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MULTILATERAL INVESTMENT FUND

REGIONAL

SUPPORTING WOMEN ENTREPRENEURS IN STEM AREAS IN EMERGING ECOSYSTEMS

(RG-O1692 / RG-T3833)

DONORS MEMORANDUM

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PROJECT SUMMARY

REGIONAL

SUPPORTING WOMEN ENTREPRENEURS IN STEM AREAS

IN EMERGING ECOSYSTEMS

(RG-O1692 / RG-T3833)

Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million women-owned/led SMEs (WSMEs). However, the vast majority of women businesses in LAC are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. WSMEs tend to be smaller than those led by men, with fewer employees, lower profits, and less access to capital needed to become scalable - only 4% of venture-backed businesses in LAC have a woman co-founder. Moreover, the development of high-growth, STEM-focused entrepreneurial ecosystems are still concentrated in a few economies, leaving many countries - especially those categorized as lower-income- without an adequate enabling environment necessary for high-growth startup companies to thrive.

To help tackle this challenge this project will promote the growth and resilience of women-led/owned SMEs (WSMEs), with a special focus on WSMEs that are tapping STEM (Science, Technology, Engineering, and Math)-based WSMEs. It will target C & D countries, including some of the region's most under-developed economies, with the objective to improve women-led startups' access to disruptive technologies, training and networks and high-growth women-led startups' access to early-stage finance. It will pay special attention to mitigating post-COVID-19 economic turbulence, both by supporting WSMEs that have been negatively impacted and by identifying solutions and new business opportunities, such as WSMEs that leverage disruptive technologies to innovate in health, education, and financial sectors, among others. The program will also be prioritizing women-led startups that can positively impact a scalable number of women and vulnerable population, as indirect beneficiaries of this program.

This project will address the financial and non-financial constraints faced by STEM-based startups through the following three main components: (1) "Activate" incubation programs for STEM-based startups - that will finance and support local and regional incubation programs for aspiring women entrepreneurs in STEM with the desire to create a scalable technology or tech-enabled company to address key challenges in high-impact sectors. (2) Seed capital and acceleration for STEM-based startups - that will focus on STEM-based startups that are innovating with products and services that address key challenges across sectors. Selected STEM-based startups will participate in a 3 to 6-month acceleration program and will receive equity-free seed financing necessary to accelerate the growth of their business in early stages. (3) Access to Venture Capital for STEM-based startups. Through this component, selected direct investments (from late seed up to Series B) will be made in the most promising companies that participated in We-Fi supported incubation or acceleration programs

described in the previous components, or that have been externally sourced via partners.

This project will be executed as part of the “Women Entrepreneurs Aspire, Activate and Accelerate (We3A)” Program, approved under We-Fi’s third round of funding. We3A has the goal of promoting the growth and resilience of women-led SMEs, with a special focus on WSMEs that are tapping into value chains and STEM-based SMEs, by supporting women entrepreneurs in all business phases. It is related to the Projects RG-T3788 and RG-T3901.

Finally, this proposal builds upon an extensive track record and the network of partners that the IDB Group and, specifically, the IDB Lab, the innovation lab of the IDB Group, have constructed in the region over the years to promote gender equality, women’s economic empowerment, and entrepreneurial ecosystem development.

ANNEXES

ANNEX I Results Matrix

ANNEX II iDelta

APPENDICES

Draft Resolution

**INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE
MIF PROJECT INFORMATION SYSTEM**

ANNEX III IDB Group's Proposal for Women Entrepreneurs Finance Initiative
Thematic Funding Request: "Women Entrepreneurs Aspire, Activate
and Accelerate – We3A" (July 2020)

ACRONYMS AND ABBREVIATIONS

CMF	Connectivity, Markets and Finance Division
COVID-19	Coronavirus Disease 2019
IDB Invest	Interamerican Investment Corporation
IDBG	Inter-American Development Bank Group
IDB	Inter-American Development Bank
GDI	Gender and Diversity Division
INE	Infrastructure and Energy Sector
LAC	Latin America and the Caribbean
M&E	Monitoring and Evaluation
MVP	Minimum Viable Product
ORP	Office of Outreach and Partnerships
SAFE	Simple Agreement for Future Equity
SME	Small and medium-sized enterprises
STEM	Science, Technology, Engineering and Mathematics
US\$	United States Dollar
VC	Venture Capital
We3A	Women Entrepreneurs Aspire, Activate and Accelerate Program
WEFI	Women Entrepreneurs Finance Initiative
WSME	Women-led small and medium-sized enterprises

