

CONFIDENTIAL  
INTERNAL USE  
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**DOMINICAN REPUBLIC**

**DIGITAL ENTREPRENEUR COMMUNITY: DIGITALIZATION AND CONNECTION  
OF WOMEN-RUN SMES**

**(DR-T1249)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of: Smeldy Ramírez Rufino (DIS/CDR); Fermin Vivanco (LAB/DIS); Estrella Peinado (LAB/DIS); Svante Persson (LAB/DIS); Juan Pablo Lopez Gross (LAB/DIS); Andrea Villalobos (DIS/CCR); Cristina Parilli Lozada (DSP/DVF); Daisy Carolina Ramirez (FML/LAB); Patricia Guevara (LAB/DIS); and Alexandra Hambrook (FML/LAB).

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. The document will be disclosed and made available to the public upon approval.

## CONTENTS

### PROJECT SUMMARY

I.	THE PROBLEM.....	1
A.	Description of the problem .....	1
II.	THE INNOVATION PROPOSAL.....	3
A.	Project description .....	3
B.	Project results, measurement, monitoring, and evaluation .....	7
III.	ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS .....	7
A.	Alignment with the IDB Group.....	7
B.	Scalability .....	8
C.	Project and institutional risks .....	9
IV.	BUDGET INSTRUMENT AND PROPOSAL .....	10
V.	EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE .....	10
A.	Description of the executing agency(ies) .....	10
B.	Implementation structure and mechanism .....	11
VI.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS .....	12
VII.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY.....	12

## PROJECT SUMMARY

### DOMINICAN REPUBLIC DIGITAL ENTREPRENEUR COMMUNITY: DIGITALIZATION AND CONNECTION OF WOMEN-RUN SMEs (DR-T1249)

In the Dominican Republic, the pandemic has widened existing inequality gaps, with significant impacts on the most vulnerable population groups. Women, in particular, have faced deep cuts in income, job losses, and major hurdles in keeping their small businesses running. Also, as a result of the pandemic, women have borne most of the increased burden of unpaid activities in the home, including child and elder care and domestic cleaning and cooking activities, in addition to supporting their children's distance education. In many cases, this has prevented them from re-engaging in income-generating activities, exacerbating the level of poverty.

During the pandemic, many small businesses turned to social networks and mobile phones to gain access to markets. However, women entrepreneurs with lower technical skills were unable to take advantage of the benefits of information technologies and connectivity to resume and/or maintain their income-generating activities. The main reasons for this include the following: (i) low digital literacy, which prevents women entrepreneurs from promoting their businesses in the digital world through social media; (ii) a low level of cooperative partnering and networking, which reduces capacity to achieve efficiencies through group purchases of work materials and inputs at a lower cost; and (iii) insufficient financial resources for working capital and investment.

This situation provides an opportunity to test innovative solutions and ideas to reactivate the productivity of women entrepreneurs affected by the pandemic and thus make their businesses more resilient and sustainable. Accordingly, it is proposed to develop a project to strengthen and contribute to the sustainability of micro and small enterprises led by women, through a digital ecosystem that fosters business resilience, job creation, reduction of the digital divide, and access to financing. To that end, this project proposes the development of a digital ecosystem for women entrepreneurs (*a **digital entrepreneur community***) to help them expand their markets, send and receive electronic payments, grow their knowledge, share experiences, and obtain access to financing from any financial intermediary.

The following results are expected by the end of the program: at least 2,820 enterprises will be operating digitally 12 months after participating in the program; 20% of them will grow their gross sales through digital platforms; 250 of the enterprises will be paying at least a minimum wage to one or more employees; and that around 282 new jobs will be created by the women entrepreneurs participating in the digital community.

The project objective and beneficiary profile are aligned with the Bank's country strategy for 2021-2024 with the Dominican Republic in the priority area of "Sustainable and inclusive productive reactivation," since the project supports and speeds up the digitalization of traditional firms and micro, small and medium-sized enterprises. It also complements the priority area of "Strengthening of human capital" by contributing to the development of technical skills and abilities with an emphasis on reducing gender and income disparities.

## **ANNEXES**

Annex I	Results Matrix
Annex II	Summary Budget
Annex III	iDELTA

## **APPENDICES**

Proposed resolution

## **INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB PROJECT INFORMATION SYSTEM**

Annex IV	Itemized budget
Annex V	Diagnostic needs assessment of the executing agency [includes due diligence and integrity analysis].

