2011. Strengthening Access to Finance for Women-Owned SMEs in Developing Countries

¹¹ 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

¹² https://oig.cepal.org/sites/default/files/s2000739_en.pdf

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

Definition of Small and Medium Enterprise for non-finance projects:

Financing: between \$5,000 and \$1 million

Employees: Between 5 and 300 employees

Sales: Sales between \$25,000 and \$15 million.

The project requested a definition exception for WeFi's Governance Committee consideration to use \$25,000 instead of \$50,000 as the lower sales limit for Level 1 WSMEs¹³.

II. The Innovation Proposal

A. Project Description

- 2.1 The **project's objective** is to increase the number of WSMEs accessing entrepreneurial support activities, including the use of digital tools and services, access to finance and market linkages. In addition, the project will develop an Information Exchange Platform which will promote data collection and reporting for WSMEs.
- 2.2 **The beneficiaries** are four thousand women-led or owned SMEs (WSMEs) in one IDA country and three high-poverty or highly unequal countries: Honduras, Guatemala, El Salvador, and Mexico¹⁴. 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 opportunity¹⁵. This project seeks to reduce 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.
- 2.3 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 the four selected countries. There will be a focus on WSMEs in the sectors of retail, services, and manufacturing, 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 communities¹⁶. It will employ a digital value chain

¹³ 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>

¹⁴ 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>)

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

¹⁶ Low-income or high-inequality communities are defined by IDA status and the Palma index, which reflects changes between the highest and lowest income deciles, or the proportion of gross national income accrued to the top 10% versus the bottom 40%. When the Palma Index carries a value greater than one, it means that the consumption of the richest 10% of the population exceeds that of the poorest 40%. In Mexico, the project will concentrate 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>). Honduras is a designated IDA country, while El Salvador and Guatemala score 2.951 and 4.524 respectively on the Palma Index (<https://www.cgdev.org/sites/default/files/it-all-about-tails-palma-measure-income-inequality.pdf>).

development approach¹⁷ 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**.

- 2.4 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 market and decreased trade dependence on the US. 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 experience. 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.
- 2.5 **Innovation:** This project will build a ground-breaking information exchange platform (e.g., distributed ledger technology) for transparent data capture and sharing between market/commercial partners, financial services, capacity building actors and WSMEs, with the objective of reducing information asymmetries that work against WSMEs in commercial and financial markets. **The Information Exchange Platform (IEP) at the heart of this project is the first of its kind in Latin America that seeks to put WSMEs at the center of its design and equip them with the tools to be owners of their transactional data.** The purpose of the IEP is to allow small businesses to use their transactional data to prove both credit- and market-worthiness as they negotiate barriers to entry into financial and commercial markets. The IEP seeks to solve the information opacity problem that is often cited by both market and financial actors in the private sector when asked why they do not work with smaller enterprises or women-led enterprises. As use of the IEP increases, the project will be able to detect capital, market requirements trends, and make recommendations to private sector actors for adjustments of their products, processes, and evaluation criteria.
- 2.6 Existing platforms are built for the private sector and usually only satisfy either market access or access to finance. Additionally, most existing platforms do not have a specific focus on women-led enterprises and have not been built for the Latin American context. The IEP will build on lessons learned and best practices from other platforms that employ distributed ledger

¹⁷ 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>)

technology, and particularly those that seek to provide traceability in supply chains, capitalizing on the parallels with small business integration into higher value chains (financial and commercial markets). Some of the existing platforms that will inform the design of the IEP are:

- Rice Exchange, a blockchain platform that digitizes the rice trade. At its launch in 2019 it had over fifty importers and exporters and six service providers. Within a year it has overseen over \$250m in trades per quarter. Early estimates indicate that using Ricex will result in at least 20% savings for stakeholders and 90% savings in the time it takes to trade – with an end-to-end trade completing in as little as six minutes.¹⁸
- BanQu’s non-crypto blockchain platform for supply chain visibility. Operates in 51 countries, 15 languages, and boasts more than 2.5 million first mile/last-mile individuals connected. The platform reports a 15% Sourcing Efficiency & Productivity Increase and 25% Compliance/Risk cost reduction¹⁹.
- Choco4Peace’s value chain platform that additionally tracks socioeconomic and environmental impacts of global chocolate consumption and production.
- Levi’s and Harvard University’s blockchain pilot to gauge worker welfare. Levi’s and Harvard SHINE created Survey Assure and found that technology can be used to measure how people experience work while protecting privacy, the use of immutable data (ex. blockchain) can improve trust, application of distributed ledger technologies can improve the integrity of survey mechanisms.²⁰

It is important to note that although the IEP will be informed by blockchain platforms, it will more generally be a distributed ledger technology (DLT) product [all blockchain is DLT but not all DLT is blockchain]. A final differentiating factor of the IEP is that it seeks to be replicable across sectors and countries so that greater numbers of women-led businesses may benefit from data ownership and use.

- 2.7 The existing online sites specific for WSMEs in Latin America²¹, are mostly focused on offering capacity building, mentoring, networking, and other services to strengthen the business profile of such enterprises. These services are key to have a growing (both in number and productivity) market of WSMEs, but they do not cover the existing information asymmetry in financial and commercial markets, which is a main barrier to WSME’s success.
- 2.8 **Agora Partnerships’ experience, as a principle Executing Agency to this project**, is also key to the success of this project. It has accelerated the growth and sustainability of 2,000+ social impact entrepreneurs and SMEs across Latin America over the last 15+ years. Its programming has supported entrepreneurs across a multitude of industries and Sustainable Development Goals to generate well over 3,000 jobs, impact over 6 million lives, and save over 890,000 tons of CO2. Agora’s methodology specializing in business strategy, social innovation, and sustainability that translates to a collective 93% survival rate among participating businesses, 11% average revenue increase, and \$101 million in capital raised²².
- 2.9 Specifically, Agora has strong experience in strengthening the entrepreneurial ecosystem. For instance, its program *Agora 2030 Entrepreneurs in Action*, carried out in 2020, was a 6-month

¹⁸ <https://www.fujitsu.com/global/about/resources/case-studies/vision/ricex/>

¹⁹ <https://banqu.co/>

²⁰ <https://blockchainlawsg.org/tuesday-project-spotlight/tuesday-project-spotlight-levi-strauss-co-uses-blockchain-for-its-worker-well-being-initiative>

²¹ Algunas son [MujerEmprende](#), o [Mujeremprendedora](#)

²² <https://agora2030.org/agora-partnerships-15th-anniversary-report-2005-2020/>

program for businesses in Central America with at least 18 months of activity, who were willing to incorporate sustainability practices. This year (2022) Agora is implementing a program financed by Citibanamex to build the productivity and sustainability of women-led enterprises in Mexico in collaboration with market actor Shopify and financing actor MiCrowd. Agora has also been executing its Variable Payment Obligation Program (VPO) for the last several years in collaboration with Palladium, working with Central American and Andean banks and other financial institutions to bring more women-led enterprises into their client-base and design products that attend to their needs. Additionally, in collaboration with the Central American intergovernmental organization CENPROMYPE, they've executed a train-the-trainer program with 180 entrepreneurial advisors that support earlier stage enterprises and designed an investment fund for women-led enterprises.²³