PROJECT INFORMATION

REGIONAL

SUPPORTING WOMEN ENTREPRENEURS IN STEM AREAS IN EMERGING ECOSYSTEMS

(RG-O1692 / RG-T3833)

Name and number	Supporting Women Entrepreneurs in STEM Areas in Emerging Ecosystems (RG-O1692 / RG-T3833)		
Country:	Regional: Central America and Ecuador.		
Executing Agency	Inter-American Development Bank		
Focus Area:	Knowledge Economy		
Project Beneficiaries:	<p>Women entrepreneurs and aspiring women entrepreneurs in STEM fields from Central America and Ecuador, whose businesses or business ideas have high-growth potential, are scalable and innovative.</p> <p>The project is also expected to benefit the customers and newly hired employees of the supported startups, who will be the indirect beneficiaries. The program-backed STEM-based startups are expected to have widespread impact in transforming key economic and social sectors in target countries, by bringing down costs, enhancing the quality, and expanding the availability of essential goods and services. This directly benefits its customers, especially the most vulnerable, as well as women customers. Their growth can also become a significant source of employment for women, as women-led companies tend to hire more women, especially for previously male-dominated, value-added professions.</p>		
Coordination with Other Bank Operations:	<p>The project was prepared in coordination with ORP.</p> <p>The execution of the project will be closely coordinated with other IDB Group Departments that are executing Women Entrepreneurs Finance Initiative (WeFi) financed projects, including IDB Invest, SLC/GDI, IFD/CMF and INE.</p>		
Financing:	Non-Reimbursable Grant Financing:	US\$1,242,493	
	Contingent-Recovery Grant Financing	US\$2,400,000	
	Reimbursable Financing:	US\$3,106,232	
	TOTAL WEFI FUNDING	US\$6,748,725	100%
	TOTAL IDB LAB FUNDING:	US\$0	0%
	TOTAL PROJECT BUDGET:	US\$ 6,748,725	100%
Execution Period and Disbursement	Component I and Component II (Technical Cooperation) and General Coordination and Monitoring will have 72 months for		

Schedule:	<p>execution, and 42 months for disbursement, as of project approval.</p> <p>Component III (Equity investments) and Project Evaluation will have up to 120 months for execution and disbursement as of project approval.</p>
Environmental and Social Impact Review	<p>This operation was screened in accordance with the requirements of the IDB Environment and Safeguards Compliance Policy (operational policy OP-703) and classified as B13 (RG-O1692) and C (RG-T3833).</p>
Risks	<p>See Section 3.B for analysis of project risks and mitigating factors.</p>
Unit responsible for disbursements	<p>IDB Lab Headquarters.</p>

I. The Problem

A. Problem Description

- 1.1. **Regional context.** Across the Latin America and the Caribbean (LAC) region, there are approximately 1.2-1.4 million women-owned/led SMEs (WSMEs). However, the vast majority of women businesses in LAC are unable to grow beyond microenterprises or move out of the informal economy or lower-productivity sectors. WSMEs tend to be smaller than those led by men, with fewer employees, lower profits, and less access to capital needed to become scalable - only 4% of venture-backed businesses in LAC have a woman co-founder. Moreover, the development of high-growth, STEM-focused entrepreneurial ecosystems are still concentrated in a few economies, leaving many countries -especially those categorized as lower-income- without an adequate enabling environment necessary for high-growth startup companies to thrive. Therefore, We3A will focus on countries¹ considered to have nascent or emerging ecosystems, which can be divided into three categories: IDA², non-IDA “C&D countries”, and non-IDA “B countries”³.
- 1.2. **Women-Led SMEs leveraging disruptive technologies and digital financial inclusion.** In We3A countries, technology-based, opportunistic, and high-impact entrepreneurship is emerging as a new phenomenon. According to the most recent survey of 163 Central American women-led startups, conducted by IDB Lab, approximately 75% of women entrepreneurs do not have a STEM component in their businesses, and 90% of them operate only in their domestic markets with fewer than 10 employees. Ensuring that women have access to disruptive technologies is essential to enable them to access finance, access new customers and markets, develop new innovations, and create the businesses of tomorrow, especially in a post-pandemic context. Innovations by STEM-based startups⁴ can have widespread impact in transforming key economic and social sectors in We3A target countries, by bringing down costs, enhancing the quality, and expanding the availability of essential goods and services. This directly benefits its customers, especially the most vulnerable. Their growth can also become a significant source of employment for women, as women-led companies tend to hire more women, especially for previously male-dominated, value-added professions.