## **ABBREVIATIONS**

BBVAMF	BBVA Microfinance Foundation
CED	Comunidad Emprendedora Digital [Digital Entrepreneur Community]
IDB Lab	IDB Group Innovation Lab
MSMEs	Micro, small, and medium-sized enterprises
PWA	Progressive web access technology
SDG	Sustainable Development Goal
SMEs	Small and medium-sized enterprises

## EXECUTIVE SUMMARY

### DOMINICAN REPUBLIC DIGITAL ENTREPRENEUR COMMUNITY: DIGITALIZATION AND CONNECTION OF WOMEN-RUN SMEs (DR-T1249)

<b>Country and geographic location:</b>	Santo Domingo, Dominican Republic (specifically in the areas of Villa Mella, Sabana Centro, and Sabana Perdida)		
<b>Executing agency:</b>	Banco de Ahorro y Crédito Adopem, S.A.		
<b>Focus area:</b>	Knowledge economy		
<b>Coordination with other donors/ Bank operations:</b>	Once the project is completed, Banco Adopem, the BBVA Microfinance Foundation, Adopem ONG ASFL, and MasterCard will support the project's expansion and sustainability in conjunction with their various partner institutions, such as MasterCard, International Trade Center, Nestlé, the <i>Supérate</i> Social Program Office, the Ministry of Women's Affairs, and others currently under development.		
<b>Project beneficiaries:</b>	5,000 small-scale businesswomen, of whom more than 70% will be from rural and other vulnerable areas.		
<b>Financing:</b>	Nonreimbursable technical cooperation	US\$400,000	50%
	Counterpart contribution	US\$400,000	50%
	<b>Total project budget:</b>	US\$800,000	100%
<b>Execution and disbursement period:</b>	36 months for execution and 36 months for disbursement		
<b>Special contractual conditions:</b>	The following will be conditions precedent to the first disbursement: (i) contracting of the project's General Coordinator; (ii) presentation of the project execution plan; and (iii) presentation of the annual work plan.		
<b>Environmental and social impact review:</b>	This operation has been screened and classified in accordance with the Bank's Environmental and Social Policy Framework (document GN-2965-21). Given its limited impacts and risks, the project is proposed as a category FI-3 operation.		
<b>Unit responsible for disbursements:</b>	Dominican Republic (CDR)		

## I. THE PROBLEM

### A. Description of the problem

- 1.1 In the Dominican Republic, the pandemic has widened existing inequality gaps, with significant impacts on the most vulnerable population groups. Women, in particular, have faced deep cuts in income, job losses, and major hurdles in keeping their small businesses running. The business performance report produced by Banco Adopem in 2020<sup>1</sup> showed that 76% of its women customers had lost income, with 43% of the respondents earning less than half of what they received prior to the pandemic.
- 1.2 Also, as a result of the pandemic, women have borne most of the increased burden of unpaid activities in the home,<sup>2</sup> including child and elder care and domestic cleaning and cooking activities, in addition to supporting their children's distance education. In many cases, this has prevented them from re-engaging in income-generating activities, exacerbating the level of poverty. The proportion of women living in poverty increased from 22% in 2019 to 24.6% in 2020; and the poverty femininity index has continued to rise during the crisis, to reach a level of 118 women in poverty for every 100 men.<sup>3</sup>
- 1.3 Many small businesses turned to social networks and mobile phones to gain access to markets during the pandemic; however, women entrepreneurs with lower technical skills were unable to take advantage of the benefits of information technologies and connectivity to resume and/or maintain their income-generating activities. The main reasons for this include the following:
- 1.4 **Low level of digital literacy:** The measurement and strategic impact report, produced by the BBVA Microfinance Foundation (BBVAMF)<sup>4</sup> revealed that 81.5% of the women surveyed did not know how to use digital tools to manage and promote their business, to buy and sell goods, and above all to send and receive digital payments. The latter became extremely important during the pandemic, since the ban on mobility prompted many small and medium-sized enterprises (SMEs) to switch to social media to promote their products. In fact, according to COVID-19 surveys conducted by BBVAMF and Banco Adopem, women who have access to technology are more likely to use it in their businesses than men. For example, WhatsApp customer relationship management has been more popular among women, with 15% of them adopting this measure, compared with

---

<sup>1</sup> The report was produced from a survey of 2,004 Banco Adopem customers (men and women). Survey to evaluate the current COVID situation, phase 1 conducted between June and August 2020 and phase 2 between November and December 2020.