- 2.10 This project has great potential to create new knowledge, and to improve access to information, markets and financing for companies led by women. Thus, the team will leverage, integrate and articulate these resources with other initiatives and divisions of the IDB Group working with and for WSMEs. WeCount will work closely with We3A (RG-T3901 and RG-T3788), reaching out to WSMEs who have participated in the latter, and using as key input all knowledge produced such as the ecosystem mappings for El Salvador, Guatemala and Honduras developed by WeConnect. WeCount will also reach out to those WSMEs who are part of Women Growing Together in the Americas (RG-T3453), as well as to its market partners. Additionally, knowing that IDB Invest and CMF work with financial institutions (private and public), to strengthen financing to WSMEs, the team will also work closely with them, to explore opportunities to include these IDB clients in the design and execution of components 3 and 4.
- 2.11 The team will coordinate as well with other IDB projects which also target SMEs such as RG-T3748 WeforLAC, ES-T1309 Lets Pyme, RG-T3450 fAirLAC, and IDBG-funded projects such as ES-T1328 Ecosistema Digital, HO-T1352 Tech4Dev, HO-T1375 Digital Hub 504, and RG-T3902, [Chequeo digital](#) project, which analyzes SMEs digital gap and provides training according to their own assessment. The teams has already started conversations as well with BK-C2016 LACChain, to create synergies and exchange of know-how.
- 2.12 **Component I: Capacity Building (IDB Lab \$202,000, We-Fi \$2,051,607, Counterpart \$50,000)** The capacity building component of this project 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.²⁴
- 2.13 The Executing Agency will develop the capacity building component, which 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, for example, Shopify's Selling via Social Media webinar, Google's Get your Business Online series, or Mercado Pago's Digitizing Cash Flow module (existing content). **Level 2** will offer 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

²³ <https://agora2030.org/2020-annual-report/>

²⁴ <https://connectamericas.com/es/mujeres>

support and learning (may include in-person local events if safe to do so). **Level 3** will be a hybrid offering that will combine 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.

- 2.14 **Level 3** seeks to work with WSMEs on some of the following subjects 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) regulations and standards of value chains, (viii) dignified work and gender equitable policies, and (ix) technical assistance support for eco-innovations (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 Taxonomy²⁵. The IDB-funded ASAP [Climate Adaptation and Solutions Taxonomy](https://lightsmithgp.com/wp-content/uploads/2020/09/asap-adaptation-solutions-taxonomy_july-28-2020_final.pdf) was created by Lightsmith Group and in part seeks to enable entrepreneurial support organizations that (in part) work with SMEs that provide climate adaptation products and services, with technical assistance and strategic support. Agora has engaged with Lightsmith group to understand how best to use and integrate the taxonomy in some capacity building modules of Component 1 of this project. The taxonomy will mostly be used to inform training modules that support WSMEs to integrate positive environmental practices and ecoinnovations in their models, so that they ultimately become more sustainable.
- 2.15 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 \$25,000-100,000 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 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 million 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.
- 2.16 Those WSMEs who are still part of the informal sector will be able to participate in level 1 trainings of this capacity building component. The curriculum of the capacity building component actually includes sessions on how to formalize a business, its benefits and procedures, to motivate and support those WSMEs who are ready to take this relevant step.

²⁵ https://lightsmithgp.com/wp-content/uploads/2020/09/asap-adaptation-solutions-taxonomy_july-28-2020_final.pdf

- 2.17 The content that the Executing Agency curates for level 1 WSMEs will be housed in an online repository²⁶ and will be available to WSMEs participating in other IDBG²⁷ 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.
- 2.18 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 projected future condition (leading and lagging indicators) for data-backed decision-making.
- 2.19 Determination of how data will be captured in Component 1 must first be informed by select participating WSMEs via a series of participatory design sessions. The data capture mechanisms settled on for Component 1 may be surveys or existing data capture platforms. If the project determines an accounting or similar platform is the best route, Agora will consider two (or more) different existing accounting platforms that operate in Latin America and that allow for entrepreneurial support organizations to view their cohorts' financial data, with permission of the WSMEs, while engaged in the program (already in conversations). Additionally, Agora is speaking to Taro Works and other similar agencies to consider adjusting existing platforms that allow WSMEs to manage both financial and social/environmental sustainability data for business administration/management. WSMEs will elect whether or not to continue having access to these business management platforms after the program is over. The use of these pre-existing platforms is the first phase of data collection and will allow the project to determine how best to capture and house data for the Information Exchange Platform (IEP). The IEP will take lessons learned from efforts in Component 1 and determine which data points (both financial and sustainability) should be housed in the shared Information Exchange Platform. The IEP will be developed in close connection with fAIRLac and LacChain of the IDB. The WSMEs who participate in this project will own their own data.
- 2.20 **Expected results of the Capacity Building** component include 3200 WSMEs enrolled in the Level 1 virtual program, 30% of whom report, through auto-evaluations, 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.
- 2.21 **Component II: Markets (IDB LAB 0; We-Fi \$409,490):** This component supports Level 2 and 3 WSMEs from Component 1 in accessing new markets or sales channels. Agora will lead 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

