

PROJECT NAME: Linking Women Small and Growing Businesses to Value Chains and Improving Gender Equity in Central America
PROJECT NUMBER: RG-M1242

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I. PROJECT SUMMARY

Women entrepreneurs have tremendous potential to contribute to job creation, growth, and national competitiveness. There is a strong positive correlation between economies that have more favorable enabling environment for women entrepreneurs and national competitiveness, which suggests that a thriving base of women entrepreneurs supports a country's overall growth.¹ Even though in the last decade, gender gaps in education have closed and even reversed in many countries, many women-led MSMEs have difficulty growing and sustaining their businesses due to challenges accessing much needed growth-oriented financial products and services, markets and value chains, and skills needed to improve business performance. In Central America, women also face unequal access to economic opportunities as business owners, leaders, employees and suppliers compared to men. There are fewer small and growing businesses (SGBs)² where women have leadership roles, and those SGBs with women leaders often face greater constraints to profitability and growth relative to their male counterparts. In addition, most SGBs in Central America do not adopt good gender equity practices in their businesses which limit greater female participation in the workforce.

With support from the Argidius Foundation, the *Impulsa Tu Empresa* (ITE) program, a business accelerator model based on tailored business advisory services, is currently being implemented in Nicaragua, Guatemala and Honduras. Specifically, ITE is a three-step, 18-month intensive program that supports SGBs to strengthen their access to markets/value chains and finance, and to improve their management skills. The ITE program recently begun providing business advisory and mentoring services to its first cohort of 270 SGBs (about 35% of which are women owned and led). Currently, the ITE model does not address women businesses' specific needs, nor does it focus on including them as participants to the program. The present project proposes to, with the MIF contribution, refine the ITE model's methodology to effectively support women SGBs' (or wSGBs)³ specific needs in Central America and increase the number of participant wSGBs. The objective is to improve the performance

¹ Women's Entrepreneurial Venture Scope, EIU, 2013.

² The project defines SGBs as enterprises that: a) are operating for at least two years, b) employ five or more people, c) earn at least \$20,000 in annual sales, and c) have investment plans requiring a minimum of \$20,000. The term SGB refers to enterprises that are growing, but growing below their true potential because of the constraints they face.

³ Women SGBs are defined as either: a) having women ownership of the business, b) having women in leadership roles, or c) being male-led businesses considering transitions in which a women would assume leadership (this is more frequently the case with family businesses).

and to promote wSGBs sustained participation in value chains thus contributing to their ability to grow and generate employment. In a market place where 80% of SGBs perceive challenges in selling to high quality supply chains of anchor companies, the project will play a catalytic role in connecting corporate partners to act as anchor companies to small growing businesses, with an emphasis on businesses led by women.

MIF additionality to this program consists of supporting the adaptation of the existing ITE methodology in order to target and address the advisory and management needs of wSGBs in particular and, in parallel, increase the amount of wSGBs participating in the program. In this sense, the project will: (i) tailor its recruiting strategy to reach and target wSGBs, and (ii) support activities geared to improve women's financial, management and marketing skills using effective combinations of technical assistance/training, one-on-one business advisory services, mentoring and coaching on leadership, managerial and networking capacity. An additional and innovative aspect to be incorporated in the current program will be the promotion of good gender equity practices among participating SGBs (including those from the first cohort) and anchor firms. MIF's contribution will also build on the current program by extending activities to El Salvador. To leverage non-financial additionality, the project will draw on the MIF's experience in linking small firms to value chains and will aim to improve the capacity of wSGBs to access new markets by linking to anchor firms.

II. PROJECT CONTRIBUTION TO THE ACCESS FRAMEWORK

The project contributes to private sector development by strengthening the business capacity of wSGBs in Central America and improving opportunities to link to value chains and access markets. It aims to promote the adoption of new skills and business practices by more than 600 growing businesses, facilitate their access to finance, business networks and new markets and build their capacity to link to value chains.

Linking Small Firms to Value Chain Agenda. The Program will contribute to the Agenda's results and knowledge by (i) tailoring an existing small business accelerator methodology to wSGBs' specific needs and (ii) linking effectively small firms to value chains.