<sup>2</sup> The Dominican Republic has one of the lowest female labor market participation rates in Latin America, with unpaid domestic and care work being one of the main reasons for women's absence from the labor market. It is estimated that Dominican women spend five times longer than men on care work and 3.5 times longer on unpaid domestic work. Unpaid work in the Dominican Republic: an analysis based on data from the time-use module of the 2016 National Household Survey (ENHOGAR).

<sup>3</sup> The female unemployment rate stands at 60% according to the economic impact survey conducted in August by the Ministry of Industry and Trade, and the United Nations Development Programme (UNDP). This is 13 percentage points above the male rate of 47%.

<sup>4</sup> Measuring Impact and Development (MIDE) in 2020 (p.176). [https://www.fundacionmicrofinanzasbbva.org/wp-content/uploads/2021/07/FMBBVA\\_InformeDesempen%CC%83o2020.pdf](https://www.fundacionmicrofinanzasbbva.org/wp-content/uploads/2021/07/FMBBVA_InformeDesempen%CC%83o2020.pdf).

- 6% of men. Nonetheless, there is still a long way to go before women adopt digitalized customer management in their businesses on a widespread basis.
- 1.5 More than 80% of small businesses consulted (minimarkets, grocery stores, corner shops, etc.), mostly owned by women, do not know how to make and/or receive online payments in their businesses.
  - 1.6 Digitalization is an important step enabling MSMEs to adapt to changing market demands and stay competitive when communicating and dealing with customers and suppliers. The pandemic and social distancing made this more urgent. As a result, the use of applications (apps) to sell, send, and receive payments and promote a business through digital channels has become essential for sustaining and building a business during and after the pandemic.
  - 1.7 **Low levels of cooperative partnering and networking.** The small scale of many of the businesses run by Dominican women makes it difficult for them to quickly incorporate new technologies, access market data, and enter the market on their own. Obtaining training, financial management, or legal services, and/or specialized advice, is expensive, especially for small business startups. Similarly, equipping a business<sup>5</sup> is often costly when done individually and in isolation. The segregation of these small businesses precludes economies of scale that would minimize their costs and grow their revenues. Moreover, many women small-business owners are mobility-restricted by their domestic and care workload (up to 31.2 hours per week compared with the 9.6 hours that men spend on average).<sup>6</sup> This prevents them from participating in face-to-face meetings and from raising their level of cooperative partnering and forming mutual support networks.
  - 1.8 **Funding needs.** Only 32% of Dominican firms are owned or co-owned by women, and the figure drops to 14% in the case of those that are majority-owned by women. **Lack of financing is one of the greatest obstacles to entrepreneurship.**<sup>7</sup> Compounding this is the fact that female business activity is concentrated in low value-added activities of low productivity that are poorly integrated into international markets,<sup>8</sup> even in the case of nonsubsistence enterprises. In the Dominican Republic, women's business ventures are closely associated with difficulties of entering a labor market that has a very limited supply of formal jobs. Setting up a business is an alternative way to participate in economic activity, as a means to secure individual and family subsistence, and also as a way to harmonize vocational and family roles. Nonetheless, the financial inclusion index for women in the Dominican Republic is 56%,<sup>9</sup> four percentage points lower than the figure for men; only 20% of women obtain loans from a bank, compared with 25.5% of men; and only 1.9% have an e-money account (compared with 6% of men).<sup>10</sup> Lastly, 38% of the women surveyed<sup>11</sup>

---

<sup>5</sup> Inventory, technological hardware for business administration, etc.

<sup>6</sup> ECLAC 2019.

<sup>7</sup> Gender Parity Initiative of the Dominican Republic. Labor market characterization, 2019.

<sup>8</sup> IDB Sustainability Report: Social Sustainability, p. 51.

<sup>9</sup> Adults with a bank account, according to Global Findex Data, World Bank, 2017.

<sup>10</sup> IDB 2021, *Brecha de género en el acceso al financiamiento en Centroamérica y República Dominicana*.



stated that their businesses needed additional capital to purchase raw materials, strengthen their relations with suppliers, and digitalize their operations.

- 1.9 This situation provides an opportunity to test innovative solutions and ideas to reactivate the productivity of women entrepreneurs affected by the pandemic and make their business ventures more resilient and sustainable.

