

Women Entrepreneurs Finance Initiative (We-Fi)

Key results:

- Women entrepreneurs provided with access to equity, venture capital, insurance products, capacity building, networks and mentors.
- Women entrepreneurs provided and opportunities to link with domestic and global markets.
- Improved business environment for women-owned/led small and medium firms.

Justification for support.

- Women face many challenges to grow their businesses, including limited access to finance and capital, lack of access to technology and knowledge products, insufficient skills development and lack of networks.
- The objectives of We-Fi are relevant, both in a global context and in regions/countries where Denmark has significant cooperation engagements.
- We-Fi is directly compatible with Denmark's strategy 'The World 2030' in its focus on women entrepreneurs

How will we ensure results and monitor progress

- Monitoring will be based on We-Fi's results framework and its indicators.
- Danish policy priorities will be pursued through the Governing Committee.
- Denmark will seek membership of the Leadership Group, which will raise awareness and communicate results to a broad audience.

Risk and challenges

- Engaging in We-Fi and its diverse group of donors constitutes to a certain degree a reputational risk for Denmark.
- At the same time We-Fi is also an opportunity to engage in dialogue with partners, who may not be likeminded in all aspects of gender policies. Promoting business opportunities is less controversial than e.g. SRHR-issues.
- The We-Fi governance set-up and the role of the WBG constitutes a firm framework for donor coordination and development dialogue on gender issues that can mitigate any would-be challenges to the progressive goals of the facility.

File No.	2017-25210				
Country	Global (IDA and IBRD eligible countries and territories.)				
Responsible Unit	Embassy Washington				
Sector					
	<i>Mill. DKK</i>	2017			
Commitment	23				
Projected ann. Disb.	23				
Duration	2017				
Finance Act code.	06.38.02.12				
Desk officer	Anders Ørnekmark				
Financial officer	Jonas Henriques				

SDGs relevant for Programme 1,5 and 8

 No poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	

Budget (DKK million)

Women Entrepreneurs Finance Initiative (We-Fi)	23,0
Programme Support	23,0
Total	23,0

Strat. objective(s)	Thematic Objectives	List of Engagement/Partners
To address financial and non-financial constraints faced by women-owned/led small and medium firms in developing countries.	Mobilization of resources from commercial institutions and IFI's	- Women Entrepreneurs Finance Initiative (We-Fi) and its implementing partners
	Strengthening the Missing Middle	- Ditto
	Increased Access to Markets	- Ditto

Women Entrepreneurs Finance Initiative (We-Fi)

Development engagement document

(Annex A to Contribution Agreement)

Introduction

The present development engagement document details the objectives and management arrangements for the development cooperation concerning the Women Entrepreneurs Finance Initiative (We-Fi) as agreed between the parties. We-Fi is organised as a Financial Intermediary Fund (FIF) and the International Bank for Reconstruction and Development (IBRD) serve as trustee. The development engagement document is annexed to the Contribution Agreement with the IBRD and constitutes an integrated part hereof together with the documentation specified below.

Parties

The Royal Danish Embassy in Washington and the Women Entrepreneurs Finance Initiative, a FIF under the World Bank's Global Themes Vice-Presidency.

Documentation

"The Documentation" refers to the partner documentation for the supported intervention, which is outlined in the Contribution Agreement.

Background

Women entrepreneurs play a critical role in economic development by boosting growth and creating jobs, particularly for the poorest 40 percent of the global population. Yet, women face numerous challenges to financing, owning, and growing a business. It is estimated that women-owned entities represent just over 30 percent of formal, registered businesses worldwide. Yet, seventy percent of women-owned SMEs in developing countries are either shut out by financial institutions or are unable to receive financial services on adequate terms to meet their needs. This results in a nearly USD 300 billion annual credit deficit to women-owned SME's.

Lack of networks, knowledge, and links to high value markets further constrain female entrepreneurship. Moreover, unfavourable business and regulatory environments are among the barriers that still impede women entrepreneurs from accessing finance. The fact that many emerging markets financial institutions have yet to develop a sustainable strategy to address this significant market gap represents a missed opportunity and constrains private sector development.

To address these challenges, the World Bank's (WB) Board of Executive Directors in June 2017 approved the Women Entrepreneurs Finance Initiative (We-Fi), an initiative endorsed by the G20 Leaders at the 2017 Summit in July 2017. The initiative has been welcomed internationally, and many governments, including Australia, Canada, China, Denmark, Germany, Japan, Netherlands, Norway, Russia, Saudi Arabia, South Korea, United Arab Emirates, United Kingdom, and the United States, have pledged support.

Development Engagement Objective

The objective of We-Fi is to address financial and non-financial constraints faced by women-owned/led small and medium firms in IDA and IBRD eligible countries and territories. Thus, We-Fi is relevant for SDGs 1, 5 and 8 and the facility is compatible with Denmark's strategy 'The World 2030'. With its clear focus on women-led enterprises, We-Fi has the potential to be a very relevant initiative through which Denmark can promote both the gender equality priorities and focus on strengthening the SME sector in developing countries.

The We-Fi aims to achieve this by leveraging more than USD 1 billion in commercial and international financial institution finance for entities that provide women entrepreneurs with access to debt, equity, venture capital, insurance products, capacity building, networks and mentors, and opportunities to link with domestic and global markets; and for governments to improve the business environment for women-owned/led small and medium firms.