WEempower Initiative. The Program will contribute to advancing the MIF's WEempower initiative by supporting women's business development and entrepreneurship, facilitating access to finance, markets, value chains and business networks for women entrepreneurs. The MIF is piloting a wide range of interventions to identify the most effective financial and market access interventions to help women entrepreneurs start and grow their businesses—whether they be microentrepreneurs or dynamic entrepreneurs leading high-impact firms. Priority areas include: access to SME finance, cost-effective mentorship and training models, and linking women-owned SMEs to markets.

III. INFORMATION

COUNTRY:	Regional (El Salvador, Honduras, Guatemala and Nicaragua)	TECHNICAL COOPERATION: INVESTMENT: LOAN: TOTAL MIF FUNDING:	\$ 1,750,000 \$ 000,000 \$ 000,000 <hr/> \$ 1,750,000	50 %
LOCATION:		COUNTERPART:	\$ 1,750,000	50 %
EXECUTING AGENCY:	TECHNOSERVE	COFINANCING (IF AVAILABLE):		00 %
ACCESS AREA:		TOTAL PROJECT:	\$ 3,500,000	100 %
AGENDA:	Linking Small Firms to Value Chains (LSFVC) WEempower	NUMBER OF DIRECT BENEFICIARIES:	630 SGBs of which 455 will be women owned or women-led (360 new cohorts and 95 represent the 35% of the first cohort).	
COMPLEMENTARY BANK OPERATIONS (IF ANY):		NUMBER OF INDIRECT BENEFICIARIES:	Approximately 5,425 employees and family members (total employees of the 630 SGBs+ family members of only the 455 wSGBs) broken down as follows: -Employees 630 x5 employees=3,150 + -Family members 455 x5members=2,275 <hr/> Total 5,425	
		QED SCORE:	7.57	

IV. PROBLEM DIAGNOSIS

The central problem the project aims to address is that SGBs, in particular wSGBs, are insufficiently linked to markets and value chains. A needs assessment for the project carried out by Goldman Sachs surveyed 10 anchor firms and 35 SGBs across the region, revealed that while anchor firms are interested in sourcing more from SGBs, the principal problems are volume, timing and quality. Over 63% of the SGBs surveyed have tried to establish commercial relationships to supply to large companies, with only half succeeding. Non-compliance with requirements of large corporations is the most frequent cause for failure to establishing commercial relationships for wSGBs. Women lack access to new, profitable value chains and markets. They tend to be concentrated in less profitable value chains and/or less profitable nodes of value chains. It is difficult for them to break into traditionally male-dominated more profitable value chains due to their sectorial concentration and lack of business networking mobility, lack of access to assets, to markets, to training, and to information, and lack of linkages to other value chain actors. Importantly, women entrepreneurs have fewer entrepreneurial network affiliations that could provide them with a source of connections to increase their business opportunities within the entrepreneurial ecosystem. In addition, women

entrepreneurs have more difficult access to finance. A recent MIF study⁴ shows that although financial institutions in the region have facilitated access to credit for women to meet their short-term working capital needs, much fewer have been successful in developing products that meet their needs for investment capital, which they require to grow more substantially.

A second problem that the project will address is that SGBs in Central America generally lag behind more developed countries' SGBs in implementing good gender practices, leaving untapped potential in Central America for positive development outcomes for women-headed households and low income women. When comparing women and men of equal age and education, men earn 17% more than women, with the salary gap increasing as salary increases⁵. Furthermore, compared to the world average of 40%, fewer firms fill leadership posts with women (20.5% in El Salvador, 19.8% in Guatemala, 27.7% in Honduras, and 31.9% in Nicaragua). With the exception of Nicaragua, target countries' working women have notably lower access to childcare and maternity leave benefits, further limiting their effective participation in employment (*Women's Entrepreneurial Venture Scope, The Economist Intelligence Unit, 2013*).

Causes for inability to link to value chains include:

- wSGBs have less opportunities to receive the training needed to improve their managerial and business skills to successfully improve market linkages.
- wSGBs have limited access to finance to upgrade and expand⁶. Growth-oriented women entrepreneurs are often unable to access financing beyond microcredit at a scale and interest rate appropriate for SMEs. The value of assets women entrepreneurs can use as collateral is often inferior to the value of assets owned by male entrepreneurs, which limits the size of the loan that women can obtain.
- wSGBs have greater difficulty accessing business networks that can generate improved market linkages and access to larger clients.
- wSGBs have less opportunities to receive the training needed to improve their products and may not consistently meet sourcing criteria (packaging, volumes, certifications, etc.) of buyers.