## II. THE INNOVATION PROPOSAL

### A. Project description

- 2.1 The **objective** of the project is to contribute to the sustainability of micro and small enterprises led by women in the Dominican Republic. Its purpose is to develop a digital ecosystem in the country that fosters business resilience, job creation, reduction of the digital divide, and access to financing.
- 2.2 To reduce the digital divide for SMEs led by women, the aim is to create a digital ecosystem for women entrepreneurs in the Dominican Republic known as the Digital Entrepreneur Community (CED) to help them expand their markets, send and receive electronic payments, increase their knowledge, share experiences, and access financing from any financial intermediary. The project will offer services that are tailored to the needs of women entrepreneurs in smaller businesses, to enable them to benefit from the potential that technology offers to their businesses, in a single place that is simple, open, and free for any woman entrepreneur.
- 2.3 **Innovation.** The project is innovative inasmuch as it intends to offer, in a single location, a virtual training portal, a digital showcase and online sales of their products in local markets, connection between female entrepreneurs with similar economic activities with a view to entering value chains and developing support networks, as well as mutual mentoring, and the integration of other apps that can add value to their businesses, all in one place.
- 2.4 The proposal will encompass various open-source solutions such as the **Moodle** platform (an e-learning app), and **Shopify** (an e-commerce app) to execute virtual training strategies and access markets through online sales. This will enable rapid deployment and involve a more gradual learning curve, since they are standard applications that are used for training processes and for the sale of products and/or services. It will also have **Progressive Web Access (PWA)** technology,<sup>12</sup> which enables any portal to function as a website and app simultaneously, working offline without the need for Internet connectivity. The latter is specially relevant given the current context of Dominican women entrepreneurs and the high cost of data plans. The adaptations will be consolidated in a web portal that will also function as a Digital Entrepreneur

---

<sup>11</sup> Survey of Banco Adopem customers to assess the current COVID situation, using a homogeneous database of men and women: phase 1 conducted between June-August 2020.

<sup>12</sup> System that combines a web application and a native app, which is more flexible for downloading. It can work online and offline and can be used on various types of mobile device (cell phones, tablets, PCs, etc.) Source: Commercial Proposal PWA Multisite Learning 10052022.

Community app, named **Comunidad Emprendedora Digital (CED)**<sup>13</sup> and consisting of the following components:

- 2.5 **Virtual training:** Small-scale women entrepreneurs will be able to receive specialized training by incorporating a free open-access online training platform via “Moodle,”<sup>14</sup> on which the content of a curriculum developed by the Adopem ONG Training Center will be covered and uploaded. This will provide training on various topics, such as financial literacy, business management skills, personal empowerment, and leadership. It will also develop skills and use of digital tools, digital marketing, and networking, complemented with sales strategies, advertising and marketing of businesses, and strategies for measuring sales through social media.
- 2.6 Training will also be provided in soft skills, as well as a focus on business plans and role-playing activities, and interactive videos will be uploaded to the platform to allow for simulation. In addition, there will be an **e-learning analytics** management tool,<sup>15</sup> a learning monitoring process that will make it possible to collect, measure, analyze, and report data on the students and their context in real time, in order to understand and optimize learning and the environments in which it occurs. The entrepreneur training process will be supported, coached, and monitored. As a distinguishing factor, the aim is to obtain official certification of their learning through agreements with official academic institutions.
- 2.7 **Digital showcase:** Small-scale businesswomen will be able to maintain an online storefront and buy and sell different products via **Shopify**. This facility seeks to reach new markets within and beyond the geographic area in which small-scale businesswomen traditionally operate. The CED’s digital showcase will include payment methods using **Tpago** e-wallets (a mobile app to link financial products from banks), as well as Paypal and bank transfer facilities, among others.
- 2.8 This tool will also enable women entrepreneurs to join value chains and partnerships, to scale up, enhance their capacities, and develop new ways of marketing their higher value-added products. They should also be able to collectively negotiate better prices from their suppliers in each line of business.
- 2.9 **Networking mechanism:** Women small-business owners will be able to share interests and hold online conversations with other similar entrepreneurs. The CED will enable them to connect with each other to offer mentoring and tutoring services, fostering peer-to-peer learning, increasing levels of networking, enhancing their sense of belonging, and boosting their self-confidence. This facility seeks to enable entrepreneurs to join networks of suppliers that can deliver their goods and/or services to larger customers. Initially, the network will serve to generate the necessary trust between entrepreneurs, and then later promote the exchange of goods under a business-to-business (B2B) scheme.

---

<sup>13</sup> The portal can be accessed via web and Android.

<sup>14</sup> Virtual learning platform, through which students, administrators, and facilitators interact under a single, integrated system.

<sup>15</sup> Learning analytics process that makes it possible to enhance the training, in terms of satisfaction, compliance, and coverage. Source: Itera IT Business Process Provider, PWA Multisite Learning Commercial Proposal, Process No. 10052022, p. 17.