Since We-Fi is a multi-donor financial intermediary fund it is not possible to attribute specific outputs to the Danish financing. Therefore, it is not possible to develop a results framework or theory of change specifically for the Danish support. Instead the Danish contribution is based on We-Fi's theory of change (see annex 3), while reporting on the facility's progress will follow the overall We-Fi results framework (see annex 2). Through participation in the Governing Committee Denmark will be able to influence the further development of the We-Fi results frame and promote the establishment of a base line for monitoring of results. The Facility Level Results Framework includes a mix of output indicators capturing the financial mobilization objectives and the improved capacity of institutions to serve female SMEs, as well as intermediate outcome indicators – such as number, sales/profits, and employment creation, of the final beneficiaries. The Governing Committee may adapt tracking and monitoring, as well as add new indicators, based on lessons learned during the life of the Facility.

Risk Management

Key risks to be assessed in a FIF-supported partnership are defined by the WBG as strategic, stakeholder and financial. Mitigation strategies are in place in all three areas.

The strategic risks that activities financed by the Facility may not be aligned with the WBG's strategy and priorities or may duplicate other WBG financing will be mitigated through the Governing Committee and WBG's capacity as Trustee, Secretariat, and Implementing Partner. The risk that multiple Implementing Partners could result in fragmentation and duplication will be mitigated through the single governance framework and operating procedures agreed by all partners. The Governing Committee, supported by the Secretariat, will ensure coordination and harmonization across the Implementing Partners. When submitting funding proposals, Implementing Partners will be required to confirm that projects are consistent with respective country strategies and contain results frameworks.

Stakeholder risk will be mitigated by receiving funds from well-established contributors to WBG trust funds, the use of established FIF Implementing Partner entities, and approval by the Governing Committee of an Operations Manual that will clearly establish the decision-making role of the Governing Committee and roles and responsibilities of all parties.

Financial risk will be mitigated by the use of grant or non-reimbursable capital contributions to the FIF, and by Trustee commitments to Implementing Partners based on cash available in the trust fund. The risk that insufficient funds are contributed to render the Facility effective will be mitigated by the use of an 'effectiveness condition' i.e., that no project/program funding decisions may be made by the Governing Committee until contributions amounting to at least USD 100 million have been confirmed by way of signed contribution agreements with the Trustee.

We-Fi is unusual in its very diverse group of contributors, including partners not usually participating in donor coordination forums. At some level this particular group of donors can be said to constitute reputational risk for Denmark. On the other side We-Fi is also an opportunity to engage these usually not-aligned partners, and the IFI-set-up together with the role of the WBG makes for a firm framework for donor coordination and development dialogue on gender issues. Furthermore, Implementing Partners will have to demonstrate sufficient environmental and social safeguard measures before receiving support through We-Fi. Issues related to HRBA, Green Growth and Environmental risks will thus be handled by the We-Fi Secretariat's Management and subjected, if and when relevant, to discussions in the Governance Committee, where Denmark is a member.

Inputs/budget

So far USD 347 million has been pledged as support to the initiative, far exceeding the initial target of USD 200 million. As mentioned the ambition is to leverage about USD 1 billion in commercial and international financial institution financing.

Denmark has expressed political support to the We-Fi initiative and the intention to provide financial support to the tune of DKK 69 million over a three-year period. The amount reflects the threshold of USD 10 million minimum contributions to the We-Fi. By indicating a contribution of this magnitude Denmark has secured a position as a founding member of the facility as well as a seat in the Governance Committee. It has been a priority for Denmark to be able to engage fully in the We-Fi process in order to exercise influence on the design and management of the facility. Denmark is planning for an initial contribution of DKK 23 million in 2017 with a possibility of two additional contributions in 2018 and 2019. These contributions will depend on the progress and results of the We-Fi Facility and will be subject to the necessary approvals as per the Guidelines for Approval of Grants.

14 donors have joined We-Fi so far. Amounts are indicative and since the initiative is still open for additional contributors the overall figure may change.

Contributor	Amount Mio. USD	Amount Mio. DKK
Australia	10,0	66,3
Canada	15,9	105,4
China	10,0	66,3
Denmark	10,4	69,0
Germany	50,0	331,5
Japan	50,0	331,5

Netherlands	10,0	66,3
Norway	10,7	71,0
Russia	10,0	66,3
Saudi Arabia	50,0	331,5
South Korea	10,0	66,3
United Arab Emirates	50,0	331,5
United Kingdom	10,0	66,3
United States	50,0	331,5
Total	347,0	2.300,7

As can be seen from the table above We-Fi includes a number of donors that are normally not found in facilities promoting women's' development. It is fair to anticipate that these donors would not have made such substantial contributions to gender facilities had it not been for the establishment of the We-Fi.

Management arrangement

The We-Fi Governance Framework defines all procedures regarding the facility's governance and organizational structure. The Governance Framework consists of the Governing Committee, the Secretariat, and the Trustee. The Governing Committee is the supreme governing body of the We-Fi, while the Secretariat is responsible for managing the day-to-day operations. The IBRD serves as the Trustee for the We-Fi. The Trustee and the Secretariat, respectively, will submit work plans and indicative budgets to the Governing Committee for allocation annually. The Operations Manual sets out rules and procedures for Governing Committee business, as well as operating principles and guidelines for the operations of the We-Fi. This will include eligibility, resource allocation criteria, process and a common format for Funding Requests, disclosure and conflict of interest.

The Danish Embassy in Washington will represent Denmark in the We-Fi Governing Committee. Considering the heterogeneous group of partners who have pledged funding to the facility, Denmark has together with traditionally like-minded countries, an important role to play in this context. Commitment to the values and development goals outlined in "The World 2030" will guide this work together with a strong focus on results.