²⁶ Potentially hosted on ConnectAmericas Mujer Empresaria and in coordination with CTI

²⁷ Access potentially given to business development centers supported by IDB loans.

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 (ecofriendly and with positive social impact), and diverse suppliers. WSMEs will have access to a variety of support based on diagnostic results and depending on need, stage, and business model.

2.22 For this component, Agora will work with the following partnerships²⁸:

- **Mercado Libre**, to 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), and b) Launching, building and maintaining a dedicated Official Store (OS)²⁹,
- **Walmart CA**, to offer WSMEs technical assistance to navigate supplier requirements and Walmart's procurement platform, offer brand building support for better ecommerce (e.g., Buy Local seal) and in-store positioning (gondolas, promotions).
- **Shopify**, to support WSMEs to build personalized ecommerce stores on the Shopify platform, provide access to digital and ecommerce educations, and linkages with their partner ecosystem.
- **DHL**, to give WSMEs access to capacity building courses and best practices in export readiness, international consumer trends (ecommerce) packaging and export costing; extend prepared WSMEs DHL credit to ease shipping costs³⁰
- **Claro**, to provide WSMEs with promotional support, digitization workshops (6 per year), and a discount on mobile phones and plans.

2.23 In order to diversify sales channels of participating WSMEs, they will additionally participate in a virtual sourcing fair³¹ 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.

2.24 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.

2.25 **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

²⁸ These partnerships are still under construction. Modifications may occur during implementation compared to what it is stated in this list.

²⁹ Characteristics of the WSMEs that would apply to be part of the OS to be defined

³⁰ Terms and period to be determined

³¹ In coordination with INT and their trade events

partners will put systems in place to capture gender-disaggregated data and increase their commitment to incorporating WSMEs into their value chains³².

- 2.26 **Component III: Financing (IDB Lab 0, We-Fi \$1,274,908).** The Executing Agency will seek 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. These financing entities will make commitments to evaluate the creditworthiness³³ 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 groups of financing partners are most appropriate, and evaluate capital injection effects on their business models.
- 2.27 We-Fi funds may be allocated to these financing partners to increase portfolio sizes and following results-based mechanisms³⁴. Financing mechanisms offered by project partners are based on WSME country of operations, sector and risk profile and include³⁵ but are not limited to:
- Factoring financing in partnership with Drip Capital³⁶, in the form of ~\$50,000 working capital, based on secured sales invoices from commercial or corporate partners, up to \$5 million of their portfolio dedicated to the project.
 - Matching Grants (or similar mechanism) in partnership with CENPROMYPE 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 BCIE's Initiative DINAMICA that connects WSMEs with approved Intermediary Financial Institutions.
 - Mastercard's Center for Inclusive Growth digitization training and credit access opportunities with FinTech's and other financial institutions that are Mastercard partners or part of the broader network.
 - Crowdfunding and simple loan financing in partnership with Lendera for the purchase of machinery or equipment³⁷, up to \$500,000 of their portfolio dedicated to the project.
 - Simple credit, revolving credit, factoring, finance leasing in partnership with Pretmex, up to \$500,000 of their portfolio dedicated to the project.
- 2.28 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.
- 2.29 **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 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 future.

³² Indicator 11: Total number of partner institutions supported by We-Fi that offer new /updated products, services or approaches benefiting WSMEs.

