

INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**PANAMA**

**PROMOTION OF AN ECOSYSTEM SUPPORTIVE OF WOMEN'S  
ENTREPRENEURSHIP AND BUSINESSES IN PANAMA**

**(PN-M1024)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of Carolina Carrasco (MIF/CCH), Project Team Leader; María Teresa Villanueva (MIF/DEU); Michelle Santamaria-Hernandez (MIF/CPN); Michelle Friedman (MIF/DEU); Georg Neumann (MIF/KSC); Nobuyuki Otsuka (MIF/AMC); Marta Patricia Aparicio (MIF/ATF); Carmen Mosquera (MIF/CPE); Laura Giraldo (MIF/DEU); and Anne Marie Lauschus (LEG).

Under the Access to Information Policy, this document is subject to public disclosure.

**PROJECT SUMMARY**  
**PROMOTION OF AN ECOSYSTEM SUPPORTIVE OF WOMEN'S ENTREPRENEURSHIP AND**  
**BUSINESSES IN PANAMA**  
**(PN-M1024)**

Companies led by women are crucial to a country's economic prosperity. However, women still face barriers and disparities: they tend to be overrepresented in informal microenterprises in the service or retail sectors. Women entrepreneurs outnumber men in Panama, but mostly start informal businesses with low growth potential.

The project supports the City of Knowledge Foundation in the implementation of an innovative model that promotes the development and growth of women-led businesses, contributing to the development of an ecosystem that fosters the creation and growth of women's businesses and ventures.

The project will develop a sustainable mechanism to promote training for women entrepreneurs and business owners, and generate knowledge for women's economic empowerment in the institutions that comprise the Panamanian entrepreneurial ecosystem. To achieve this goal, a comprehensive model of support, mentoring, training, and networking for women entrepreneurs and business owners will be implemented. Moreover, the project will create mechanisms for the generation of knowledge, skills, commitments, and actions for the economic empowerment of women in the institutions that comprise the Panamanian entrepreneurial ecosystem.

The project seeks to strengthen Panama's entrepreneurial ecosystem through the promotion, creation, and growth of companies led by women opportunity entrepreneurs and business owners, both in traditional sectors and fast-growing sectors of the Panamanian economy. It is expected to generate a demonstration effect on other women and young people who will view business ventures and entrepreneurship as a viable formula for development.

The project will implement a two-pronged intervention strategy, through business, entrepreneurial, and university women on the one hand, and the organizations that make up the Panamanian entrepreneurial ecosystem, on the other. Training will be provided to 2,400 women entrepreneurs and business owners whose companies show growth potential. Additionally, public and private institutions will receive assistance to develop support mechanisms targeted at women entrepreneurs and business owners.

The City of Knowledge Foundation (CdS), acting through the Panama Business Accelerator (AEP), will be the project's executing agency and will sign the agreement with the Bank. The AEP was created in 2000 as part of the CdS's strategy to promote entrepreneurship and innovation. Since its inception, the CdS has received international financial and technical support from the MIF, the World Bank and the European Union.

## CONTENTS

### EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE .....	1
	A. Diagnosis of the problem to be addressed by the project .....	1
	B. Project beneficiaries.....	3
	C. Contribution to the MIF mandate, the Access Framework, and the Bank’s strategy .....	4
II.	PROJECT DESCRIPTION.....	5
	A. Objective .....	5
	B. Description of the model/solution/intervention .....	5
	C. Components .....	6
	D. Project governance and execution.....	8
	E. Sustainability.....	8
	F. Lessons learned from the MIF or other institutions for project design.....	8
	G. The MIF's additionality .....	9
	H. Project outcomes.....	9
	I. Project impact .....	9
	J. Systemic impact.....	10
III.	MONITORING AND EVALUATION STRATEGY .....	10
IV.	COST AND FINANCING .....	11
V.	EXECUTING AGENCY.....	12
	A. Executing unit .....	12
VI.	PROJECT RISKS.....	13
VII.	ENVIRONMENTAL AND SOCIAL IMPACT .....	14
VIII.	COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS.....	14
IX.	INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY .....	14

## ANNEXES

Annex I	Logical framework
Annex II	Budget summary
Annex III	Quality for Effectiveness in Development (QED) matrix

## APPENDICES

Proposed resolution

**AVAILABLE IN THE DOCUMENT SECTION OF THE MIF PROJECT INFORMATION SYSTEM**

Annex IV	Itemized budget
Annex V	Preliminary list of milestones
Annex VI	Executing agency diagnostic needs assessment (DNA)
Annex VII	Executing unit and reporting requirements
Annex VIII	Compliance with milestones, fiduciary arrangements, and institutional integrity
Annex IX	Procurement plan
Annex X	Schedule of activities
Annex XI	Operating Regulations