Financial Management

As is has already been established We-Fi is organised as a FIF where the IBRD serves as the Trustee. FIF's are financial arrangements that leverage a variety of public and private resources in support of international initiatives, enabling the international community to provide a direct and coordinated response to global priorities. The Trustee carries out its roles and responsibilities in accordance with the World Bank policies and procedures and receives funds from contributors and holds those funds in the FIF pursuant to the terms of contribution agreements or arrangements entered into with donors.

We-Fi is intended to run for a five year period plus another five year period to conclude the activities, thus totalling a ten year lifespan. However, the period may be extended based on

lessons learned or changing realities. Denmark will review its engagement in the facility in year three of implementation and will then decide on an possible exit strategy.

Monitoring and Evaluation

The results framework for the We-Fi is initially presented in the Operations Manual, subject to revision by the Governing Committee (see annex 2). Each Funding Request will include project-level indicators against which its performance will be monitored and assessed and will demonstrate alignment with the We-Fi results framework. Each implementing partner that receives funding from the We-Fi will report annually on progress and results for all activities to the We-Fi Secretariat, which will consolidate reporting into an annual implementation results report and submit it to the Governing Committee. All programs and activities supported under the We-Fi will have explicit commitments to monitoring and evaluation during implementation following the standards, procedures and requirements of the IPs directly concerned. The format and contents of the reports will be agreed upon with the Governing Committee

Implementing Partners proposals will be screened for the extent to which their results frameworks include indicators that a) monitor how women entrepreneurs and women-led SMEs are being supported through expanded access to financial services and markets and reduced regulatory or policy barriers, and b) measures the impact of financing and other interventions on the performance of women-led businesses. This measurement should occur at the program level, and there is flexibility to adapt tracking and monitoring based on lessons learned during the life of the Facility.

At this stage no initial baseline has been established and for most indicators measurable targets are still to be defined. In the Governing Committee Denmark will work to further develop the We-Fi results frame including the establishment of a baseline. Denmark will also advocate for tracking/verification studies and a strong focus on communicating results. Continued support to We-Fi may depend on these aspects.

The Danish Mission shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme.

After the termination of the programme support the Danish Mission reserves the right to carry out evaluation in accordance with this article.

Annex 1 Process Action Plan (PAP)

Date	Action	Responsible
12-13-09-2017	We-Fi Technical meeting	Embassy
26-09-2017	Appraisal started	KFU
03-10-2017	Appraisal process finalized	KFU
06-10-2017	Updated DED forwarded for approval by Undersecretary	Embassy/MKL
09-10-2017	Approval by Undersecretary	MKL
09-10-2017	Approval by Minister	MKL
10-10-2017	Commitment Letter forwarded to WB	Embassy
10-10-2017	Programme Document with appropriation cover sheet forwarded to KFU for publication on Danida Transparency	Embassy/MKL ->KFU
11-10-2017	Signing of the Contribution Agreement	Embassy
11-10-2017	Governing Committee Meeting – Approval of core documents	Embassy
14-10-2017	Launch event, Washington DC	Embassy
15-11-2017	DK Contribution transferred to WBG	Wmbassy
05-02-2017	Governing Committee Meeting – First Call for proposal	Embassy
20-04-2017	Expected first meeting of Leadership Group	Embassy

1. RESULTS FRAMEWORK

The objective of the We-Fi is to address financial and non-financial constraints faced by women-owned/led small and medium firms in IDA and IBRD eligible countries and territories. The We-Fi aims to achieve this by mobilizing more than \$1 billion in commercial and international financial institution (IFI) finance for institutions that provide women entrepreneurs with access to debt, equity, venture capital, insurance products, capacity building, networks and mentors, and opportunities to link with domestic and global markets; and for governments to improve the business environment for women-owned/led small and medium firms.

The Facility Level Results Framework includes a mix of output indicators capturing the financial mobilization objectives and the improved capacity of institutions to serve female SMEs, as well as intermediate outcome indicators – such as number, sales/profits, and employment creation, of the final beneficiaries. The Governing Committee may adapt tracking and monitoring, as well as add new indicators, based on lessons learned during the life of the Facility.

At least two of the Facility Level Indicators must be used in IP Results Frameworks. The We-Fi Facility Level Results Indicators that will be tracked are:

Objectives	Level	Facility Results Indicators	Description	Source	Frequency	SDG Linkages
Mobilization of at least \$800 million from commercial institutions and IFIs.	Output 1: New financing committed for women-owned/led SMEs.	Indicator 1: Amount of non-We-Fi financing committed by We-Fi supported institutions to activities for women owned/led SMEs, disaggregated by IDA/FCS. <u>Baseline:</u> 0 (2017) <u>Target:</u> US\$800 million	The amount (US\$) of non-We-Fi financing committed by We-Fi supported institutions for activities for women owned/led SMEs.	Secretariat/Implementing Agencies	Annual	SDG1 Target: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.
		Indicator 2: Amount of new financing given to women-owned/led SMEs by We-Fi supported institutions, disaggregated by IDA/FCS. <u>Baseline:</u> 0 <u>Target:</u> [TBD]	The amount (US\$) committed to women-owned/led SMEs participants by We-Fi served institutions. This indicator captures whether or not finance for women entrepreneurs and women owned/led small and medium firms has increased.	Secretariat/Implementing Agencies	Annual	SDG 8 Target: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
	Output 2: Strengthened Institutional Capacity	Indicator 3: Number of institutions (including financial services providers) that have updated or implemented a) new screening procedures, b) financial products or c) non-financial products/support services for women-owned/led SMEs, disaggregated by IDA/FCS. <u>Baseline:</u> 0 <u>Target:</u> [75 percent or TBD]	The number of institutions, including financial services providers that, as a result of the We-Fi's funding, have improved their ability to support women-owned/led SMEs.	Secretariat/Implementing Agencies	Annual	SDG 8 Target: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
		Indicator 4: Number of institutions that have put in place a system for capturing and reporting data on women-owned/led SMEs, disaggregated by IDA/FCS. <u>Baseline:</u> 0 <u>Target:</u> [TBD]	The number of We-Fi served institutions that have improved their monitoring and data collection systems on women-owned/led SMEs.	Secretariat/Implementing Agencies	Annual	SDG 8 Target: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
		Indicator 5: Number of rigorous impact evaluations supported by the We-Fi or of We-Fi supported activities. <u>Baseline:</u> 0 <u>Target:</u> [TBD]	The number of rigorous impact evaluations of We-Fi supported interventions commissioned by IP's (or their executing agencies).	Secretariat/Implementing Agencies	Annual	SDG 8 Target: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