³³ This will be defined in the co-design sessions between WSMEs and private sector

³⁴ Design to be determined and may include guarantees or gender-based performance bonuses

³⁵ At the time of the design of this document, these partnerships were still under conversation. Modifications may occur during implementation (change of partners and/or nature of the collaboration)

³⁶ SMEs must be approved by Drip Capital's risk policy. Sales must have a fixed price, no consignment schemes allowed. Finance should be post-shipment.

³⁷ When WSMEs comply with the requirements for analysis and based on the acceptance of the Committee

- 2.30 **Transversal Component IV: Information Exchange Platform (IDB Lab \$600,000 We-Fi \$272,994).** With this wraparound component, the Executing Agency will seek to create a solution to opaque WSME data collection and sharing by harnessing IDB Lab's [LACChain](https://www.lacchain.net/home?lang=en)³⁸ 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.³⁹ 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.
- 2.31 The platform will i) empower WSMEs to compile and share key data about their businesses, ii) reduce risk perception of financial institutions and commercial buyers about working with WSMEs, by accessing their transactional data, iii) allow WSMEs to leverage their data to access the higher value markets and financing they need to grow, iv) support commercial and financing partners to make gender-informed decisions about their supply chains or portfolios, respectively, v) offer digital and data capture and use training to WSMEs, strengthening their businesses.
- 2.32 This component will be led by Agora and developed with a tech partner selected in close partnership with the global software outsourcing agency Accelerance, 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 Accelerance 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.
- 2.33 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.
- 2.34 Accelerance, Agora and IDB Lab will consider the creation of tools for information accessibility (like Application Programming Interfaces (APIs), Software Development Kits (SDKs), 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 FinTech's and other FI

³⁸ <https://www.lacchain.net/home?lang=en>

³⁹ <https://medium.com/brandlitic/difference-between-distributed-ledger-and-blockchain-vs-dlt-7969f3837ded>

partners to query information from the DLT to do risk assessment on WSMEs requesting a loan.

- 2.35 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.
- 2.36 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.
- 2.37 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 17 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 418 WSME's use of digital tools. Participating WSMEs will also report better understanding and control of their data in pursuit of buyer contracts and external financing.

B. Project Results, Measurement, Monitoring and Evaluation

- 2.38 The key outcome indicators of the project are included in the Results Matrix in Annex I
- 2.39 The project expects to reach 4000 women entrepreneurs with entrepreneurial support activities and training. Also, after the project it is expected that 480 WSMEs will have enhanced market linkages, including selling goods and services to larger firms/corporates/new market segments, and/or purchasing goods and services from smaller firms/individuals. Additionally, 7 market institutions will have in place a system for capturing and reporting data on women- owned/led SMEs motivated by this project. A key result of this project is the development of an Information Exchange Platform.
- 2.40 This project contributes to IDB's strategic priorities *productivity and innovation*, feeding into indicator 2.10 Enterprises provided with technical assistance (#), and Gender equality and diversity, feeding into indicator 2.16 Women beneficiaries of economic empowerment initiatives (#).
- 2.41 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.
- 2.42 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.). 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.

- 2.43 Every six months, Agora will complete the PSR (project status report), and every year of the project's life, IDB Lab will contribute to all donor report developed by GCM, to inform We-Fi about project progress and impact (whenever possible).
- 2.44 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 WeFi indicator 10 (number of rigorous impact evaluations commissioned by We-Fi implementing partners) 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.
- 2.45 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. 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. It 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.
- 2.46 Findings and learnings gleaned from this project will be shared both by publishing a formal paper and nonformal publications in the form of blog posts, video capsules, among others (key publications will be created in English and Spanish). 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.

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

- 3.1 The project seeks both to support the economic reactivation after the pandemic, of the four benefiting countries, as well as to strengthen women's businesses and businesswomen. In

other words, it is a project aligned with our Vision 2025, in its pillars of reactivation and economic empowerment of women. Moreover, this project exemplifies how IDB Lab is leading the efforts of the IDB Group in developing the innovation and impact ecosystem in Central America and Mexico in terms of creating the conditions for broad economic growth and *reduction of gender inequalities*.