## ABBREVIATIONS

AEP	Aceleradora de Empresas de Panamá [Panama Business Accelerator]
AMPYME	Autoridad de la Micro, Pequeña y Mediana Empresa [Micro, Small, and Medium-sized Enterprise Authority ]
APEDE	Asociación Panameña de Ejecutivos de Empresa [Panamanian Association of Business Executives]
CdS	Fundación Ciudad del Saber [City of Knowledge Foundation]
GEM	Global Entrepreneurship Monitor
ICTs	Information and communication technologies
INEC	Instituto Nacional de Estadística y Censo [National Institute of Statistics and Census]
PSR	Project Status Report
SENACYT	Secretaría Nacional de Ciencia y Tecnología [National Science and Technology Department]

**PANAMA**  
**PROMOTION OF AN ECOSYSTEM SUPPORTIVE OF WOMEN'S ENTREPRENEURSHIP AND**  
**BUSINESSES IN PANAMA**  
**(PN-M1024)**

**EXECUTIVE SUMMARY**

<b>Country and geographic location:</b>	Panama, Panama City, central provinces, and the province of Chiriqui		
<b>Executing agency:</b>	City of Knowledge Foundation		
<b>Access area:</b>	Access to Markets and Capabilities – Women's Economic Empowerment		
<b>Agenda:</b>	Women's Economic Empowerment; Access to Markets and Capabilities: Linking small businesses to value chains; Access to Financing: Finance ecosystems for early stage entrepreneurs.		
<b>Coordination with other donors/Bank operations:</b>	The project will coordinate activities with the UN Women regional office in Panama.		
<b>Direct beneficiaries:</b>	2,400 women entrepreneurs and business owners; 15 public and private institutions trained in developing support mechanisms targeted at women entrepreneurs and business owners.		
<b>Indirect beneficiaries:</b>	15,000 women with raised awareness of the importance of women's participation in the country's economy. Women beneficiaries of the programs and services offered through the Panamanian entrepreneurial ecosystem.		
<b>Financing:</b>	Technical cooperation:	US\$1,694,000	68% <sup>1</sup>
	Investment:	US\$ 000,000	
	Loan:	US\$ 000,000	
	<b>TOTAL MIF CONTRIBUTION:</b>	<b>US\$1,694,000</b>	
	Counterpart:	US\$ 735,700	32%
	Cofinancing (if any):	US\$ 000,000	0%
	<b>TOTAL PROJECT BUDGET:</b>	<b>US\$2,429,700</b>	100%

<sup>1</sup> This amount includes the contribution to the MIF's Impact Evaluation Account and Agenda Account.

---

<b>Execution and disbursement periods:</b>	36 months of execution and 42 months of disbursement.
<b>Special contractual conditions:</b>	Conditions precedent to the first disbursement: (i) the appointment of the Project Coordinator; and (ii) the implementation of the Operating Regulations by the executing agency.
<b>Environmental and Social Impact Review:</b>	The operation was screened and classified in accordance with the Bank's Environment and Safeguards Compliance Policy (OP-703). Because of the limited impacts and risks, the project was classified as a Category C operation.
<b>Unit with disbursement responsibility:</b>	MIF/CPN



## I. BACKGROUND AND RATIONALE

### A. Diagnosis of the problem to be addressed by the project

- 1.1 There is ample international evidence that increasing women's entrepreneurship is crucial to a country's long-term economic prosperity. According to the OECD, worldwide sustainable economic growth depends on women entering the workforce and tapping their skills and knowledge.<sup>2</sup> The report further notes that women often become entrepreneurs not out of a desire to generate value from innovative ideas or to develop a market, but to gain independence and flexibility, or simply out of need given the lack of alternative ways to generate income.
- 1.2 Since 2004, the World Bank has conducted studies and projects focused on promoting the participation of women in the private sector, in order to document and demonstrate the economic rationale for promoting the increased role of women in the labor force and business world, and their impact on development and poverty reduction in the countries.
- 1.3 Women still face barriers and disparities in this area: they tend to be overrepresented in informal microenterprises in the service and retail sectors. This is also true in Panama where women entrepreneurs, who outnumber men, primarily start informal businesses with low growth potential: close to 70% of women-led businesses are informal<sup>3</sup> and only 10% are export oriented.
- 1.4 Yet today the Panamanian economy offers interesting opportunities for the development of business ventures in general, and women's in particular. The country's economy recorded high growth rates in recent years, driven by the ease of doing business, strong foreign investment, and the development of financial markets. The service sectors in particular (financial, commercial, logistics, ICTs, etc.) organized around the Panama Canal have performed strongly. While the current unemployment rate is one of the lowest in the region (4.4%), once the major investments currently under way are completed (Panama Canal expansion, subway system, etc.), entrepreneurship is expected to play an important role in the economy. Economic development must be accompanied by measures to facilitate access to new skills and new challenges need to be taken up in sectors other than the traditional ones.
- 1.5 In the latest Global Competitiveness Report (2012),<sup>4</sup> Panama was ranked 40th among 144 countries, 9 notches higher than in the previous report, positioning itself as the most competitive country in Central America and the second in the region, after Chile (33rd). The report highlights Panama's strengths in terms of developing infrastructure, ports, macroeconomic stability, financial market efficiency, and

---

<sup>2</sup> Gender and Sustainable Development, OECD 2008.