		Optional Indicator 6: Number of companies that have collected sex-disaggregated data on women in their value chains and installed a procurement baseline/ and targets for procurement from women-owned enterprises, disaggregated by IDA/FCS. Baseline: 0 Target: [TBD]	Number of companies that have collected sex-disaggregated data on women in their value chains and installed a procurement baseline/ and targets for procurement from women-owned enterprises.	Secretariat/Implementing Agencies	Annual	SDG 8 Target: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
	Output 3: Improved Laws and Regulations	Indicator 7: Number of legal and regulatory reforms supported by We-Fi to remove constraints and support to women's entrepreneurship, disaggregated by IDA/FCS. Baseline: 0 Target: [TBD]	The number of reforms undertaken by the public sector to support the creation and growth of women entrepreneurs and women-led small and medium enterprises (SMEs). IPs to specify type of reform.	Secretariat/Implementing Agencies	Annual	SDG 5 Target: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws and Target: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
Strengthening the Missing Middle	Outcome 1: Increase in number female owned/led SMEs in entrepreneurship support programs.	Indicator 8: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi supported institutions, disaggregated by IDA/FCS. Baseline: [TBD] Target: [TBD]	The number of women entrepreneurs and women-owned/led small and medium enterprises (SMEs) in entrepreneurship support programs in We-Fi served institutions.	Secretariat/Implementing Agencies	Annual	SDG 5 Target: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.
	Outcome 2: Increase in number of new female-owned/led SMEs.	Indicator 9: Number of new women-owned/led SMEs supported by We-Fi institutions, disaggregated by IDA/FCS. Baseline: 0 Target: [TBD]	Number of new female owned/led SMEs. New is defined as those that become formally registered.	Secretariat/Implementing Agencies Annual	Annual	SDG 5 Target: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.
Increased Access to Markets	Outcome 3: Increased ability of women-owned/led SMEs.	Indicator 10: Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi served institutions that report increased sales or profits, disaggregated by IDA/FCS. Baseline: 0 Target: [TBD]	Number of women-owned/led SMEs in entrepreneurship support programs in We-Fi served institutions that report increased sales or profits.	Secretariat/Implementing Agencies	Annual	SDG 1 Target: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
Economic Growth	Outcome 4: Job creation by female-owned/led SMEs.	Indicator 11: Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs.	Number of direct jobs, disaggregated by sex, created by women-owned/led SMEs that have received financial or other support from We-Fi served institutions.	Secretariat/Implementing Agencies	Annual	SDG 8 Target: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target: [TBD]