¹ Honduras, Nicaragua, Guatemala, Costa Rica, Ecuador and El Salvador.

² IDA as defined by the World Bank: <http://ida.worldbank.org/about/borrowing-countries>

³ As defined by the IDB Country Grouping: <https://www.iadb.org/en/about-us/idb-financing/idb-country-groupings%2C7658.html>

⁴ We define STEM-based startups as early enterprises that are formally incorporated and where science, technology, engineering, and math (STEM) are key components of their business models. These companies often leverage the use of technologies such as artificial intelligence, machine learning, internet of things, augmented reality and blockchain, seeking to address key challenges in high-impact sectors such as healthtech, fintech, edtech, mobility/transportation/logistics, SaaS for SMEs, agtech, cleantech, among others. Examples of STEM-based companies in LAC led by women co-founders are: 1) Aflore, a fintech company that brings financial products, including loans and insurance, to the home of the underbanked in Latin America, a market of nearly 78 million people. 2) Laboratoria, an edtech company that offers value-added job training to women from vulnerable socio-economic backgrounds to become computer programmers.

- 1.3. **Scaling early-stage finance for WSMEs.** Compared to other regions, LAC has the third-largest credit gap for WSMEs (US\$93 billion out of a global gap of US\$1.7 trillion) as only 35.8% of businesses managed by women use banks to access working capital. Additionally, women entrepreneurs need savings, insurance, and other financial products to strengthen their businesses. Research shows that financial capital is one of the most critical resources for growing a high-impact company; young companies that access outside financing are able to grow up to 30% faster than those that do not. However, it is difficult for entrepreneurs in nascent ecosystems, especially women, to access that critical capital, ultimately limiting the ability of implementing innovative developmental solutions to grow. We3A will offer opportunities to access the capital they need to start, sustain, and grow their businesses with an approach targeted toward STEM-based startups.
- 1.4. **COVID-19 related support for women-led startups.** Apart from financial and market limitations, women-led startups are currently facing an unprecedented market shock. The most visible economic outcomes of the COVID-19 pandemic will be the lost revenue, unexpected cost increases, unstable supply chains, and financial strain that have already begun to result in diminished revenues and shuttered businesses. These impacts will be felt especially strongly by women, who are shouldering increased childcare, healthcare, and domestic responsibilities. The crisis has also brought new opportunities for creative entrepreneurs who seek to find timely and effective solutions. For example, IDB Lab in the months of March and April of 2020 conducted a call and received over 600 prototype proposals for COVID-19 tech-based solutions by STEM-based startups and SMEs from 23 LAC countries, many of which are owned or led by women and come from We3A target countries. Some of these solutions are to be delivered in the short-term (creation of diagnostic kits, ventilators, telemedicine, sterilization methods, etc.) and others have a medium-to-long-term horizon (economic recovery, job creation, digital transformation, remote infrastructure, etc.). IDB Lab has also identified high-potential startups in its portfolio of investee companies and has launched a region-wide effort to map entrepreneurs offering solutions to COVID-19. We3A will leverage these networks of entrepreneurs to identify and finance innovative women-led startups that have the potential to restructure the future of the economy in the LAC region, making small and medium businesses and the economy more digitally-savvy and, therefore, more resilient in the face of future shocks and downturns.
- 1.5. **Gender at IDB Lab:** IDB Lab, the innovation laboratory of the IDB Group, mobilizes capital, knowledge and connections to catalyze innovation for inclusion in Latin America and the Caribbean. IDB Lab supports innovative ventures and projects with a potential to generate impact on a large scale, promotes innovation and entrepreneurship ecosystems, and systematizes and disseminate knowledge to connect ideas and scale their impact.
- 1.6. Gender constitutes a key cross-cutting topic that is mainstreamed in most IDB Lab projects. Through strong leadership commitment, development of internal expertise and signature interventions that directly target women -using a variety of tools: projects, research, evaluations, events, and more, to identify and test innovative approaches-, IDB Lab has built a strong reputation as a champion of gender equality and women's economic empowerment in the region, with a strong emphasis on women entrepreneurs in STEM areas. As investor in 90+ seed and venture capital funds and a builder of entrepreneurial ecosystems, IDB Lab is keenly aware of the challenges for women entrepreneurs: lack of deep networks, lack of access to investors, lack of role models,