<sup>3</sup> The Informality Map produced by the National Competitiveness Center (ATN/ME-11302-PN) (2010), estimates that there are 194,000 micro and small enterprises in Panama, of which 57% are women-owned, 70% of which are informal.

<sup>4</sup> <http://reports.weforum.org/global-competitiveness-report-2012-2013/>.

- openness to foreign investment. The report also identifies the following as challenges to achieving greater competitiveness: the quality of the education system, greater private sector investment in research and development, the development of innovation capabilities, and improvements in the areas of security and independence of public institutions.
- 1.6 With regard to female participation in Panama, the 2012 Global Gender Gap Report of the World Economic Forum ranked Panama 40th among 135 countries, noting that a higher proportion of women are gaining access to tertiary education compared with men. According to data from the Ministry of Education, in 2010 almost 22,000 people graduated from tertiary education, 64% of them women.<sup>5</sup> Yet, the labor force participation of women was 53% compared with 85% for men, with wage gaps of about 50%, and 25% of formal businesses have women in the ownership structure. Women match men in early-stage entrepreneurship, which, as has been mentioned, is concentrated in traditional sectors with low growth potential.
  - 1.7 It should also be noted that Panama's poverty rate remains above 32%, with high distributional (Gini coefficient of 0.52), opportunity, and geographic disparities.
  - 1.8 Women entrepreneurs and business owners in Panama face a number of barriers whose origin is multidimensional. The root cause, common to most countries in the region, is the sexual division of labor, which assigns men and women roles hierarchically differentiated in society and the economy, focusing productive roles on the former, and reproductive and care roles on the latter.
  - 1.9 Despite the fact that women's participation in the labor force has evolved positively in recent years, this deeply rooted social mandate creates disadvantages for women as they attempt to position themselves and move into leadership and decision-making positions in the professional and corporate world. Efforts are needed from several sectors to create awareness and modify the perceptions of men's and women's roles in society so as to achieve gender parity in the public and private realms.
  - 1.10 Panama's entrepreneurial ecosystem reflects this model and its inertia. The recognition of women's entrepreneurial role is limited to the role of women in microenterprise by necessity, without incorporating gender considerations in programs and decision-making processes related to innovative opportunity ventures, competitive business development, and business internationalization. It is necessary, therefore, to develop an inclusive entrepreneurial ecosystem—transforming gender structures, practices, and culture through actions in support of women's opportunity entrepreneurship.
  - 1.11 In 2000, with MIF and World Bank support, the City of Knowledge Foundation (CdS) started the Panama Business Accelerator (AEP). The AEP was created as part of the CdS's strategy to promote entrepreneurship and innovation and has since

---

<sup>5</sup> <http://www.contraloria.gob.pa>.

become the country's main institutional and technical benchmark in these fields. From 2005 to 2012, 2,316 emerging and existing entrepreneurs have received some form of technical and financial assistance from the AEP, of which 880 are women (38%). The AEP methodology is based on a funnel model that, in successive stages and depending on the degree of innovation, scalability, and growth potential, deepens the assistance and business support tools for men and women entrepreneurs who fulfill the requirements to move to the next stage of support. In the past seven years, a total of 105 businesses, of which 22 are headed by women, met the requirements to appear before the AEP's panel. Of the 105 businesses presented to the panel, 85 were accepted into the acceleration program, eight of which were women's enterprises or ventures.

- 1.12 In tandem with the AEP, the first network of angel investors, Venture Club, was created in Panama in 2007 to provide smart capital to ventures in the accelerator program. To date, 10 companies in the AEP portfolio have raised angel funding or seed capital from the National Science and Technology Department (SENACYT), two of them headed by women. Moreover, the AEP has come to play a key role in the leadership and coordination of the Panamanian entrepreneurial ecosystem, establishing different types of partnerships with public and private entities concerned with these issues. The AEP has emerged as a recognized voice in addressing processes aimed at the improvement and transformation of the Panamanian entrepreneurial ecosystem.
- 1.13 The above findings pose significant challenges for increasing the role of Panamanian women in the business world, both in terms of improving the entrepreneurial culture and building capacities and skills that motivate women to engage in sectors and business models with higher value added. Moreover, given the track record of women's ventures as viewed by the AEP, it is appropriate to adapt existing accelerator methodologies to the requirements of women, manage the communication and mobilization mechanisms suited to the needs of women, and emphasize the development of leadership and mentoring skills.
- 1.14 Thanks to its position in the Panamanian entrepreneurial ecosystem, the AEP will be able to act as an engine for change and leader in converting the ecosystem into one that is more inclusive and open to women's participation. This will be achieved through a strategy specifically designed to inform, identify, and raise awareness about the barriers and opportunities for improvement, and provide training, promote partnerships, and support initiatives that result in these organizations actively and effectively stimulating, as part of their core mission, the development of women's entrepreneurship in Panama.