Project Level Results Framework

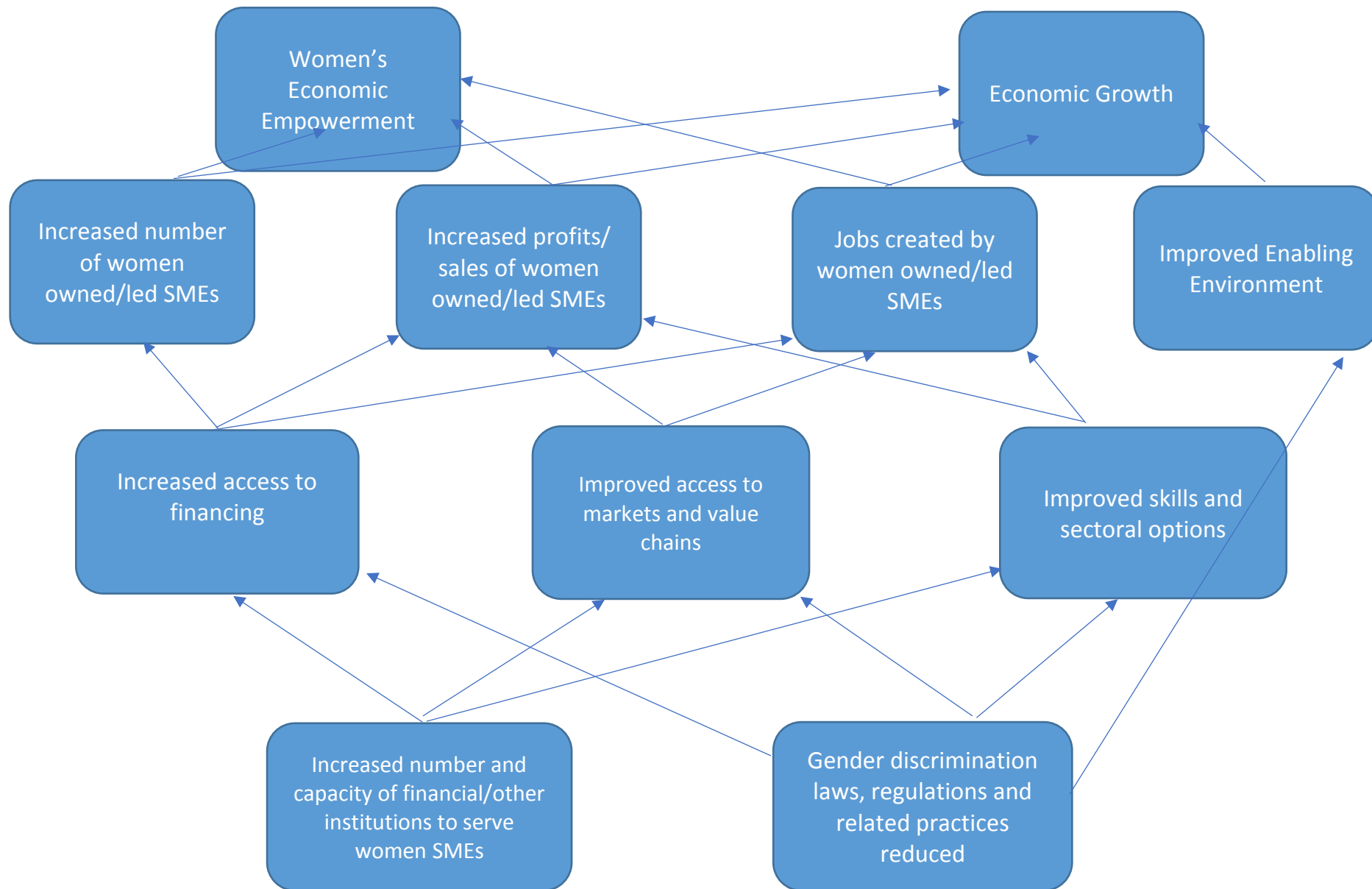
Indicator 12: Each IP will submit and track appropriate indicators at the project level linked to results for women entrepreneurs and women-owned/led small and medium enterprises (SMEs), disaggregated by IDA/FCS.
Baseline: 0
Target: [TBD]

Each IP will submit and track appropriate indicators at the project-level, based on its standard indicators, for women entrepreneurs and women-owned/led small and medium enterprises (SMEs).

Secretariat/Implementing Agencies

Annual

The objective of the We-Fi is to address financial and non-financial constraints faced by women-owned/led small and medium firms in IDA and IBRD eligible countries and territories. The We-Fi aims to achieve this by mobilizing more than \$1 billion in commercial and international financial institution (IFI) finance for entities that provide women entrepreneurs with access to debt, equity, venture capital, insurance products, capacity building, networks and mentors, and opportunities to link with domestic and global markets; and for governments to improve the business environment for women-owned/led small and medium firms.



Ministry of Foreign Affairs – Danida

Desk Appraisal
of
Women Entrepreneurs Finance Initiative Trust Fund
(2017)

F2 2017-25210

October 2017

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Abbreviations

DA	Desk Appraisal
DED	Development Engagement Document
DKK	Danish Kroner
E&S	Environmental and Social Safeguards
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IP	Implementing Partner
MDB	Multilateral Development Bank
MDTF	Multi-Donor Trust Fund
M&E	Monitoring and Evaluation
SDG	Sustainable Development Goals
SME	Small and Medium-sized Enterprise
TQS	Technical Quality Support
UN	United Nations
US	United States
USD	United States Dollars
WB	World Bank Group
WE-FI	Women Entrepreneurs Finance Initiative

1. Introduction

Small and Medium-sized Enterprises (SMEs) play an important role in economic growth and job creation in developing countries. While the SME sector in most developing countries has seen impressive development, it has not yet reached its full potential. Women-led/owned enterprises holds significant potentials but women face many challenges to grow their businesses. The challenges include limited access to finance and capital, lack of access to technology and knowledge products, insufficient skills development, and lack of networks.

To address these challenges, the World Bank Group's (WB) Board of Executive Directors in June 2017 approved the Women Entrepreneurs Finance Initiative (WE-FI), an initiative spearheaded by the United States (US) and Germany, and endorsed by the G20 Leaders at the 2017 Summit in July 2017. The initiative has been widely welcomed internationally, and many governments, including Australia, Canada, China, Denmark, Germany, Japan, Netherlands, Norway, Saudi Arabia, South Korea, United Arab Emirates, United Kingdom, and the United States, have pledged support.

Approximately USD 341 million has been pledged as support to the initiative so far. The ambition is to leverage about USD 1 billion. Denmark has expressed political support to the WE-FI initiative and the intention is to provide financial support to the tune of DKK 69 million over a three-year period. For Denmark, the planning perspective is an initial contribution of DKK 23 million in 2017 with a possibility of two more contributions in 2018 and 2019, depending on progress and results in the WE-FI Facility and subject to the necessary approvals as per the Guidelines for Approval of Grants.

The proposed program for this appraisal is the initial financial contribution to the WB managed Multi-Donor Trust Fund (MDTF).