Causes for gender inequity in Central American SGBs include:

- Employer perceptions: Central American employers often perceive disadvantages with hiring women. Managers cite that female employees take more time off to tend to household responsibilities, and take maternity leaves. This may cause them to favor hiring males, and may cause them to promote males more often than females.
- Little value recognition of diversity: Studies indicate that greater staff diversity yields greater growth by enhancing creativity and innovation, improving understanding of customer needs, and

⁴ *Dueña de tu propia empresa: Identificación, análisis y superación de las limitaciones a las pequeñas empresas de las mujeres en América Latina y el Caribe*. Jennifer Powers and Barbara Magnoni, EA Consultants. Abril 2010.

⁵ (IDB, 2012) <http://www.iadb.org/en/news/webstories/2012-10-15/wage-gap-between-men-and-women,10155.html>

⁶ According to the WEVentureScope 2013 (EIU), the greatest barrier in LAC region is the fact that women are often unable to access financing beyond microcredit, particularly finance for investment or working capital through banks, equity or stock sales

assisting in the development of new products, services, and marketing strategies⁷. Central American SGBs may not be fully aware of these benefits.

- Incentives are not aligned: There is little outward incentive to establish more gender equal workplaces. There are few rewards for businesses that implement good gender practices.

Classify the problem in one or more of the following categories that most apply:

Market failure	<input checked="" type="checkbox"/>	Skill deficit	<input checked="" type="checkbox"/>
Institutional weakness	<input type="checkbox"/>	Collective action problem	<input type="checkbox"/>
Policy weakness/failure	<input type="checkbox"/>	Lack of appropriate technology	<input type="checkbox"/>
OTHER:	<u>Explain as needed</u>		

The project will benefit a total of 630 SGBs, of which 455 will be wSGBs (cohorts 2 and 3 plus 35% of cohort 1). The eligibility requirements are: (i) \$20,000 minimum sales (up to \$2 million), (ii) 2 years of financial records; and (iii) 5 employees or more. All sectors will be considered except primary agricultural production.

The typical beneficiary participating in cohort 1 has 14 employees, generates \$314,900 in annual sales, and has been in operation for 4 years. Many are family-owned and run enterprises and are active in areas such as food processing, apparel, textiles, leather, and ceramic manufacturing. The project aims to include firms in service sector (tourism, financial services, education, health, and information technology).

V. PROJECT DESCRIPTION

The objective at impact level is to increase sales/revenues in wSGBs, while promoting gender best practices. The results level objective is to sustainably link wSGBs to value chains. In order to achieve this, the project will tailor the *Impulsa Tu Empresa (ITE)* model⁸ to wSGBs' specific needs and contribute to increase the amount of wSGBs participating in the program. Furthermore, the project will add another gender dimension by promoting the incorporation of good gender equity practices in participating businesses. To that purpose, MIF's contribution will focus on carrying out specific efforts to identify small businesses in Central America that are led by women and have the potential to grow, provide support to effectively link them to markets, foster their access to finance and increase their overall profitability. For greater effectiveness and consistency, the project will seek to partner with existing women's business networks and other programs supporting women led-businesses in participating countries.

The current SGB accelerator model (ITE), launched in 2013 and funded by the Argidius Foundation, is being executed in alliance with local institutions in Nicaragua, Guatemala and Honduras with a first cohort of SGBs that is not specifically focused on wSGBs or their specific needs. . The Business

⁷ http://www.oneworkplace.org.uk/controller6e39.html?p_service

⁸ ITE as funded by the Argidius Foundation is currently implementing Cohort 1 (270 SGBs)

Accelerator methodology is implemented following three steps during an 18-month intensive program that allows SGBs to strengthen their access to markets and value chains, improve their management skills, and access finance to grow. The three phases are: 1) Call and Selection (2-4 months), (2) Training and Business Plan Development (2-6 months) and (3) Business Plan Implementation (12 months). During the call and selection phase, small businesses with the greatest potential to receiving and implementing advisory services are identified. This potential is assessed through the entrepreneur's commitment and its business growth potential. During the Training and Business Plan Development phase, the selected companies participate in training and advisory activities with the objective of elaborating growth-oriented business plans. The training and advisory services are delivered through a blended learning methodology, which includes online training, workshops, and personalized advice. At the end of this phase, business plans are evaluated and possible financing options are identified for the implementation stage. During the Business Plan Implementation phase, the best business plans are selected to receive advisory services with the objective of establishing a financing plan, improving financial management, production and marketing and multiplying linkages to national and international markets. During this last stage, companies receive advisory services in order to diagnose and fill skills gaps in market access (marketing strategy, sales and access to relevant networks), management (operations, human resources, legal and tax issues), and finance (access to finance and financial management).