- 2.10 **Access to financing:** The platform will connect small-scale businesswomen with financial intermediaries, which will provide loans to those who need working capital or investment funds. This channel will also provide funds for the purchase of technological equipment (cellphones, computers, software, etc.) to support the digitalization process in their businesses. Sales history will be managed by the entrepreneurs themselves and will serve as a guarantee for financial intermediaries to support the delivery of financing such as loans, credit lines, etc.
- 2.11 The initiative is complementary to the **Principles for Digital Development** that have been [endorsed](#) by the IDB Group. These include:
- Adoption, usability, and accessibility: The platform has a simplified interface and user experience designed to facilitate its use by citizens who are not familiar with digital interfaces, are not digitally literate, and do not master the language.
  - On the use of free and open-source technology: 70% of the platform is based entirely on free and open-source technology, without the use of restrictive, proprietary, or licensed technologies.
  - Data ownership and access: Entrepreneurs own their data and indicate the level and extent to which financial intermediaries have access to it. Information on sales, contracts, etc. will be used to leverage financing. However, this information will be provided by the users themselves at the time of seeking financing from any financial intermediary.
- 2.12 **Component I: Digital training for women entrepreneurs. IDB Lab US\$148,515, Counterpart US\$165,516.** This component will develop digital skills that increase and enhance knowledge in the use of mobile apps. This will enable the program beneficiaries to carry out commercial activities through social networks, send and receive digital payments, develop new modalities and ways to promote their products and services, and contribute to their leadership and economic empowerment, among other benefits.
- 2.13 The key activities are as follows: (i) development of the education portal through the Moodle app; (ii) development of digital content in the predefined teaching modules (financial education, digital marketing, business consolidation and leadership skills; (iii) a research study to support the training needs of women entrepreneurs; (iv) integration of apps to support the portal, such as e-learning analytics, technical services for managing Amazon Web Services (AWS),<sup>16</sup> and data management to support the entire process of monitoring, analysis, and reporting of data and thus obtain the measurement of data online. All of these processes will be accompanied by learning sessions, both face-to-face and virtual, to support change management in the different training levels and modules.

---

<sup>16</sup> Provider of cloud services, including the provision of computing resources and data storage. These services make it possible to adapt storage and data management capacity, without having to invest in infrastructure. Source: Itera IT Business Process Provider, Community v2 Commercial Proposal 06042021.

- 2.14 The following results are expected: (i) 5,000 women entrepreneurs trained<sup>17</sup> in skills to manage their businesses (financial education, planning, etc.) on the Moodle virtual education platform, which will later be integrated into the PWA technology; and (ii) 750 women entrepreneurs succeed in using digital technology in their businesses.
- 2.15 **Component II: Increased visibility for women-run businesses. IDB Lab US\$102,195, Counterpart US\$45,334.** The objective of this component is to promote the businesses of the program participants through the Shopify online tool, with which they can present and display their products and services on a single site, thereby facilitating their promotion and marketing. This activity will enable the women entrepreneurs to benefit from digital technology, by venturing into the online sales process, thereby providing them with greater visibility and increasing the exposure of their product range.
- 2.16 The main activities are: (i) the marketplace module that includes the provision of a digital showcase within the PWA Portal and its connectivity with **Shopify**, thereby making it possible to view the entire range of products and services offered by the women entrepreneurs and thus increase their sales volumes; (ii) 15 workshops to provide training in the use of this technology, through face-to-face and virtual sessions; and (iii) a communication campaign to promote and encourage use of this platform interface.
- 2.17 The following results are expected: (i) 1,800 women entrepreneurs will register their businesses on platforms via geographic locators, marketplace, social media, etc.; (ii) 1,400 women entrepreneurs will receive and/or send payments through digital platforms (CED, QR,<sup>18</sup> electronic links, TPago, etc.); (iii) 980 women entrepreneurs will transact<sup>19</sup> with customers through digital platforms.
- 2.18 **Component III: Creation of a digital network for women entrepreneurs. IDB Lab US\$26,490, Counterpart US\$3,150.** This component will create facilities within the platform to establish networking arrangements that foster cooperative arrangements and the sharing of experiences for the businesswomen who join the platform. This tool will facilitate connections between users and improve access to different business opportunities, such as group purchasing.
- 2.19 The main activities are: (i) creation of a social network and networking module within the PWA platform and; (ii) 15 training workshops to support instruction on the features of the online network.
- 2.20 The following results are expected: (i) 1,250 women entrepreneurs will implement new practices presented for the businesses through the CED social network; (ii) 15 cooperative networks will be created and launched by women entrepreneurs (general and/or individual); and (iii) 40 group purchases or events will be conducted to save costs.