- 3.2 This project contributes to SDG 5, Gender Equality, target 5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women. Indeed, the main purpose of this project is to enhance business women and women entrepreneurs through technology, by capturing key data for decision making of WSMEs, financial institutions and market buyers. It also contributes to **SDG 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value added and labour-intensive sectors and **SDG - 8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. It also contributes to **SDG 10.2** Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 3.3 **IDBG Institutional Strategy.** The IDB Group has been supporting projects that moved the region forward to address the challenges posed by technology and digital revolution and reach their potential as a driver of innovation. In this sense, the Program is consistent with the “2010-2020 Institutional Strategy Update: An Alliance with Latin America and the Caribbean to Continue Improving Lives” (UIS) (AB-3008) and the Corporate Results Framework (CRF) 2016-2019 (GN-2727-6), aligning directly with the challenge of developing “productivity and innovation” and contributing to the goal of providing adequate knowledge and innovation ecosystems that can enable the creation of new and more sophisticated SMEs and make invention the driver of growth. The project hopes to contribute to two of the three major development challenges in the region: (i) social exclusion and inequality, and (ii) low levels of productivity and innovation. The project is also aligned with the IDB Group’s cross-cutting themes of promoting gender equality and diversity with the IDB Gender Action Plan and supporting small and vulnerable countries. It is aligned with the Gender and Diversity Sector Framework (GN-2800-8) by promoting social inclusion and equality of gender and the empowerment of women. The project is aligned with the IDB Lab gender action plan as it aims to empower women in business and harness their ability to lead, innovate and grow businesses.
- 3.4 Additionally, the Project is aligned with the CTI strategy (document GN-2791-8), especially with the priorities related to the promotion of technology and innovation financing for SMEs and startups, as well as the strengthening of private sector entities such as SMEs and the construction of an environment conducive to business and innovation.
- 3.5 The project also contributes to the Bank’s Vision 2025 “Reinvest in the Americas: A Decade of Opportunities,” under the pillars of digital economy and inclusive and sustainable recovery through training for human capital and support for SMEs. The project is also aligned with the crosscutting theme of gender equality and diversity.
- 3.6 Furthermore, this project is aligned with the Country Strategies of the participating countries
 - 3.6.1 **El Salvador:** The objective of the IDB Group’s strategy with El Salvador for the period 2021-2024 is to help mitigate the impact of the crisis on the country’s outlook so as to achieve more vigorous, inclusive, and sustainable growth over the medium term.

Specifically, this project is aligned with objective (i) Facilitate access to finance for MSMEs

- 3.6.2 **Honduras:** The central objective of the country strategy for the 2019-2022 period is to promote stronger and more inclusive growth. This project is aligned with objectives (i)Expand credit access for agricultural MSMEs.
- 3.6.3 **Guatemala:** The objective of the IDB Group country strategy 2021-2024 is to contribute to reversal of the social deterioration in Guatemala, worsened by the pandemic, and to strengthen economic growth based on criteria of inclusion and environmental sustainability. It is specifically aligned with the objective Expand access to finance for MSMEs.
- 3.6.4 **Mexico:** The main objective of the IDB Group country strategy with Mexico for the 2019-2024 period is to support inclusive, sustainable economic growth and bolster productivity. The project is aligned with objectives (i) Strengthen the labor market (ii) strengthen access to credit.

B. Scalability

- 3.7 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, thereby adding to its scalability and sustainability.
- 3.8 Agora Partnerships is planning on leading the scalability efforts, by taking this methodology to Andean countries and the South Cone. This includes all the components of this project, from trainings to the data exchange platform. To this end, current private sector partners will be key, and are already showing their interest in going beyond the geographical area covered by the current project, if proven successful. In fact, it is expected that additional private partners will become part of the platform and rest of activities as it potentially expands geographically. As a result of this expansion, Agora and its partners could double the number of beneficiary WSMEs, reaching approximately 8,000 ⁴⁰ WSMEs.
- 3.9 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 2 [partial]. The partners recruited to participate in Components 2 and 3, Markets and Finance, respectively, will continue their relationships⁴¹ with the WSMEs long after this program concludes, especially given mutually beneficial outcomes like increased

⁴⁰ This number could be higher, given that the estimated number of formal WSMEs in Ecuador and Peru, according to IFC's MSME finance gap, was over 300,000 before the pandemic (2018).