With MIF support, TNS will tailor this ITE methodology to women led SGBs' specific advisory and management needs. First, in order to identify and incorporate women led SGBs specifically, the project will develop strategic partnerships with existing women business networks as well as a targeted marketing strategy focusing on the business sectors where women-led businesses are more likely to be concentrated. Second, in order to better address the advisory and management needs of wSGBs, the project will – by using effective combinations of technical assistance/ training, one-on-one business advisory services, mentoring and coaching on leadership, managerial and networking capacity – address the specific challenges faced by wSGBs. In particular, support to wSGBs will focus on: (i) increasing their access to longer term credit instruments and promoting greater incorporation of physical and human capital in their businesses; (ii) assisting them to reinforce their production management in order to comply with anchor companies' timing, quality and volume requirements; (iii) assisting them to build stronger business networks; (iv) promoting more balanced division of tasks in their households; (v) an important part of the effort to be conducted by the executing agency will also focus on working with MFIs and anchor companies in participating countries to showcase the benefits of serving the wSGBs market⁹ and achieve concretely greater financing of, and sourcing from these particular businesses; and, (vi) finally, an additional and innovative aspect to be incorporated in the current program will consist of providing technical assistance and training activities geared towards promoting the adoption of gender equity good practices among all participating SGBs (including those from other cohorts) and anchor firms to ensure that women have access to the same resources and opportunities as men, not only in terms of occupying leadership positions in companies, but also as employees of these companies.

Based on the opportunity of the established relations with the SGBs and the anchor companies, an innovative aspect will be incorporated to the business technical assistance: the inclusion of technical

⁹ As far as MFIs are concerned, women have higher repayment rates and, in terms of sourcing, women allow companies to expand their range of offerings and enhance their supply chain to better reflect their customer base.

assistance and training activities geared to promote gender equity among the anchor firms and all SGBs participating in the project, to ensure that women have access to the same resources and opportunities as men, not only as participants in the leadership of the companies but also as employees and part of the companies' value chain. For those SGBs already in cohort 1 the project will include a gender assessment and mainstreaming measures to ensure that women have access to the same resources and opportunities as male employees in businesses. The Project will help SGBs recognize the value of gender equity in their operations, and will help them implement gender best practices. The Project will also reach out to a wide range of leading anchor firms in each country to determine their interest in encouraging their suppliers and other business partners to implement good gender practices. If the Project can convince leading anchor firms to require good gender practices along their value chain, it will be easier for SGBs to recognize the value of implementing these.

Component 1: Improving business and product development skills

The objective of this component is to improve business management skills for wSGBs and facilitate planning for product development/improvement. The project will implement a business accelerator (based on *ITE*, 3 steps, 18-month intervention) with the objective of finding and strengthening SGBs with the potential to access higher value markets. The accelerator uses a set of proven tools and methodologies to provide tailored training, business advisory services and mentoring support. The project will be able to identify and reach to wSGBs that can participate in cohorts 2 and 3 of the program by (i) developing strategic partnerships with existing women business networks as well as (ii) a targeted marketing strategy focusing on the business sectors where women-led businesses are more likely to be concentrated. It will also focus on providing tailored support to wSGBs in terms of improving their production management to better comply with sourcing companies' timing, quality and volume requirements. Personalized advisory services will also be delivered to allow wSGBs to develop specific strategies to increase the level of physical and human capital in their businesses.

Component 2: Facilitating access to finance for wSGBs

The objective of this component is to facilitate access to finance through appropriate financial products for wSGBs. To support the **financial needs** of wSGBs the project will (1) conduct an updated mapping of financial products available in the four countries for the types of wSGBs participating and which financial institutions have specific market and product strategies targeting women entrepreneurs; (2) establish partnerships with local financial institutions willing to offer financial products tailored to wSGBs in relevant sectors; (3) establish partnerships with existing IDB initiatives such as the women entrepreneurship Banking (weB), angel and patient capital investors, investment funds (impact and traditional), and local financial institutions to support loans to participating SGBs; (4) incorporate a gender-sensitive approach, including coaching women through the different financial products available and understanding risks of the types of investments, including longer-term ones, and assisting them in negotiating loans; and (5) work with partner financial institutions to improve their understanding of the particular issues faced by women entrepreneurs aiming for improved long-term relationships between financial institutions and women clients.