## **B. Project beneficiaries**

- 1.15 The direct project beneficiaries are: (i) potential women entrepreneurs seeking to develop and grow a business idea; (ii) women business owners looking to grow their existing business; (iii) the men and women employed by project beneficiary companies; (iv) the City of Knowledge Foundation, which will develop a

comprehensive model for promoting women's entrepreneurship and businesses in Panama, and consolidate its role concerning gender mainstreaming in the country's entrepreneurial ecosystem; and (v) some public and private institutions in the City of Knowledge Foundation network,<sup>6</sup> which will receive support for the development of interventions to improve the level of knowledge and/or promote an ecosystem conducive to women's entrepreneurship and businesses.

- 1.16 Indirect project beneficiaries are: (i) women with raised awareness and informed through dissemination activities to help create an enabling environment for women's entrepreneurship in Panama; and (ii) a growing number of beneficiaries of programs and services provided by the institutions of the country's entrepreneurial ecosystem will receive services better suited to their needs and will benefit from better access to the resources managed by these organizations.

**C. Contribution to the MIF mandate, the Access Framework, and the Bank's strategy**

- 1.17 In line with MIF objectives, the project promotes inclusive development of the private sector, focusing on the growing role of women, which generates a direct impact on (i) the reduction of inequities; (ii) a better quality of life for women and their families; and (iii) the competitiveness and growth of the Panamanian economy.

- 1.18 **Link to the Agenda.** The project contributes to the objectives of the MIF's special topic "Women's Economic Empowerment," approved in 2012. Also, within the MIF Access Framework, the project is in keeping with the agendas Linking Small Firms to Value Chains (Access to Markets and Capabilities), and Ecosystems for Early Stage Entrepreneurs (Access to Finance).

- 1.19 **Complementarity with the Bank's strategy.** The operation is consistent with the Government's 2010-2014 Strategic Plan in terms of the development of human capital, with a strong emphasis on the growth engines, steering local training towards areas that will have the greatest impact in terms of generating income and improving labor quality. The Strategic Plan also addresses promotion of quality, state-of-the-art education, with equal opportunities for men and women. The proposal is also consistent with the GCI-9 priorities concerning the promotion of equity, and with the objectives of the Women's Economic Empowerment program approved by the MIF in 2012. In accordance with Bank priorities, gender is a cross-cutting theme to be integrated in the design of programs. The proposed operation complements the education sector equity objectives included in the Bank's

---

<sup>6</sup> Vital Voices Panama; Ministry of Trade and Industry; Micro, Small, and Medium-sized Enterprise Authority (AMPYME); Ministry for Agricultural Development (MIDA); National Science and Technology Department (SENACYT); National Women's Institute (INAMU); National Institute of Statistics and Census (INEC) at the Office of the Comptroller of the Republic; other key institutions of the Panamanian business fabric (Panama Canal Authority; Colón Free Trade Zone; Panama Pacific Agency, etc.); chambers of commerce; business associations; the Panamanian Association of Business Executives (APEDE); trade unions, universities, and financial institutions.

2010-2014 country strategy, focusing special attention on the need for technical education and human capital development among women who head micro and small enterprises.

## **II. PROJECT DESCRIPTION**

### **A. Objective**

The project will impact the development and growth of businesses headed and managed by women, thus reducing inequality between men and women at the corporate level, improving the performance of these companies and their access to financing, new markets, jobs, and income. The outcome is to contribute to the development of an ecosystem that fosters, in a structured manner, the creation and growth of women's businesses and ventures through a model that develops a sustainable mechanism to promote training for women entrepreneurs and business owners, women's participation in business networks, and the generation of knowledge and skills for women's economic empowerment in the institutions that comprise the Panamanian entrepreneurial ecosystem.

### **B. Description of the model/solution/intervention**

2.1 The project will implement a two-pronged intervention strategy, through business, entrepreneurial, and university women on the one hand (targeting strategy), and through the organizations that make up the Panamanian entrepreneurial ecosystem, on the other (cross-cutting strategy). This model, which leverages the AEP's existing experience and knowledge, will strengthen the entrepreneurial ecosystem in Panama through the promotion, creation, and growth of women-led businesses and opportunity entrepreneurs, both in traditional sectors and the more fast-growing sectors of the Panamanian economy. The model is expected to generate a demonstration effect on other women and young people who will view business ventures and entrepreneurship as a viable formula for development. The project will also help increase knowledge about female entrepreneurship in Panama, an area about which there is scant information.