⁴¹ It is expected that these relationships could at least continue 6 to 12 months after the project is finalized. But they could last longer if the win-win situation lasts.

WSMEs sales in retail/corporate channels or e-commerce and increased and risk-mitigated capital flowing to WSMEs. Additional financial and market partners, driven by the results of this project, will enable the expansion to additional WSMEs.

- 3.10 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 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 potentially 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.
- 3.11 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).
- 3.12 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 numbers 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.
- 3.13 After the initial implementation phase, the project has the potential to be rolled out across Latin America, eventually catalyzing hundreds of markets 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.

C. Project and Institutional Risks

- 3.14 **The number of WSMEs, market and financial partners involved in this project 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. To minimize this risk, 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 to ensure they are of sufficient size to reap the benefits from other partners' products and services, thereby also creating cross-pollination of benefits. 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.
- 3.15 **Women may not have the time to finish all training and capacity building opportunities. This will limit the impact and the number of women participating in components 2-4.** The capacity building component of this project is divided into three levels designed to meet the unique needs of women-led enterprises who are less to more developed. These levels take into consideration the time and resources enterprises have to engage with educational and networking opportunities (i.e. less developed enterprises engage with a lighter touch virtual program), while still providing them with value.
- 3.16 **Risk of women not trusting the platform and the use of their data. Thus, they may not participate in component four of the project.** To mitigate this risk, component four 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 WSMEs in this component versus level 1 WSMEs that may not yet be accustomed to digital tools. In other words, only enterprises who are developed enough will participate in this phase, and participation will be optional.
- 3.17 **If there is a data breach caused by a potential security attack, there could be legal repercussions, and risk of sustainability of the project.** Risk will be transferred to a third-party tech agency that will be charged with building the data collection and use platform, and with ensuring its security. Contracts signed with this tech firm will include data protection, use, and privacy clauses as well as a contractual obligation to "hold harmless" the contracting entity.
- 3.18 **Potential low levels of internet connection for both the trainings and the capture of data may impede access and progress.** 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 synchronized when Internet is available. The project will also select user friendly digital tools and provide basic digital tool training. The principal executing 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. Additionally, the project partners with one of the region's most extensive mobile telecommunications providers. This provider has committed to extending significant discounts

to participating WSMEs in order to reduce cost barriers associated with connectivity (discount on mobile phones and plans)⁴².

- 3.19 **Economic downturns or crises in target countries.** 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 patterns⁴³.

IV. Instrument and Budget Proposal

- 4.1 The project has a total cost of USD 5,918,500, of which USD 1,000,000 (16.9%) will be provided as a non-reimbursable technical cooperation by IDB Lab, USD 4,868,500 (82.3%) co-funded by WeFi, and USD 50,000 (0.8%) is co-financing We-Fi is a collaborative partnership among fourteen governments, 8 Multilateral Development Banks, and other public and private sector stakeholders, hosted by the World Bank Group. The World Bank Group acts as the Trustee of the partnership resources. The financial instrument will be a non-reimbursable grant.