The Project's emphasis on facilitating sales relationships between participating wSGBs and formal markets (value chains) will also help facilitate financing, as perceived market risk will be lowered due to the existence of contractual, longer term sales relationships.

Component 3: Facilitating access to formal supply chains and diverse networks

The objective of this component is to build vertical and horizontal business relationships for wSGBs. Key activities include: (1) outreach to potential anchor firms in each country to determine their needs, purchasing requirements, and to promote inclusion of wSGBs as suppliers/business partners; (2) matching needs with potential suppliers in each country, training and facilitating assistance from other support programs¹⁰ to help them meet these requirements whenever possible. It will also facilitate networking opportunities with existing business networks (Vital Voices, business associations and chambers of commerce); as well as meetings with potential suppliers of the products wSGB source (backward networking), and potential buyers (forward networking), including public procurement opportunities. An online platform will be developed which will allow women to access potential buyers as well as learning and networking opportunities whenever they want to, providing flexibility.

Component 4: Promote gender equity in the value chain (at SGBs and anchor firms)

The objective of this component is to provide services, tools and training on gender equity both to anchor firms and SGBs. The project will promote gender equity best practices across value chains. All 630 program participant SGBs (cohorts 1, 2 and 3) and partner companies will implement: 1) gender assessments, to help SGBs and anchor companies understand how currently “gender aware and inclusive” they are (as measured by the share of female employees, salary gaps between female and male employees with similar characteristics, the share of females in decision-making roles, etc.), 2) training modules, to help SGBs and anchor companies identify and learn good practices to establish a gender inclusive business environment, 3) development and application of a Gender Equity Scorecard, to assess the extent to which SGBs and anchor companies implement the said good practices and develop a more gender inclusive business. The Gender Equity Scorecard will include a set of indicators¹¹ to assess progress made towards achieving set goals. This tool and its results will be made publicly available on the online platform developed in Component 3, thereby allowing to see progress achieved by each company.

Component 5: Creating and disseminating knowledge

This component will create and disseminate knowledge, in order to fill two specific **knowledge gaps**: a) how to improve the access of wSGBs to markets and value chains and b) promoting good gender practices in value chains (anchor firms and SGBs). The Project will build on lessons from earlier projects with women entrepreneurs in Latin America (see section on lessons learned).

The knowledge objective of this Component will develop three **knowledge products**: 1) A “How to Guide” that systematizes the refined ITE methodology: In order to improve the access of wSGBs to markets and value chains, the Project will systematize and document the results and methodology so that they can be disseminated and shared with others. This will be directed towards knowledge gap a). The other two products attend to promoting good gender practices (knowledge gap b)), namely, 2) A “How to Guide” providing information on how to develop and use gender scorecards that assess the implementation of good gender practices in companies; 3) one case study documenting wSGBs’ implementation of improved practices and their results. The Case Study focuses on the causal relation between the newly implemented tools and the wSGBs’ improved practices. It is expected that these products fill the knowledge gaps, showing how wSGB can improve their access to markets and promote good gender practices. The knowledge produced will be disseminated in various

¹⁰ A number of other support programs have been identified for improving market access and broadening networks of wSGB. These include Agora Business Accelerator, Thrive Program, Emprendimientos dinámicos, Emprende Honduras, La idea (de USAID), Vital Voices, and the supply chain programs of private companies such as Walmart and SABMiller.

¹¹ Share of female employees, salary gaps between female and male employees with similar characteristics, the share of females in decision-making roles, among others to be defined.

forums, such as the ANDE annual conference and regional chapters, FOROMIC, the Cracking the Nut conference, and online media such as nextbillion.net.

Program sustainability

Sustainability is determined as the capacity to extend the benefits generated by the provision of the services offered by the Project at a local and regional level after the end of program's execution. These benefits relate both to those that occur at the level of direct project beneficiaries and also institutional integration according the program's scope.

Sustainability is also defined as the beneficiaries establishing long term commercial relationships with anchor firms and adopting more equitable gender practices in their business models because they internalize that it makes good business sense. The Project has been designed to ensure that participating wSGBs remain on a growth path after the Project is completed. The advisory services are designed to empower business owners and managers to obtain new skills that will support them as they unleash their growth plans and move into more sustained economic growth.