2.2 To this end, a comprehensive support, mentoring, training, and networking model for women entrepreneurs and business owners will be developed to complement the existing AEP model, by: (i) adapting awareness-raising and information processes for universities and professional women; (ii) building capacities with an emphasis on the creation of networks and women's empowerment; and (iii) actively engaging women entrepreneurs in business opportunities. Special emphasis will be placed on improving access to financing according to the needs of enterprises and ventures, based on the life cycle of the projects and type of business. In the case of innovative initiatives with high growth potential, the project will deepen existing ties with SENACYT and will facilitate access to the Venture Club angel investors' network. Partnerships will be formalized with commercial banks, such as Bandelta and Centro Financiero Empresarial, to finance established micro and small enterprises.

- 2.3 The project will also develop mechanisms to generate knowledge, capacities, commitments, and actions for the economic empowerment of women in the institutions comprising the Panamanian entrepreneurial ecosystem.
- 2.4 The project will work actively with **existing women entrepreneurs** whose firms show growth potential, by taking advantage of opportunities to add value and engage in networking. This will have a demonstration effect and will mobilize change in **opportunity entrepreneurs**, which will be bolstered by the public and private **entrepreneurial ecosystem's** evolution towards greater gender inclusion through a series of actions specifically designed for that purpose.

### C. Components

**Component I: Strengthening and improvement of the institutional support network for women entrepreneurs and business owners. (MIF: US\$245,000; Counterpart: US\$55,000).**

- 2.5 The objective of the component is to develop knowledge, skills, methodologies, partnerships, and new practices within the institutions of the entrepreneurial ecosystem, to facilitate increased coverage of women entrepreneurs and business owners as beneficiaries of the support programs offered by such institutions and the development of services tailored to the specific needs of women. The component also seeks to deepen the understanding of the barriers faced by Panamanian women to launch and grow their businesses, and thereby facilitate the adaptation of support methodologies used by entrepreneurial ecosystem actors and promote the development of public policies.
- 2.6 The following activities will be carried out: (i) create a specialized unit and associated methodology within the AEP, to support the development and growth of women-led companies, and stimulate and coordinate actions that are conducive to greater inclusion of gender in the country's business structures; (ii) conduct studies to objectively assess the current status of the barriers women face in the development of businesses with high growth potential, and the extent and manner of women's participation in decisions, resources, and benefits offered by the Panamanian entrepreneurial ecosystem; (iii) conduct market studies to identify areas of opportunity for women entrepreneurs in Panama (demand), and assess the current status of female entrepreneurship (supply); (iv) systematize and transfer knowledge to other actors in the entrepreneurial ecosystem;<sup>7</sup> (v) raise awareness, provide training, formalize partnerships, and support other entities so as to create ad hoc mechanisms specifically aimed at women entrepreneurs and business owners.

---

<sup>7</sup> Ministry of Commerce and Industry, AMPYME, SENACYT, chambers of commerce, business associations, APEDE, Vital Voices Panama, local banks, universities, INEC, etc.

**Component II: Development and growth of women-led businesses (MIF: US\$799,650; Counterpart: US\$296,500).**

- 2.7 The objective of this component is to raise awareness, mobilize, train, and build the skills of women entrepreneurs and business owners to develop businesses with growth potential.
- 2.8 The following main activities will be carried out in three regions of the country: (i) mass awareness and information events; (ii) in-person and e-learning workshops to reinforce entrepreneurial skills, entrepreneurship, and innovation, aimed at women business owners and potential opportunity entrepreneurs; (iii) training workshops in entrepreneurship and business development; (iv) tailored acceleration support and business incubator; (v) implementation of a network and mentoring program on seed capital raising, angel investments, bank financing, etc., adapted to the needs of women entrepreneurs and business owners; (vi) creation of a network of women business owners and a business directory; and (vii) business matchmaking events to facilitate meetings, commercial activities, innovation, and investment between women business owners and entrepreneurs, large corporations, and other institutions.

**Component III: Communications and knowledge management (MIF: US\$357,350; Counterpart: US\$218,000).**

- 2.9 The objective of this component is to strengthen and support the importance of the role women play in the development of the country's economy, communicate about the barriers Panamanian women face to launch and grow their businesses and how to help overcome them, and develop an awareness-raising strategy to create a climate supportive of women's entrepreneurship and businesses in Panama. This component will also provide for systematizing project experiences and the model to support women entrepreneurs and business owners.
- 2.10 The component activities are as follows: (i) communication campaign and dissemination of information and knowledge: (a) media campaign to give visibility to successful program-supported cases of women's entrepreneurship and ventures, and to make available the knowledge generated by the Component I and III studies; (b) development of the Panama chapter for the Global Entrepreneurship Monitor<sup>8</sup> Women's Report; (c) Women Business Owners' Channel web portal, which not only reports on project activities and facilitates the creation of the network of women entrepreneurs and business owners, but also hosts the e-learning platform, which will make the project's technical assistance methodology available to women entrepreneurs and business owners participating in the program; (d) directory of women entrepreneurs as a mechanism to promote and give visibility to women-led enterprises, in terms of both business environment and access to financing;