---

<sup>17</sup> The target is 5,000 users, who can be trained in one or more education modules.

<sup>18</sup> Quick Response (QR) Code: QR code or barcode, used to store product and service data in digital format. Quick response code similar to a barcode.

<sup>19</sup> They will take reservations, orders, purchase and sale of products, etc.

- 2.21 **Component IV: Access to financing for business reactivation. IDB Lab US\$0.00, Counterpart US\$150,000.** This component will provide financing for the purchase of mobile tools to support the virtual training process and promotional media for program participants. The funds in question may also be used to boost the businesswomen's working capital or to meet any other need, with a view to empowering and capitalizing their enterprises.
- 2.22 The main activity involves the structuring of a financing product for program participants.
- 2.23 The following results are expected after three years: (i) two financial products designed and/or adapted to the needs of women entrepreneurs participating in the CED; (ii) 1,000 women entrepreneurs accessing the new financial product and service; and (iii) an average increase of 20% in the average amount of business financing provided to each woman entrepreneur.

**B. Project results, measurement, monitoring, and evaluation**

- 2.24 The direct beneficiaries will be women who run small and medium-sized enterprises, owners of beauty salons, grocery stores, minimarkets, hardware shops, and food services. Most of them are service enterprises, selling food and assorted items, among other products. The target is to reach a total of 5,000 small businesswomen by the end of the project, of whom more than 70% will be from rural and other vulnerable areas.
- 2.25 The main results include the following: (i) at least 2,820 businesses will be operating 12 months after participating in the program; (ii) 20% of the businesses that participate in the program will increase their gross sales by using digital platforms; (iii) at least 250 of the businesses in the program will pay at least the minimum wage to one or more employees; and (iv) 282 new jobs<sup>20</sup> are created by the women entrepreneurs for members participating in the digital community.
- 2.26 Banco Adopem has a monitoring and evaluation system for all of its projects. These proprietary tools will be adapted to monitor project activities, execute the activities, and obtain the expected results, as indicated in the results matrix and the proposed schedule.

**III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS**

**A. Alignment with the IDB Group**

- 3.1 The project is aligned with the **IDB Group's Vision 2025**, in terms of reactivation of the productive sector, specifically in relation to support for SMEs, fostering entrepreneurship and innovation to help boost aggregate productivity.
- 3.2 The operation is aligned with the **IDB Group's country strategy with the Dominican Republic for 2021-2024** in the priority area of "Sustainable and inclusive productive reactivation," as it supports and accelerates the digitalization of traditional firms and MSMEs. It also complements the priority area "Strengthening of human capital," by contributing to the development of technical skills and abilities with an emphasis on reducing gender and income inequalities.

---

<sup>20</sup> Paid jobs of at least 8 hours per working day.

- 3.3 The project is complementary to the **gender parity initiatives in Costa Rica and the Dominican Republic**, since it will implement training and empowerment activities to help reduce the gender-based wage gap in the technology sector, promoting greater participation by women in the workforce, in this case in the technology sector.
- 3.4 **The project is aligned with IDB Invest's 2020-2022 Business Plan and Administrative and Capital Budget Proposal** (document [CII/GA-80-2](#)), which maintains the commitment to the five key institutional priorities: (i) C&D countries; (ii) S&I countries; (iii) MSMEs; (iv) climate change; and (v) gender and diversity. This project is aligned specifically with the guideline policies on knowledge investment. Based on these policies, enhancing synergies within the IDB Group, where the knowledge advantages of the Bank and IDB Lab are highly complementary to those of IDB Invest, will be a driver of success for knowledge in IDB Invest.
- 3.5 The project contributes to **IDB Invest's Action Plan for MSMEs** (document [CII/GN-364-1](#)) and the **Financial Intermediaries Action Plan** (document [CII/GN-369-5](#)) because it recognizes MSMEs as a central focus of IDB Invest's efforts from its inception, and promotes synergies within the IDB Group to maximize the development impact of MSMEs. IDB Lab has the capacity to test experimental models, thereby complementing IDB Invest's ability to broaden the scope of MSME financing with the aim of closing gaps in the market.
- 3.6 The project is aligned with the United Nations Sustainable Development Goals (SDGs), specifically SDG 5 on gender equality, and in particular targets 5.5 (related to increasing women's participation in the social, political, and economic spheres) and 5b (on the use of technologies for women's empowerment). The project is also aligned with SDG 8 on decent work and economic growth, in particular target 8.10 on strengthening local financial institutions to increase access to finance for all.