2. Desk appraisal

Denmark has hitherto participated in the WB-led technical committee preparing the MDTF documents, but cannot continue participating in the Governing Committee (holding first meeting 11 October 2017) if the Contribution Arrangement has not been signed. As it is the Governing Committee, which will approve the WE-FI documents, including operations manual and monitoring and evaluation framework (M&E), it is a priority for Denmark to be able to continue engaging in the WE-FI process to exercise influence. Therefore, it is deemed necessary to bring forward the Danish approval process in order to sign on to the Contribution Arrangement and bringing the formalities in order to become a full member of the Governing Committee.

The overall objective of an appraisal is to provide an assessment of the proposed programme and the documentation. In view of the time constraints caused by the compact preparation process for the WE-FI Facility, it was not found feasible to conduct an appraisal by an external consultant fully in line with the Aid Management Guidelines. Considering that the support will be financial contribution to a WB-led MDTF where quality assurance will follow WB procedures it was found sufficient to have a Desk Appraisal (DA) based on the draft documentation. TQS (Birthe Elisabeth Larsen) conducted the desk appraisal (DA) during week 39.

The focus of the DA has been on the documents related to the MDTF, i.e. Contribution Agreement, the Governance Framework, and the Operational Guidelines (which includes the WE-FI Facility results frame). The WB working modality, where MDTF documents are discussed and finalised in the Governing Committee but subject to WB internal quality assurance and clearance before approval, means that the documentation available for the appraisal all are in draft form and yet subject to WB internal approval processes as well as possible further refinements by the WE-FI Governing Committee.

The DA acknowledge that the Danish DED mirrors the MDTF documents and that the MDTF documents constitutes annexes to the DED.

3. Preparation process

The WB, as the Trustee, handles the preparation process and liaise with Contributing Partners through the technical committee. The process follows the established practice for WB managed thematic Trust Funds, which, based on previous experiences, is assess to be adequate. It is not apparent from the documentation that WE-FI specific analyses have been or will be conducted as part of the preparation process, but the WB team handling the WE-FI preparation process has full access to the WB's significant knowledge-bank, and the Secretariat is staffed with very experienced WB personnel. The DA finds it safe to assume that there has been sufficient information to guide the preparation of the facility with access to analysis and studies from the WB.

Due to the size of the proposed initial grant, it is not required that the concept and financial proposal be present to the Program Committee prior to developing the DED. However, the total indicative amount pledged is USD 10,400,000 (corresponding to approx. DKK 69 million) over a 3-year period, why it is necessary to be cognizant of the requirements regarding presentation to Programme Committee.

- Considering the strategic interest of the WE-FI programme, and noting the accumulation aspect, it is recommended that the WE-FI facility be presented to the Program Committee for strategic guidance as part of the preparation of additional contributions tentatively planned for 2018 & 2019.

4. Project/programme

Relevance of the programme and its objectives

The objectives of WE-FI to address the financial and non-financial constraints faced by women-owned/-led SMEs in IDA and IBRD eligible countries and territories are relevant, in both a global context and in regions/countries where Denmark has significant development cooperation engagements. The WE-FI program is compatible with Denmark's strategy 'The World 2030'. The WE-FI Facility is relevant for SDGs 1, 5 and 8.

With its clear focus on women-led enterprises, WE-FI holds the potential to be a relevant initiative through which Denmark can promote both our gender equality priorities and focus on strengthening the SME sector in developing countries.

- The DED would benefit from being enhanced with language on the compatibility of the WE-FI with ‘The World 2030’ and with SDGs.

Results framework

The DED includes an extract from the WE-FI Facility results frame for purposes of Danida reporting. While the output indicators proposed for Danida’s reporting are relevant for reporting purposes, the DA notes that it is not possible to attribute specific outputs to the Danish financing in a MDTF and that it is not possible to develop a results framework (nor theory of change) specifically for the Danish support.

The WE-FI results frame is at facility level and yet to be finalised and approved by the Governing Committee. Implementing Partners (IPs) will develop results frames for each initiative receiving support from WE-FI, but this will only be done at the point of applying for funding from WE-FI, hence the WE-FI’s overall results frame is not demand driven but rather a top-down supply driven results frame, up against which the IPs will design deliverables. No baseline has been established for the WE-FI Facility results framework and for most indicators measurable targets are still to be defined. Continued international support to WE-FI may depend on WE-FI’s ability to document and communicate results.

- For completeness of Danida information, the overall WE-FI Facility results frame should be annexed to the DED.
- The DA proposes that Denmark’s engagement in the Governing Committee focuses on the further development of the WE-FI results frame, and that establishment of a base line is promoted.
- It is further recommend that Denmark through the Governing Committee advocate for the WE-FI Facility to undertake tracking/verification studies and communication of results.

Alignment and donor coordination

A MDTF is a useful vehicle for donor coordination and it ensures common adherence to the development effectiveness agenda across the partners in the MDTF. In this particular case, it is interesting to note the very diverse group of contributors to the WE-FI, including partners not usually participating in donor coordination forums, i.e. the WE-FI constitutes an opportunity to engage these ‘usually not-aligned’ partners in donor coordination and the development effectiveness agenda.

Strategic focus and institutional complexity

The WE-FI Facility’s strategic focus is expressed clearly in the Governing Framework, albeit quite broad as the Facility’s focus is on financing activities that will contribute to building a supportive ecosystem for women’s entrepreneurship. Further guidance is in the Operations Manual, where the type of activities and funding criteria are outlined.

However, the institutional set-up for implementation is very complex. Only accredited Multilateral Development Bank’s (MDB) are eligible to apply for support from the facility; the MDBs are expected to collaborate with other organisations, e.g. United Nation (UN), private sector, and national governments for implementation. This may cause a very long lead time from design over application and approval of funding, to actual implementation,

and the risk that total administrative cost will be very high is significant in a scenario where each part in the delivery chain is allowed to charge administrative overhead cost.