---

<sup>8</sup> Since 1999, the GEM Report (Global Entrepreneurship Monitor) has been annually measuring entrepreneurial activity, aspirations, and attitudes in various countries. The GEM Women's Report examines the reality of entrepreneurial women in the countries and the differences with respect to enterprises led by men, thus contributing to public policy-making.

(ii) establishment of the project baseline and development of the monitoring system; (iii) systematization of the AEP acceleration model, including gender mainstreaming; and (iv) systematization of program experiences and lessons learned.

#### **D. Project governance and execution**

- 2.11 The project will be led by the City of Knowledge Foundation through the Panama Business Accelerator. The initiative goes to the heart of the future strategy for the AEP's organizational development and the systemic impact it seeks to generate in the Panamanian entrepreneurial ecosystem, in partnership with other actors.
- 2.12 The CdS/AEP will set up a project executing unit with the requisite structure to effectively and efficiently execute the activities and manage operation resources. The CdS/AEP will also be responsible for submitting project status reports. The details of the executing unit's structure and reporting requirements may be found in Annex 7 of the operation's technical files.
- 2.13 A coordination group will be established between project partner institutions that are part of the CdS network, to guide decision-making and the incorporation of mechanisms to support women's entrepreneurship and businesses. The MIF will be part of that group through the Bank's Country Office in Panama.

#### **E. Sustainability**

- 2.14 Project sustainability after the MIF contribution ends will be assured by permanently incorporating in the AEP intervention method, the relevant considerations for the inclusion of women in the business world as entrepreneurs and mentors, thereby strengthening the ecosystem in general. The AEP will use its own resources for program continuity and will continue to enter into national and international partnerships to promote female entrepreneurship and its role in the national economy.

#### **F. Lessons learned from the MIF or other institutions for project design**

- 2.15 Since 2007, the MIF has financed projects to promote women's entrepreneurship in Chile, Jamaica, Colombia, and Peru. Based on these experiences, as well as evaluations and studies conducted by the MIF and by other donors, this operation incorporates the following lessons learned: (i) recognize the importance of generating and gathering information and data to show the prevailing inequity affecting women-led enterprises at the country level, in order to design interventions that help generate greater growth opportunities for these businesses; (ii) design comprehensive interventions providing women entrepreneurs with training services, customized support (mentoring), access to training, mentoring, business networks, and access to financing focused not only on access to credit but also access to capital commensurate with the company's stage of growth; and (iii) in the intervention design, include activities to inform, raise awareness, and work in coordination with the different national public and private entities of the



ecosystem in order to promote the development and growth of enterprises so they will create a favorable climate for women's entrepreneurship and businesses.

**G. The MIF's additionality**

2.16 **Nonfinancial additionality.** The MIF's role is fundamental in providing a quality seal for the initiative given its track record and experience in entrepreneurship and business projects in the region. As a strategic partner in the transfer of knowledge, the MIF will also help establish contacts at the international level with other organizations developing similar initiatives.

2.17 **Financial additionality.** The MIF's financial resources are essential to allow the current AEP model to be adapted to the needs of women entrepreneurs and business owners and to develop knowledge and data to support the relationship between gender equity, women's empowerment, and economic growth.

**H. Project outcomes**

2.18 The anticipated outcome is to contribute to the development of an ecosystem that fosters, in a structured manner, the creation and growth of women's enterprises and ventures through a model that develops a sustainable mechanism to promote training for women entrepreneurs and business owners, and generates knowledge and skills for women's economic empowerment through the institutions comprising the Panamanian entrepreneurial ecosystem. The outcome indicators include:

- 350 women entrepreneurs and business owners receive customized support
- 100 women entrepreneurs and business owners implement viable business plans and are incorporated into the AEP
- 40 new women-led companies are formalized
- 50 women make up the mentors' circle
- 15 project partners have incorporated features into their mechanisms for delivering business services that help focus them on women entrepreneurs.