Key elements to ensure the sustainability of the program include: 1) linkage of wSGBs into existing, diverse networks, 2) support of entrepreneurs to become "investor ready" described in Component 2, 3) establishment of business relationships leading to continued sales, 4) mobilization of financing, and 5) establishment of the online service platform developed as part of Component 3. During the execution of the Project, possible business models will be explored to develop revenue streams that enable the platform to be financially sustainable

In relation to institutional integration, the Project will establish alliances with local universities that host the business accelerator with gender equity as well as with government agencies dealing with Micro, Small and Medium Enterprises competitiveness and/or gender and diversity issues, which will ensure sustainability and that this methodology and knowledge products are widely used. In past experiences, such as in the *Program for Economic Development in San Martin, Peru*¹², an agreement with the National University of San Martin was reached and a Memorandum of Understanding was signed in order to transfer the methodology and establish a business accelerator to promote entrepreneurship. In parallel, an agreement with COFIDE¹³ to transfer the methodology and program contents of the business accelerator was reached, COFIDE will use the business accelerator methodology to promote business development of Micro and Small Enterprises. Finally, the required technical documentation for the "Improvement of business development services to youth in the Department of San Martin" project was turned in to the Ministry of Finance to promote entrepreneurship among rural youth and provide business development services to youth owned businesses in San Martin. In the case of the *Andean Business Competition Program* (RG-M110414), TechnoServe established partnerships in different countries to ensure the sustainability and continuity of the initiative such as Corporación Ventures (Colombia); Cerveceria Nacional's "Siembra Futuro" (Ecuador) or SOBOCE¹⁵ "Emprende Ideas" (Bolivia).

Previous experience working with TechnoServe:

¹² Financed by USAID

¹³ Corporación Financiera de Desarrollo

¹⁴ Executed in Ecuador, Bolivia, Peru, Colombia, Chile, and Venezuela, TechnoServe filtered through over 10,000 business ideas, helped 800 entrepreneurs complete business plans, facilitated over \$500,000 in financing, and helped businesses generate \$8.8 million in incremental sales and 1,480 new jobs. Its aftercare program benefited 600 participants, 41% of which were businesses headed by female entrepreneurs. PSRs can be found in <http://mif.iadb.org/operations/psr/view.aspx?oper=ATN/ME-10509-RG>

¹⁵ Sociedad Boliviana de Cemento

The following FOMIN projects have been executed by TechnoServe or are in execution:

The abovementioned Andean Business Competition (BPC) Program (RG-M1104) was executed successfully. The program's cumulative performance was very satisfactory and the target performance indicators were achieved or exceeded. The program had a positive impact in the entrepreneurs who both through quantitative (incremental sales, job creation, businesses operating with sales, etc.) as well as qualitative indicators (increase in own investment, confidence, book keeping, etc.)

Haiti Hope Project (HA-M1034), which provides technical assistance and market linkages for smallholder mango farmers in Haiti. According to the PSR, the project is performing satisfactorily despite some issues with replacing key staff at the Project Executing Unit and some delays in executing some activities¹⁶.

Previous experience implementing entrepreneurship, gender, supply/value chain programs:

Linking small firms to value chains. The project will build on previous and current experiences in value chain projects (linking small firms to value chains), on the supply, production and marketing/sales links of the value chain, particularly on recently executed project in Peru and Ecuador (Inclusive Business Development at the Base of the Economic Pyramid, EC-M1035 and PE-M1050, both approved in December 2007) and in Central America (Economic Inclusion of the Base of the Pyramid, RG-M1131 approved in July 2008) as well as entrepreneurship and projects with a strong gender component. Lessons learned from previous projects linking small firms to value chains suggest that access to financial support for MSMEs is key to implement much of the improvement plans identified during the training sessions they attend. Component 2 of the project will focus on facilitating access to finance for wSGBs through appropriate financial products.