## **B. Scalability**

- 3.7 The BBVA Microfinance Foundation will scale the model to Fondo Esperanza in Chile, Financiera Confianza in Peru, and Microserfin in Panama, entities that belong to BBVAMF and other partner institutions of IDB Lab. Adopem ASFL will serve as training facilitator and will make the platform accessible to small-scale businesswomen from other entities and other unbanked firms.
- 3.8 This model is part of a BBVAMF corporate project, which generates cost efficiencies through implementation in five of its microfinance institutions, synergies in the development of training content that is crosscutting and exportable to other entities, and lessons learned in terms of user experience, or motivation for microentrepreneurs to make use of the portal. The BBVA Microfinance Foundation also participates in the Action Coalition on Technology of the UN Women's Generation Equality Forum; and in the Alliance for Women's Digitalization in Latin America, led by the Chilean Ministry of Women's Affairs, where the *Todas Conectadas* portal is being created and where new resources and contents will also be launched.

**C. Project and institutional risks**

- 3.9 **Risk 1: High dropout rate.** Some of the program participants are likely to drop out of the program owing to the content and/or need for Internet connection on their mobile devices and business equipment. To minimize this risk, Banco Adopem plans to provide them with access to credit products that can be used to purchase new tools. The project will also facilitate partnerships with Internet service technology providers that will make it possible to supply new tools or data facilities to the women entrepreneurs. There is also a plan to develop a variety of educational contents, according to the businesswomen's needs, and supported by research studies, to gain a better understanding of their interests.
- 3.10 **Risk 2: New components and hidden costs that affect the incorporation of a module for sending and receiving electronic payments.** Banco Adopem plans to deploy an internal support structure in the technology area and draw upon support from partner institutions such as Mastercard and Tpagó, among others, which will contribute their experience and help minimize the risk of new components or needs.
- 3.11 **Risk 3: A large proportion of the beneficiaries are customers of Banco Adopem or related to it.** A large number of participants and beneficiaries may be customers of Banco Adopem, thereby minimizing the capacity to serve entrepreneurs who are not associated with the bank. To mitigate this risk, Banco Adopem will conduct open calls for applications, supported by a communication and marketing strategy to publicize the initiative. Banco Adopem also plans to use the available channels, alongside those provided by other partner institutions such as the Ministry of Women's Affairs, *Supérate*, and others.
- 3.12 **Risk 4: Lack of interest in using technology tools, both in the e-learning process and in the use of online sales channels.** Banco Adopem proposes direct and focused monitoring to support entrepreneurs in their interaction on the platform and to make the most of the benefits of virtual technology. After the pandemic, digital tools are needed to support people's interaction in all areas—education, sales, promotion, marketing and delivery, online banking, among other services. The Digital Entrepreneur Community (CED) is expected to support them in this process of adoption and change.

#### IV. BUDGET INSTRUMENT AND PROPOSAL

- 4.1 The project has a total cost of US\$800,000, of which US\$400,000 (50%) will be provided by IDB Lab as a nonreimbursable contribution (MIF) and US\$400,000 (50%) will be provided by the counterpart.

Project components	IDB Lab	Counterpart		Total
		Cash	Kind	
Component 1: Digital training for women entrepreneurs	148,515	165,516	0	314,031
Component 2: Increased visibility for women-run businesses	102,195	45,334	0	147,528
Component 3: Creation of a digital network for women entrepreneurs	26,490	3,150	0	29,640
Component 4: Access to financing for business reactivation	0	150,000	0	150,000
Execution unit	90,432	36,000	0	126,432
Evaluations, audits, and contingencies	32,368	0	0	32,368
<b>Grand total</b>	<b>400,000</b>	<b>400,000</b>	<b>0</b>	<b>800,000</b>
<b>% of financing</b>	<b>50%</b>	<b>50%</b>	<b>0%</b>	<b>100%</b>

#### V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

##### A. Description of the executing agency

- 5.1 **Banco Adopem de Ahorro y Crédito**, the project executing agency, was created in 2004 by the Dominican Women's Development Center, a microfinance institution with a mission to "improve the population's quality of life." It has extensive experience in serving the needs of low-income groups, particularly women, in the Dominican Republic. Banco Adopem will be the program's executing agency, with responsibility for coordination with the other project partners.
- 5.2 It has maintained strategic partnerships with Adopem ONG and other institutions to provide training to entrepreneurs, and it has implemented various projects with support from local and international organizations to benefit this population segment. In this project, Banco Adopem will provide the necessary financial and human resources, structure, and accumulated experience, serving the needs of low-income women. The project will be implemented in conjunction with the following partners:
- 5.3 **BBVA Microfinance Foundation:** BBVAMF is a nonprofit organization created in 2007 by [BBVA](#) in the context of its corporate social responsibility, with an endowment of 200 million euros and more than 160 years' experience, to support women in situations of vulnerability who have income-generating activities. The foundation's objective is to promote the sustainable and inclusive economic and social development of these entrepreneurs through its own "Productive Finance" methodology. Digitalization is a fundamental part of BBVAMF strategies as a way to contribute to the transformation of microentrepreneurs in the region. As a