and lack of opportunities where they could meet investors, mentors and other peers, men and women, to learn and exchange ideas.

- 1.7. IDB Lab has hosted 8 editions of WeXchange Annual Forum, the largest platform in LAC that connects women entrepreneurs in STEM with mentors, investors, and ecosystem players from the region. As a result, IDB Lab has a unique reservoir of contacts and knowledge regarding STEM-based startups. Additionally, IDB Lab's active portfolio of 50+ Seed and VC funds provides a unique network that can be leveraged for this program. IDB Lab also produces a series of knowledge products that shed light on the gender gap and promote a more inclusive entrepreneurial ecosystem. Examples of these knowledge products are: (i) wX Insights, a report aimed at gaining a better understanding the status and profile of high-growth STEM focused women entrepreneurs in LAC: their needs, challenges, and key factors that contribute to their success; (ii) WeXchange podcast series that features established women entrepreneurs and investors in the region sharing inspirational stories of failures, successes and learnings and (iii) WeXchange annual forum recap reports, highlighting key takeaways and lessons from each year's WeXchange forum.
- 1.8. **Alignment with the Women Entrepreneurs Finance Initiative (WeFi) goals.** Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among 14 governments⁵, eight multilateral development banks (MDBs), and other public and private sector stakeholders, hosted by the World Bank Group. It seeks to address financial and non-financial constraints faced by women-owned/led small and medium enterprises in developing countries. It is overseen by a Governing Committee comprising representatives from the governments of the 14 founding contributors as decision-makers, with other key stakeholders participating as observers. The Governing Committee is chaired by an elected member serving for a term of one year. The Secretariat, housed at the World Bank, supports the Governing Committee in all of its work. It manages day-to-day operations, prepares policies and procedures, and manages partner relations and stakeholder engagement. Program and project implementation is led by Implementing Partners that are accredited by the We-Fi Governing Committee.
- 1.9. The proposed project will be executed as part of the "Women Entrepreneurs Aspire, Activate and Accelerate (We3A)" Program, approved under We-Fi's third round of funding. We3A has the goal of promoting the growth and resilience of women-led SMEs, with a special focus on WSMEs that are tapping into value chains and STEM-based SMEs, by supporting women entrepreneurs in all business phases. This project is aligned with We-Fi goals of addressing financial and non-financial constraints faced by women-owned/led SMEs in developing countries and will directly contribute to two objectives of We3A: (i) WSME's access to disruptive technologies and digital financial inclusion and (ii) high-growth WSMES's access to early-stage finance.
- 1.10. Furthermore, this program will target some of the region's lowest income and underdeveloped entrepreneurial ecosystem, allocating We-Fi resources to IDA countries, Honduras, and Nicaragua. The proposed project is relevant as it tackles key

⁵ The founding financial contributors are: Australia, Canada, China, Denmark, Germany, Japan, the Netherlands, Norway, the Russian Federation, Saudi Arabia, Republic of Korea, the United Arab Emirates, the United Kingdom and the United States. These governments have committed \$354 million to date.

obstacles faced by the emerging generation of women entrepreneurs in STEM fields in nascent innovation and entrepreneurship ecosystems.