- It is recommended that Denmark, in the Governing Committee, advocates for simplifying the implementation model and encourage the Secretariat to identify actions that will lower total administrative costs.

Partner Commitment and capacity of partner institution(s)

The WB as the Trustee has demonstrated its commitment to the WE-FI Facility throughout the preparation process, and has the necessary capacity to manage the Facility. The WB has extensive experience in providing capacity development to partners, and likewise capacity to manage and utilise technical assistance. The eligible IPs are likewise institutions with extensive experiences in programme implementation and capacity building.

Management

The governance and management structure of the WE-FI Facility is clearly outlined in the Governance Framework. It includes a Governing Committee, a Secretariat, and a Trustee. The division of roles and responsibilities is sufficiently described. All contributing donors have a seat in the Governing Committee. The Secretariat, which is responsible for the day-to-day management, will carry out its role in accordance with World Bank policies and procedures. Denmark's prior experiences with WB managed trust funds are generally good. WB's policies and procedures, including financial management, will be sufficient to provide the necessary safeguards of the funds provided.

Considering the un-orthodox group of partners who have pledged funding to WE-FI it is the DA's view that Denmark has an important role to play in the Governing Committee and should utilize the opportunity to influence the finalization of the preparation process and the implementation process with focus on promoting Danish priorities. Hitherto, the Embassy in Washington has represented Denmark in the WB led technical committee preparing the WE-FI. The DA anticipates that the Embassy will continue to represent Denmark in the Governing Committee.

- It is proposed that the DED be expanded with a paragraph on the Embassy's role vis-à-vis MKL in the monitoring of the program and the Danish participation in the Governing Committee, including language on the issues the Danish representative will focus on in the Governing Committee.

Budget and sustainability

Based on the initial pledges, the anticipated amount available for the WE-FI Facility, is approximately USD 341 Million. Until each contributor has made their disbursement, it remains an estimate, as many countries pledges in their national currency. The perspective is to leverage up to USD 1 Billion. At this point in time, 14 donors has pledged contribution to the facility. Denmark's pledge to the facility meets the minimum requirement for participating in the Governance Committee. Denmark's pledge it at par with traditionally likeminded collaborates such as UK, Norway, the Netherlands, and Australia. Both the

pledged financial contribution as well as the number of contributors (14 as of today) indicates sufficient broad international support making it feasible to start a new facility.

Sustainability of the expected outcome of the programme

Based on the documentation it is not possible to say anything about the sustainability of the facility in the medium to long-term perspective.

The DED indicates anticipated Danish engagement for a three-year period. The MDTF documents are unclear on the actual duration of the Trust Fund and does not include a clear sun-set clause; it seems to indicate an initially planned 10-year duration for the Facility, which eventually could be extended.

- It will be helpful if the DED includes deliberations on the future Danish engagement after the anticipated financing period; an exit strategy should be outlined.
- The DA recommends that the WE-FI programme be subject to a review towards the end of year 3 of the programme. The review will inform the eventual further financing and/or the Danish exit from the MDTF.

The adequacy of the proposed monitoring system

The monitoring and evaluation (M&E) system is not yet fully developed. Design of the M&E system will be part of the further preparation process, and subject to approval by the Governing Committee, hence it is not possible for the DA to assess the adequacy of the system. As the WE-FE Facility will be managed according to WB policies and procedures, the M&E system will be subject to WB internal approval processes; hence, it is safe to conclude that the design of the M&E will be of a quality and standard at par with the Danida guidelines.

The DA notes that provision are included in the proposed agreement, which allows Denmark to carry out own technical or financial missions.

Risks

The DED captures the risk management matrix from the WE-FI documentation. Risk management at program level is solely dependent on the WB Secretariat's capacity to manage risk. The DA does not find it sufficiently clear how the WB Secretariat will ensure that the IPs' adherence to international best practice in Environmental and Social (E&S) standards and safeguards.

- Denmark should advocate for enhanced focus on monitoring IPs adherence to E&S best practice and ensuring that IPs have acceptable E&S safeguards in place.

The financing of WE-FI includes substantial contributions from UAE and Saudi Arabia, each at a level 5 times Denmark's contribution. These two contributors alone, combined, finance USD 100 million out of the total WE-FI estimated budget of USD 341. Other non-traditional partners may include Russia and China. Co-financing with non-traditional development partners in combination with IPs with whom Denmark has little or no implementation experience may, or may not, constitute an institutional risk for Denmark.

As mentioned earlier, the inclusion of non-traditional partners in the MDTF constitutes an opportunity, but it also includes the risk that Denmark may find it difficult to promote Danish values and priorities. This risk can be mitigated through forming alliances with likeminded traditional Danish partners.

- The DED should be updated with a paragraph on the institutional risk.