	IDB Lab	WeFi	Co-financing (cash)	Total
Project Components				
Component 1: Capacity Building	\$202,000	\$2,051,607	\$50,000	\$2,303,607
Component 2: Markets	0	\$409,490	0	\$409,490
Component 3: Financing	0	\$1,274,908	0	\$1,274,908
Component 4: Information Exchange Platform	\$ 600,000	\$272,994	0	\$872,994
Project Administration (Executing Unit costs)		\$398,649	0	\$398,649
Mid Term and Final Evaluation (if applicable)	\$ 198,000	0	0	\$198,000
Communication		\$63,000	0	\$63,000
IP Admin Fee ⁴⁴		\$ 340,000	0	\$340,000
Contingencies		\$57,852		
Grand Total	\$1,000,000	\$4,868,500	\$50,000	\$5,918,500
% Of Financing	16.9%	82.3%	0.8%	100%

V. Executing Agency (EA) and Implementation Structure

A. Executing Agency(s) Description

- 5.1 Agora Partnerships (which is established as an NGO in the state of Virginia, United States), will be the Executing Agency of this project and will sign the agreement with the Bank. Agora has 17years of experience building the capacity of [largely women-led] SMEs in Latin America and an extensive market and finance networks across the region. Agora has also been a BID Lab

⁴² Exact commitment to be determined.

⁴³ <https://theglobalamericans.org/2021/05/capitalizing-on-covid-19s-digital-potential-in-latin-america/>

⁴⁴ The fee is used to cover the Bank's costs in respect to services performed by the Bank in connection with the management of the trust fund's account and projects. Some of these Bank services include, but are not limited to, activities associated with the fiduciary, accounting, treasury, and legal services provided to the trust fund, as well as structuring, approving and committing trust fund resources, and supervising and monitoring projects, and any other additional workload generated as a result of the management of the trust fund.

executing agency in the past⁴⁵, 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.

- 5.2 **IDB Lab** will execute component IV together with Agora. Managed from Head Quarters, but in coordination with country offices and Agora, IDB Lab will hire the entity (ies) which will develop the Information Exchange Platform. This will be done following BEO procurement policies and procedures.
- 5.3 The project team, with the assistance of OII, conducted integrity due diligence in accordance with the Integrity Due Diligence Guidelines (OP-474-1) and found no indicators of high integrity or reputational risk to IDB. Lab.

B. Implementation Structure and Mechanism

- 5.4 IDB Lab will execute component IV, together with Agora, and it will coordinate the implementation of the overall WeCount project 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.
- 5.5 Agora Partnerships will establish an executing unit and the necessary structure to execute project activities and manage project resources effectively and efficiently. Agora Partnerships will also be responsible for providing progress reports on project implementation. Details on the structure of the execution unit and reporting requirements are in Annex V in the project technical files.
- 5.6 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.
- 5.7 The following table summarizes the project's implementation arrangements by component:

⁴⁵ RG-M1294 Multi-stakeholder Program for the Acceleration of Social Enterprises; RG-T2263 Capacity Building and Training of Social Entrepreneurs in Central America; RG-M1265 BASICSERV - Acceleration Track for Social Businesses Working in Basic Services

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. ⁴⁶ Coordination includes but is not limited to managing partners' technical assistance support, in-kind contributions for WSMEs (in store promotions, free access to 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 ⁴⁷ , 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 four 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.

VI. Compliance with Milestones and Special Fiduciary Arrangements

- 6.1 **Disbursement by Results, Fiduciary Arrangements. Disbursement by results and fiduciary arrangements.** The executing agency will adhere to the standard IDB Lab arrangements relating to disbursement by results, Bank procurement⁴⁸ and financial management⁴⁹ policies, as specified in Annexes V and VI. Agora can use its own procurement procedures, according to GN-2349-15, Appendix 4 Number 2.

⁴⁶ Subject to change or adjustment

⁴⁷ Subject to change or adjustment

⁴⁸ Link to the Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank.

⁴⁹ Link to the Financial Management Guidelines for IDB-financed Projects. [update link]

VII. Information Disclosure and Intellectual Property

- 7.1 **Intellectual Property.** The Executing Agency shall own the intellectual property rights to all works produced or results obtained under the Project. The Executing Agency will grant the Bank an irrevocable, world-wide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display and perform any and all Executing Agency intellectual property derived from execution of the Project, as well as to create derivative works. The Bank may grant sub-licenses to third parties without the need for new authorizations or licenses from the Executing Agency.