Women's Entrepreneurship. Experience and lessons learned from i) PE-M1066 "Strengthening Women Entrepreneurship in Peru" (2009), (ii) JA-M1016 "Strengthening and Promoting Women Entrepreneurs in Jamaica" (2010), (iii) CH-M1016 "Promoting Women in Business" (2007), and (iv) CO-M1050 "Creation of Sustainable Women-Owned Businesses in Colombia" (2008) suggest that: 1) tailored, longer, intensive training may be more effective for women entrepreneurs' business growth; and, 2) one-on-one advisory services combined with training leads to greater learning outcomes. Efforts will be made to tailoring the training curriculum for women entrepreneurs and to pairing training learning with one-on-one advisory services and peer networks. Attention will also be paid to women's domestic responsibilities; training format will be adapted to their time availability.

Lessons learned which will be incorporated into project design:

- The Program website is a powerful tool to inform potential participants about the benefits of participating; however, this alone is not sufficient to recruit applicants, especially wSGBs. Project personnel will visit directly with potential wSGBs, and will work with other networks and organizations to motivate women led businesses to apply, replicating the successful process undertaken in cohort 1.

¹⁶ For more details check the PSR at <http://mif.iadb.org/operations/psr/view.aspx?oper=ATN/ME-12172-HA>

- There are two key elements to succeed in improving business performance with the intervention: 1) Careful selection of participants and 2) tailored advisory services to the SGB needs.
- To encourage adoption of the gender inclusion scorecard and other measures, the Project will have to define clearly the value proposition (business case) for SGBs, for example, partnering with large corporations that already value gender inclusion in their procurement processes.

VI. MIF ADDITIONALITY

MIF Financial Additionally: With MIFs financial contribution, the ITE project will have a specific focus on wSGBs and will reach an additional 360. MIF funding will also allow the project to be expanded to El Salvador, increasing its scale and impact across the region.

MIF Non-Financial Additionally: The MIFs non-financial value added is its expertise in designing and supervising projects that aim to a) link small firms to value chains and b) create greater economic opportunities for women entrepreneurs.

VII. RESULTS INDICATORS

- 455 wSGBs linked to formal value chains
- 20 anchor companies partnering with wSGBs
- 200 wSGBs obtaining financial services
- 270 of SGBs (from cohort 1) adopting good gender practices

VIII. IMPACT INDICATORS

- 50% in Sales/Revenue growth of wSGBs in comparison to baseline
- 1,000 of female employees benefiting from SGB adoption of good gender practices (e.g. increased opportunities to training, promotion to leadership positions, increased hiring of female employees)

IX. SYSTEMIC IMPACT

The proposed project could create systemic impact through scale, replication and influence as per the following:

- a. By developing a business **model** promoting wSGB growth that will be implemented in different countries of Central America and that will contribute to catalyze innovations in the areas of women entrepreneurial development in the region. There will be tools developed by the Project that will allow incorporating gender equity issues in business development, incubation and acceleration initiatives. The project will contribute to changing common perceptions about the profitability of providing loans to women-led MSMEs and about the benefits of doing business with them.

- b. The participative process of developing the Gender Inclusion Scorecard, involving both the **public and private sector** as well as gender experts could result in wide-scale buy-in, and promotion of scorecard among wider audiences that would improve programs and policies.
- c. Partnerships with **anchor firms and other partners** would help achieve wide scale adoption of the Gender Inclusion Scorecard, and resulting implementation of good gender practices, and dissemination of this scorecard and these practices could lead to wider adoption among Central American businesses. By motivating anchor firms to pressure their suppliers and other stakeholders to adopt good gender practices, the Project could result in these practices being adopted by others not directly supported by the project.

The overall systemic impact of the project could be measured by and contribute to indicators identified in the Bank's Draft Corporate Results Framework: *# of MIF-introduced models scaled in LAC, # of new improved public sector programs, policies, regulations, or legal frameworks established with MIF input and # of strategic partnerships catalyzed towards systemic impact*¹⁷.

X. BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS

Baseline data for all project participants will be collected after they are selected to participate. Monitoring and evaluation staff will track the sales and financial information for each SGB on a monthly basis for the duration of the project. This will be done through a survey instrument and verified by collecting financial records for each participating company. Baseline information will allow measuring the progress and change achieved by project beneficiaries through the Midterm and Final Evaluations.

A midterm evaluation will be conducted at the midpoint of the project to determine key results from the first cohort and second cohort. The evaluation will identify those areas in which the project is succeeding, and those that need improvement in order to adapt as necessary.

A final evaluation will be conducted at the end of the third cohort. Results for all participating SGBs will be compared to baseline information. Collecting information on indicators for another two years after finishing the project would be considered.