5. Process Action Plan (PAP) for the remaining preparation period

As no PAP was included in the documentation presented to the DA, the DA has, for guidance of the appraisal process assumed the following timeline for the remaining preparation period for the Danish contribution:

Time-line	Action	Responsible
26-09-2017	Appraisal started	KFU/Birthe
29-09-2017	Sparring Appraisal Peer-Reviewer	KFU/Hanne
29-09-2017	Discussion of 0-Draft Appraisal with Embassy	KFU/Birthe Embassy/Anders
03-10-2017	Appraisal process finalized	KFU
05-10-2017	Updated DED forwarded for approval by Undersecretary	Embassy/MKL
06-10-2017	Approval by Undersecretary	MKL
09-10-2017	Approval by Minister	MKL
10-10-2017	Commitment Letter forwarded to WB	Embassy
10-10-2017	Programme Document with appropriation cover sheet forwarded to KFU for publication on Danida Transparency	Embassy/MKL- >KFU
11-10-2017	Signing of the Contribution Agreement	Embassy

Birthe Elisabeth Larsen
KFU, 4 October 2017

Quality Assurance checklist for appraisal of programmes and projects above DKK 10 million¹

The checklist is signed by the appraising desk officer and management of the MFA unit submitting the proposal and attached to the grant documents. Comments and reservations, if any, may be added below each issue.

File number/F2 reference: 2017-25210

Programme/Project name: Women Entrepreneurs Financing Initiative Trust Fund

Programme/Project period: 2017 - 2018

Budget: DKK 23 million

Presentation of quality assurance process:

The quality assurance process has included consultations with relevant units in the Ministry. The preparation process for WE-FI has been very compact since the launching of the initiative at the G20 meeting in July 2017. An early start of the WE-FI initiative is a high priority by the WB and all the Contributing Donors. The first meeting in the Governing Committee is planned for 11 October 2017. Denmark has hitherto participated in the technical working group chaired by WB, which has prepared the facility. It is deemed important that Denmark be represented in the Governing Committee from its first meeting, hence the preparation process has not allowed for an appraisal of the proposal by an external consultant.

In lieu of an external appraisal, it was decided that TQS (Birthe Elisabeth Larsen) undertakes a light DA focusing on the WE-FI Trust Fund Agreement, the Governance Framework, and the Operational Guidelines. All documents presented to the DA are in draft form and yet subject to WB internal approval processes as well as approval of the WE-FI Governing Committee.

The design of the programme/project has been assessed by someone independent who has not been involved in the development of the programme/project.

Comments: Yes – the TQS staff has not participated in the preparation process.

The programme/project complies with Danida policies and Aid Management Guidelines.

Comments: Yes

The programme/project addresses relevant challenges and provides adequate response.

Comments: Yes

Comments from the Danida Programme Committee have been addressed (if applicable).

¹ This format may be used to document the quality assurance process of appropriations above DKK 10 million, where a full appraisal is not undertaken as endorsed by TQS (appropriation from DKK 10 up to 37 million), or the Programme Committee (appropriations above DKK 37).

Comments: Due to the size of the programme, it has not been deemed necessary to present the programme to the Programme Committee. It is anticipated that Denmark will also contribute to WE-FI in 2018 and 2019 – depending on progress and results of We-FI. Considering the strategic interest Denmark has in the program as well as the accumulation rule, the programme will be presented to the Programme Committee prior to preparation of new contributions.

- ❑ The programme/project outcome is found to be sustainable and is in line with the national development policies and/or in line with relevant thematic strategies.

Comments: Yes

- ❑ The results framework, indicators and monitoring framework of the programme/project provide an adequate basis for monitoring results and outcome.

Comments: It is not possible to attribute specific results to specific inputs in a Multi-Donor Trust Fund, hence Danida's reporting will be an extract of the overall WE-FI annual results reporting. The WE-FI results frame is still under preparation. Denmark, will through its participation in the Governing Committee be able to influence the further development of the WE-FI results frame and promote establishment of a base line for monitoring of results.

- ❑ The programme/project is found sound budget-wise.

Comments: Based on the initial pledges the anticipated amount available for the WE-FI facility is from the outset USD 341 Million. The WE-FI also enjoys widely international support as 14 donors have pledge contributions. The significant international backing and pledges seems feasible for starting a new facility. The perspective is to leverage up to USD 1 Billion. There are no absorption capacity constraints neither lack of management capacity in fund management.

- ❑ The programme/project is found realistic in its time-schedule.

Comments: The actual time frame for the Multi-Donor Trust Fund is not clear in the Trust Fund documentation and the documents does not include a sun-set clause. The indication is a 10-year period, but this may be extended. Denmark will review the facility in year 3 of implementation and will then decide on an possible exit strategy for the Danish engagement.

- ❑ Other donors involved in the same programme/project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

Comments: Yes

- ❑ The Danida guidelines on contracts and tender procedures have been followed.

Comments: WB procedures will be followed.

- The executing partner(s) is/are found to have the capacity to properly manage and report on the funds for the programme/project and lines of management responsibility are clear.

Comments: The WE-FI facility is a WB Multi-Donor Trust Fund. The Governance Framework and the Annexed draft Operations Manual clearly outlines the management structure for the WE-FI facility. A WB managed trust fund modality seems an appropriate mechanism for this initiative.

□ Risks involved have been considered and risk management integrated in the programme/project document.

Comments:

A risk management framework guiding the WE-FI facility is part of the Trust Fund documentation. In addition to this, it is noted that the inclusion of non-traditional partners in the MDTF constitutes an opportunity, but also constitutes a risk that Denmark may find it difficult to promote Danish values and priorities in the Governing Committee. This will be mitigated through forming alliances with likeminded traditional Danish partners in the WE-FI.

The specific issues related to HRBA, Green Growth and Environmental risks will be addressed by Trust Fund Management and subjected, if and when relevant, to discussions in the Governance Committee. Denmark will, inter alia, have focus on demanding implementing partners to have sufficient environmental and social safeguard measures in place.

In conclusion, the programme/project can be recommended for approval:

Yes

04.10.2017,

Birthe Elisabeth Larsen,

TQS appraiser

Date and signature of management: _____