- 1.11. Moreover, this program will complement the efforts of WeForLAC Program⁶ in LAC to promote WSMEs in incipient entrepreneurial ecosystems by deploying innovative instruments of financing and support. We3A will add an additional layer of innovation by strategically focusing on high-impact STEM-based businesses, a program element not often seen in less developed ecosystems. We3A will encourage the creation and regionalization of startups that use disruptive technology to solve LAC's most pressing issues, thus promoting the participation of women in high value-added sectors. To do so, We3A will work with partner incubators (who will unlock the potential of early-stage STEM-based startups), regional accelerators (who will train scaling startups), as well as a network of VC funds (who will co-invest in regionalizing startups) in the region. Through this, We3A aims to identify the most promising women-led companies while democratizing access to finance designed to promote innovation.
- 1.12. **Building on Lessons Learned.** Over the past 8 years of leading WeXchange, IDB Lab has learned that aspiring women and building enabling networks across the region is crucial for women entrepreneurs, especially in nascent ecosystems. Furthermore, IDB Lab's regional surveys, "WeGrow 2014: Unlocking the Growth Potential of Women Entrepreneurs in Latin America and the Caribbean"⁷ and "wX Insights 2020: The Rise of Women STEMpreneurs. A Study on Women Entrepreneurs in STEM in Latin America and the Caribbean"⁸ revealed that access to capital and lack of targeted business training were key challenges for LAC WSMEs. Finally, as an investor in 90+ seed and VC funds in LAC, IDB Lab has learned that the gender finance gap is systemic and will require concerted effort to be resolved. For example, more women need to participate in VC funds' investment committees and accelerators' selection committees; VC funds and accelerators should not only help women founders, but also invest in companies with better work/life balance policies; ecosystem actors should recognize and celebrate not only the stories of women entrepreneurs, but also of their mentors and sponsors; among others. We3A will build on these lessons learned to adopt a holistic approach in supporting startups in all development stages by providing the necessary network, mentorship and business training, as well as targeted financing. We3A will also leverage the unique network of investors and accelerators with interest in co-investing in startups to promote the mainstreaming of a gender-lens approach.

II. The Innovation Proposal

A. The Proposed Solution

- 2.1 **Objective.** The objective of this program is to promote the growth and resilience of tech-based women-led/owned startups in STEM (Science, Technology, Engineering, and Math) fields. The program will target C & D countries, including some of the region's most under-developed economies including Central America countries and Ecuador, with the

⁶ Supporting women entrepreneurs in STEM Areas in Central America (RG-T3593).

⁷ <https://publications.iadb.org/en/wegrow-2014-unlocking-growth-potential-women-entrepreneurs-latin-america-and-caribbean>

⁸ <https://publications.iadb.org/en/wx-insights-2020-rise-women-stempreneurs-study-women-entrepreneurs-stem-latin-america-and-caribbean>

objectives to improve women-led startups' access to disruptive technologies, training and networks and high-growth women-led startups' access to early-stage finance. This program will prioritize helping women entrepreneurs navigate the ongoing COVID-19 related economic turbulence, and also to identify new business opportunities that may arise as a result of the pandemic, especially for STEM-based startups that are leveraging disruptive technologies (e.g., big data, machine learning, artificial intelligence, AR/VR, blockchain, etc.) to innovate in health, education, agriculture and financial products fields, as well as other rapidly scalable solutions that can address current market disruptions throughout and after the course of the global pandemic. The program will also be prioritizing women-led startups that can positively impact a scalable number of women and vulnerable population, as indirect beneficiaries of this program.

- 2.2 The program will focus on women entrepreneurs throughout the business lifecycle - from early-stage companies to more mature startup companies. The program will specifically focus on entrepreneurs who are pursuing both financial and social returns, by developing commercially viable and rapidly scalable models that also generate a positive impact for populations and the environment. As for the geographic focus, the program will target women entrepreneurs operating their businesses in Central America (i.e. El Salvador, Guatemala, Costa Rica) as well as other non-C&D countries where the IDB Group will have significant leverage in catalyzing the ecosystems (i.e. Ecuador). Thus, the program seeks to focus on the most nascent entrepreneurial ecosystems, while creating an effect of regional integration and intra-regional transfer of knowledge, innovation and entrepreneurial talent.