Potential final evaluation questions include:

- To what extent was the Project successful in helping SGBs integrate into formal supply chains? Did those SGBs that were successfully integrated into formal supply chains experience any additional benefits, like access to finance, in comparison to those who did not?
- Did business management training help SGBs improve their business management? How so?
- What benefits did SGBs experience from participating in business networks? Did the diversity of business networks (more of them, or mixed-gender) allow for greater benefits?
- Do wSGBs see benefits from access to the online platform? How are they using the online platform to improve their business capacity?
- Was training aimed at helping SGBs recognize the value of implementing gender best practices successful in them recognizing this value?
- Was the use of the Gender Inclusion Scorecard successful in promoting gender best practices?

¹⁷ Indicators listed in MIF/GN-166, Annex I: Draft Corporate Results Framework-Results and Impacts

- Were knowledge management and dissemination strategies effective in reaching an expanded audience?
- What recommendations emerge from this Project for designing similar initiatives in the future?

XI. EXECUTING AGENCY

TechnoServe is an international non-profit that promotes business solutions to poverty by connecting enterprising people to information, partners, and markets. TechnoServe helps build competitive businesses in emerging economies throughout Africa, Latin America, and India. With more than four decades of measurable results, its programs are designed to develop capacity for individuals and businesses, strengthen market systems, and facilitate scalability for emerging industries.

Since 1968, TechnoServe has worked with local actors in Africa, Latin America, and India to spur poverty-reducing economic growth through developing high-impact market-led alliances to grow inclusive value chains and build the capacity of SMEs and the web of financial and business development institutions they need to grow competitive and sustainable businesses.

TechnoServe has conducted over 35 Business Plan Competitions (BPCs) and business accelerator and incubation programs in Africa and Latin America. It recently completed a three year program funded by Walmart benefiting 25 women’s business groups in Nicaragua, representing 741 female owners, cooperative members, suppliers, and employees. TechnoServe currently manages local economic development and entrepreneurship programs in Chile and Peru, as well as across Africa. It also has an entrepreneurship and gender practice groups and access to finance group, composed of experts in the three areas, who provide guidance and assistance related to both areas.

TechnoServe has conducted several supply chain development programs in the region. Most recently, it completed a supply chain support program in Honduras funded by SABMiller, benefiting its suppliers and it has also teamed up with Walmart to support suppliers in Mexico, India, and South Africa. These programs benefit thousands of small agriculture producers and SMEs in coffee, livestock, cocoa, and basic grain value chains in Guatemala, Honduras, and Nicaragua. Globally, TechnoServe has worked to co-design and implement programs with global partners including Cargill, The Coca-Cola Company, Monsanto, Vodafone, BHP Billiton, Newmont Mines, Rio Tinto and Standard Bank, linking small producers and small firms to markets in fairer conditions.

XII. PROJECT RISKS

Potential risks include:

1. The project does not attract sufficient applicants resulting in a limited pool of entrepreneurs. The Project will conduct a strong recruitment campaign to minimize this risk.

2. Participating wSGBs are not willing to invest the time required to benefit from this intervention. The Project will mitigate this risk by designing training modules with the best adult learning methodologies, ensuring active engagement of participants.
3. Little interest to implement good gender practices. The Project will train businesses to recognize the value of promoting greater gender diversity in their businesses. It may also seek to develop industry awards rewarding SGBs that implement good gender practices and the Project will also motivate firms to promote good gender practices along their value chain providing an added incentive for gender good practice adoption.

XIII. ENVIRONMENTAL AND SOCIAL ASPECTS

Business assessments will also ask questions to understand the impact wSGB practices have on the environment. The action plans developed will also include steps to curtail negative impacts on the environment (if any) or to ensure greater environmental sustainability. In addition, the Project will make an effort to partner with programs working to improve environmental practices so that wSGBs receive training to implement more sustainable practices.

The Project's focus on implementing good gender practices at all participating SGBs may result in more equal social structures for both men and women. Since gender scorecards will be developed in collaboration with the government and private sector, their buy-in could result in wider scale adoption (beyond the Project) leading to greater social equality.

FOMIN

XIV. COUNTRY OFFICE COMMENTS

COF/CNI supports the project and has strong understanding of the capacity of the organization to carry out the project successfully. During the design process, the scope and strategy of the project have to be clarified regarding (i) the anchors/clients companies and its contribution to the project, and (ii) the number of wSMEs in each country based on previous experience and client demand.