**I. Project impact**

2.19 The project will impact the development and growth of businesses led and managed by women, thereby reducing inequality between men and women at the corporate level and increasing innovation, economic growth, and employment in the Panamanian economy. The indicators include:

- 15 women entrepreneurs receive external financing (venture, seed, or banking capital)
- 50 women-led companies are added to the AEP portfolio
- 12 women's companies participating in the program start export activities or establish business partnerships with foreign businesses located in Panama

- 20% average annual increase in sales by women-led companies that are in the AEP portfolio

**J. Systemic impact**

- 2.20 The project will affect the entrepreneurial ecosystem through: (i) the creation of a permanent observatory on women's opportunity entrepreneurship in Panama; (ii) the creation of a specialized commission to design seed funding instruments to benefit women entrepreneurs and business owners; (iii) the submission to government authorities of a comprehensive plan of action to promote women's entrepreneurship; (iv) the incorporation of a gender perspective and gender indicators in business support programs by eight project partners; (v) the development by three financial institutions of financial products specifically designed for women entrepreneurs.

### III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** The City of Knowledge Foundation will be responsible for gathering the relevant baseline information for the Logical Framework indicators (Annex I) and the key indicators on the beneficiaries (see paragraph 3.1). The baseline will be drawn up in the first three months of project execution with the support of an external consultant using, among others, surveys, interviews, focus groups, and review of secondary information. The consulting firm contracted to prepare the baseline and record of key indicators on the beneficiaries may also be charged with preparing the Component III monitoring system and should have a minimum of five years' experience in the country and have developed similar systems. Component III will also finance the preparation of a directory of women entrepreneurs in Panama to serve as a baseline for the women's entrepreneurship activity at the start of the project.
- 3.2 **Monitoring.** The executing agency will be responsible for preparing and delivering project progress reports to the Bank, using the Project Status Report (PSR) system, within 30 days after the end of each six-month period, or more frequently, and on dates determined by the MIF, which will give the executing agency 60 days advance notice. The AEP will use the monitoring system developed under Component III. The PSR will contain information on project execution, achievement of milestones, project outcomes, and their contribution to achieving the project objectives, in comparison with the logical framework and other operational planning instruments. Within 90 days after the end of the execution period, the executing agency will deliver a final Project Status Report to the MIF that highlights results achieved, the sustainability plan, final evaluation findings, and lessons learned. At the end of each calendar year, the executing agency will submit, together with each year's second PSR, a report on the key monitoring indicators for the entrepreneurial and business activity of program beneficiaries as specified in paragraphs 3.1 and 3.2.

3.3 **Evaluation.** Two qualitative evaluations will be conducted: a midterm and a final evaluation to be commissioned directly by the MIF. The midterm evaluation will be carried out 18 months after the first disbursement or when 50% of the committed resources have been disbursed, whichever occurs first, and will include the following: (a) the relevance of project components and activities for the achievement of planned objectives; (b) an assessment of progress achieved during project execution based on the indicators set out in the logical framework, disbursement milestones, and Operating Regulations; (c) results achieved through execution of the components; (d) deviations from the project execution process; (e) lessons learned during project execution; and (f) recommendations, as appropriate, to adjust project execution in order to achieve the planned targets. Based on the progress reports and the midterm evaluation, the CdS/AEP and the project team will determine whether the project should continue, be adjusted, restructured, or partially or fully cancelled.

3.4 The project’s final evaluation will be performed after 36 months of execution or once 90% of the MIF funds have been disbursed, whichever occurs first. In addition to assessing the project’s operational performance, the evaluation will also provide lessons learned and recommendations for future similar operations addressing women’s entrepreneurship in Panama and throughout the region, to be disseminated to a wide public for the benefit of all interested parties. Though the project is an innovative intervention model as yet untested in Latin America and the Caribbean, it would appear to be the optimal means for achieving the desired impact and outcomes. It is expected to be able to narrow the knowledge gap in the venture market in the region. The final evaluation will provide feedback for the studies carried out under Component III.

The project does not provide for performing an impact evaluation.

#### IV. COST AND FINANCING

4.1 The total cost of the project will be US\$2,429,700, of which the MIF will contribute US\$1,694,000 (68%) and the counterpart US\$735,700 (32%). The execution period for the project will be 36 months, and disbursements will be spread over 42 months.

Components	MIF	Counterpart	Total
Component I. Strengthening and improvement of the institutional network	245,000	55,000	300,000
Component II. Implementation of technical assistance and development of networks of women entrepreneurs	799,650	296,500	1,096,150
Component III. Knowledge management and communications strategy	357,350	218,000	575,350
Administration	87,000	151,200	238,200
Evaluations	40,000	0	40,000
Audit and ex post reviews	25,000	0	25,000

Components	MIF	Counterpart	Total
Contingencies	20,000	15,000	35,000
<b>Subtotal</b>	<b>1,574,000</b>	<b>735,700</b>	<b>2,309,700</b>
<b>Percentage of financing</b>	<b>68</b>	<b>32</b>	<b>100</b>
Impact Evaluation Account	80,000	0	80,000
Agenda Account	40,000	0	40,000
<b>Grand total</b>	<b>1,694,000</b>	<b>735,700</b>	<b>2,429,700</b>