partner in this project, it will contribute its experience to the benefit of vulnerable women who have income-generating activities, in the design of digitalization strategies as a way to contribute to the transformation of female microentrepreneurs in the region, while also scaling the project to the group's different microfinance entities. It will activate synergies in the creation of training content and partnerships with institutions that add value to the project. The foundation will evaluate the program's results, with a view to scaling it to Fondo Esperanza in Chile, Financiera Confianza in Peru, and Microserfin in Panama, all of which are entities linked to BBVAMF.

- 5.4 **Adopem Training Center:** The main activity of Adopem ONG and its Training Center is to implement training programs, projects, and activities targeted primarily at women and young people in the MSME sector who are in vulnerable conditions. It also provides human capital training for the institutions of that sector, targeted specifically to nongovernmental organizations (NGOs), financial intermediaries, and cooperatives. Its contribution to this project will draw on its vast experience in training this segment, providing human resources specialized in these topics, and contributing to the selection of the content of the modules to be considered and with the materials available.
- 5.5 **MasterCard:** One of the largest payment companies in the world, MasterCard processes more than 2.5 billion transactions per year. Mastercard opened an office in the Dominican Republic to meet the domestic demand for payment services, considering that 20% of businesses receive payments in digital form. Its main contribution to the project is focused on supporting women entrepreneurs in their process of business digitalization and transformation. It offers its technology, solutions, and channels to promote and facilitate the financial inclusion initiatives of Banco Adopem, among others that may arise by mutual agreement and interest.

## **B. Implementation structure and mechanism**

- 5.6 A project coordination unit will be set up within Banco Adopem, consisting of: (i) a project coordinator; and (ii) an administrator/accountant. The project coordinator will report directly to Banco Adopem's executive management, which will provide the physical and logistical structure needed to implement the operation effectively and efficiently. Banco Adopem will also be responsible for the counterpart funding needed to complement the nonreimbursable resources in executing the activities. In addition, it will submit semiannual project status reports through IDB Lab's project management platforms. As part of project governance, a working committee will be set up, consisting of one representative from each partner institution or organization. The committee will meet every three months to verify the progress of the project, implement activities under its responsibility, and make relevant suggestions in the project execution process, among other functions. Both IDB Lab and the project coordinator will participate in the committee meetings as observers. Banco Adopem will appoint a secretary.
- 5.7 Periodic coordination meetings will be held to decide upon action and implementation strategies. IDB Lab will support the executing agency in implementing the project and will participate in its strategic decisions.

## **VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 6.1 The diagnostic assessment of institutional integrity and capacity (DICI) evaluated risk as low, confirming that Banco Adopem has a financial management system that is acceptable to IDB Lab, and has a monitoring and accountability structure for presenting its institutional financial statements to the Bank. Project disbursements will be conditional upon fulfillment of the milestones, verified as agreed upon between the executing agency and IDB Lab. Compliance with the milestones does not exempt the executing agency from the responsibility of achieving the agreed upon results.
- 6.2 Unless the Bank decides otherwise during implementation, the executing agency's policies will be used for procurements. An annual procurement plan will be submitted, together with the annual work plan, for the procurement needed to execute the project and fulfill the milestones. IDB Lab will make an ex ante review of the technical aspects of procurements as it deems necessary, particularly those considered critical.
- 6.3 The executing agency will prepare its annual financial statements and keep them available to the Bank. Drawing on resources from the contribution, the Bank may review the financial statements and use of project resources, verifying financial and procurement practices.

## **VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY**

- 7.1 **Access to information.** The information contained in this document is classified as public upon approval under the Bank's Access to Information Policy.<sup>21</sup>
- 7.2 **Intellectual property.** All products, methodologies, and knowledge obtained as a result of the project will be owned by the Bank. The Bank may grant free public access to the information it deems relevant by granting the Creative Commons IGO 3.0 BY-NY-ND license

---

<sup>21</sup> Link to the Bank's Access to Information Policy.