B. Description of Activities

To help unlock the growth potential of women entrepreneurs in STEM fields in the selected countries this project will address the financial and non-financial constraints faced by STEM-based startups through the following three main components:

- 2.3 **Component I: “Activate” incubation programs for STEM-based startups (U\$S 635,000).** Nascent ecosystems, such as the economies of Central America and other C&D countries, are witnessing the emergence of a new generation of aspiring STEM-based women entrepreneurs. For these early entrepreneurs to successfully conceptualize and launch scalable businesses, it is critical that they access capacity-building support and hands-on involvement, often provided by startup incubators, company builders and accelerators with proven operational track records. Thus, this component will finance and support local and regional incubation programs across Central America and Ecuador for aspiring women entrepreneurs in STEM (individuals or teams that come from STEM or business tracks in universities, coding bootcamps, other startups, SMEs, etc.) with the desire to create a scalable technology or tech-enabled company to address key challenges in high-impact sectors such as healthtech, fintech, edtech, mobility/transportation/logistics, SaaS for SMEs, agtech, cleantech, among others.
- 2.4 These aspiring entrepreneurs, selected via open application processes held by partner executing agencies, will participate in incubation programs which will offer intensive training, mentoring, exposure to role models, as well as access to local/regional/international networks of tech talent, entrepreneurs, experts, and investors. During the program, women entrepreneurs will define a clear business vision, create an

initial team, and develop and validate a business prototype that will prepare them for business launch and acceptance into a seed accelerator.

- 2.5 The incubation program will be executed by local and/or regional tech-focused pre-seed company builders, incubators or accelerators to be selected by IDB Lab through a targeted request for proposals process. To qualify, candidate organizations will need to demonstrate:
- A relevant operational track record with early-stage startups,
 - A solid, multidisciplinary and gender diverse team in place,
 - Presence in Latin America and the Caribbean, preferably in at least one of We3A's target countries,
 - Strategic partners in We3A's target countries -especially in IDA countries-, who are capable of executing program activities locally,
 - Strong commitment to incorporate a gender lens into the program's selection and monitoring process, and,
 - Ability to incorporate innovative solutions and technologies for effective delivery of the program both in-situ and remotely.
- 2.6 This component will take the following measures into consideration for COVID-19 context in the region. First, digital tools and events will be actively utilized for the incubation process. Secondly, this component will identify and develop innovative early solutions to post-COVID-19 problems. As traditional industries stumble amidst the COVID-19 crisis, it is expected that demand for tech-based innovations may increase, as more entrepreneurs yearn to either "go digital" with their businesses or create tech-based solutions to their community's problems. Hence, this program component will focus on identifying, training, and strengthening those new waves of women entrepreneurs who seek to rebuild the economy through innovative business ideas.
- 2.7 **Expected results.** It is expected that: i) approximately **722 potential women entrepreneurs** from We3A target countries will enroll in the incubation programs; ii) at least **376 of them** will graduate from the incubation programs and iii) will create at least **145 STEM-based startups** over the course of the three-year program.
- 2.8 **Component II: Seed capital and acceleration for STEM-based startups US\$2,740,000).** This component will focus on STEM-based startups that are formally incorporated, have a proven business model with operations in at least one We3A target country, use technology at the core of their business model, and are innovating with products and services that address key challenges across sectors. STEM-based startups selected via an open application process by partner accelerators will receive a seed investment (up to US\$30,000) which will be equity-free (typically matching an accelerator's equity funding), and necessary to accelerate the growth of their business in early stages. Seed financing will be accompanied by a 3 to 6-month acceleration program geared towards regionalization and venture-backed growth.
- 2.9 During this program, entrepreneurs will have direct access to knowledge, resources and strategic guidance in areas such as product development; finance and fundraising; hiring and culture building; remote team building and management; growth and impact metrics; unit economics and revenue models; go-to-market strategy; customer acquisition; business development; exit strategy and execution; among others. During the process, entrepreneurs will also access mentors from different backgrounds in the region and

abroad, who will add value by providing operational knowledge, domain expertise, the advice in key decisions, and connections with relevant contacts within the mentors' networks. Upon completion of the acceleration program, startups will have achieved the following milestones: market-validated Minimum Viable Product (MVP), first sales, solid growth strategy, and investor-readiness for the next round of financing.