## V. EXECUTING AGENCY

### A. Executing unit

- 5.1 The City of Knowledge Foundation, acting through the Panama Business Accelerator, will be the project executing agency and will sign the agreement with the Bank. The AEP was established in 2000 as part of the CdS strategy to promote entrepreneurship and innovation. Since its inception, the CdS has received international financial and technical support from the MIF, the World Bank, and the European Union.
- 5.2 The Foundation’s history: Panama gained full sovereignty through the Torrijos-Carter Treaties (1977), which involved the devolution to Panama of sovereignty over the interoceanic canal and adjacent areas that had been under the control of the United States—a total area of 1,432 square kilometers. The area where the Clayton military base had been located was handed over under a commodatum for the Fundación Ciudad del Saber [City of Knowledge Foundation], a nonprofit organization legally established in 1995.
- 5.3 Today, the CdS is one of the most innovative centers in the region, hosting dozens of public and private organizations in areas such as information technologies, biosciences, environmental management, human development, and business management.<sup>9</sup>
- 5.4 **“Don Alberto Motta” Panama Business Accelerator.** The Panama Business Accelerator was conceived as part of the City of Knowledge Foundation’s strategy to foster entrepreneurship and innovation. The center promotes the creation and development of innovative enterprises with an international projection, and the transformation of existing companies to boost their competitiveness, in a dynamic environment in which to provide business services and support that allow them to grow and be successful. This is achieved by offering comprehensive administrative, technical, and coaching services and access to collaboration and business networks. The AEP was inaugurated in May 2000 under the name “Don Alberto Motta” Panama Business Incubator (IDEP),

<sup>9</sup> A list of public, private, and civil society entities located in the CdS may be found at [www.ciudadelsaber.org](http://www.ciudadelsaber.org).

- then renamed in 2002 as the Panama Technological Business Accelerator, with its own formal incubation model. In 2007, the name Panama Business Accelerator (AEP) was proposed and adopted so as not to limit its scope to the incubation of high technology business models.
- 5.5 The AEP Management Board consists of renowned and experienced entrepreneurs who play an important role in the operation of these networks, which also include a group of entrepreneurs who serve as mentors and investors for the ventures.
  - 5.6 The AEP has also established strategic partnerships with companies that provide business support for the ventures. It organized five Business Angels Forums where 11 ventures were presented, of which five raised US\$1.5 million in investments.
  - 5.7 Since it has been in operation, the AEP promoted the creation of the “Panama Business Angels Network” thanks to which the AEP-supported enterprises have created more than 300 direct jobs and registered five international patents.
  - 5.8 The project is fully aligned with the institutional work and mission to: (i) foster the creation and development of dynamic enterprises, tailored to the needs of the time, providing services and support through a business environment that allows them to grow and be successful; (ii) orchestrate elements appropriate to the entrepreneurial ecosystem that help generate enterprises, with special emphasis on managing networks that are relevant for each stage of the venture, as an element essential to the occurrence of all the other stages; (iii) serve as the modern link between talent, technology, capital, and know-how, thus supporting the gestation of new enterprises that contribute to the sustainable development of their communities; and (iv) support the development of businesses based on innovative ideas, offering value added and a development plan.
  - 5.9 The AEP has eight permanent staff and receives administrative, financial, and institutional support from the CdS.

## **VI. PROJECT RISKS**

- 6.1 A reversal in the positive trend in the country’s economy, caused by the current international turmoil, could affect the availability of financing for new businesses. This is a difficult situation for the project to mitigate; however, it has a low probability of occurring given the robustness of the Panamanian economy in recent years.
- 6.2 Cultural inertia and resistance by the business sector could keep women entrepreneurs in traditional sectors with low growth potential. This risk will be mitigated through the awareness-raising and communication actions shining a light on women whose cases will serve as project role models, and the work to train other relevant actors in the ecosystem.

- 6.3 Insufficient interest by women entrepreneurs and business owners to participate in the project. This risk is mitigated by the CdS's leadership position in the Panamanian entrepreneurial ecosystem, which gives it strong drawing power.
- 6.4 The institutions of Panama's entrepreneurial ecosystem do not implement actions to facilitate women's business ventures and entrepreneurship. This risk is mitigated by the awareness-raising and training actions carried out under the project with several relevant entities in the ecosystem.

## **VII. ENVIRONMENTAL AND SOCIAL IMPACT**

- 7.1 Pursuant to the Bank's Environment and Safeguards Compliance Policy (OP-703), the project was classified as a Category C operation. No negative environmental or social impacts are anticipated as the project will essentially finance technical assistance activities.

## **VIII. COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 8.1 **Disbursement by results and fiduciary arrangements.** The executing agency will adhere to the standard MIF disbursement by results, procurement, and financial management arrangements specified in Annex 8.

## **IX. INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY**

- 9.1 **Information disclosure.** There are no special considerations with respect to the Bank's Access to Information Policy.