2.10 This activity will be executed by up to three tech-focused accelerators that will be selected by IDB Lab through a targeted request for proposals process. To qualify, accelerators will need to demonstrate:

- A relevant operational and investment track record in early-stage startups
- A solid, multidisciplinary and diverse team in place,
- Presence in Latin America, preferably in at least two of We3A's target countries, with the capacity to source female entrepreneurial talent at the regional level,
- Strategic partners in Project's target countries, especially in IDA countries, capable of sourcing talent and executing program activities locally,
- Strong commitment to incorporate a gender lens into the program's selection and monitoring process,
- Ability to incorporate innovative solutions/technologies for effectively delivering the acceleration program both in-situ and remotely.

2.11 **Financing terms.** Seed capital provided to startups through partner accelerators will be reimbursable under the following conditions:

- If the STEM-based startup reaches an annual sales level of between US\$300,000-US\$499,000 in the fifth year of the initial investment, it will return 1x the amount originally received.
- If the STEM-based startup reaches an annual sales level of between US\$500,000 - US\$999,000 in the fifth year of the initial investment, will return 1.5X the amount originally received.
- If the STEM-based startup reaches an annual turnover level of US\$1 million or more in the fifth year of the initial investment, it will return 2X the amount originally received.

Partner accelerators will be responsible for managing disbursements, monitoring and recovery of investment proceeds. As an incentive mechanism for partner accelerators, they will be able to retain 20% of recovered investment proceeds, which could be used for various purposes such as organizational strengthening, reinvestment in other startups, etc. IDB Lab will return the recovered amount to We-Fi in proportion to its pro-rata contribution.

2.12 **Expected results.** It is expected that: i) at least **184 STEM-based startups** will be enrolled in the acceleration programs; ii) at least **585 women entrepreneurs** will graduate from the acceleration programs; iii) at least **80 STEM-based startups** from We3A target countries will have graduated from the acceleration programs and receive seed funding over the course of three years and iv) at least **39,440 women** will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based startups.

2.13 **Component III: Access to Venture Capital for STEM-based startups** (US\$ 3,106,232). Through this component, selected direct investments (from late seed up to Series B) will be made in the most promising companies that participated in We-Fi supported incubation or acceleration programs described in the previous components, or

that have been externally sourced via partners from We3A's target countries. Investable companies will be those that have disruptive technology at their core, improve women's lives (especially from low-income segments) directly or indirectly (through services/products or management practices), have strong business traction, and are ready to scale their business and impact to the regional level.

- 2.14 Additionally, the following criteria must be met: (i) at least one woman co-founder and/or at least one woman in a C-suite role (i.e. CEO, CFO, COO, CTO, CMO, etc.), (ii) at least one of the company's core products or services is targeted to women, (iii) at least one woman in the company's board of directors (if there is a board), and (iv) a solid gender equality policy in place. Investment ticket sizes per company will range between US\$300,000 and US\$1 million, and IDB Lab will co-invest with trusted partners that lead the financing rounds. IDB Lab will source its investment opportunities through We-Fi incubation and acceleration activities, its portfolio of 50+ VC funds in the region, and organic deal flow received through WeXchange forums and other partners, including 40+ angel investor networks, universities with entrepreneurship tracks, entrepreneurs' associations, among others.
- 2.15 **Financing terms.** IDB Lab will make direct investments in WSMEs (equity, SAFE-Simple Agreement for Future Equity-, or convertible notes), usually co-investing with trusted partners that lead the financing rounds. Typically, funding disbursements will be made in two tranches, where the second disbursement will be contingent to the achievement of pre-agreed performance indicators, including both financial (e.g., sales) and impact (e.g. jobs created, low-income women customers reached) related milestones. Upon realization of investment exits (expected to be achieved by global or regional Mergers and Acquisitions (M&A) by sectoral players, suppliers or clients), IDB Lab will return the recovered amount to We-Fi in proportion to its pro-rata contribution.
- 2.16 **Expected results.** It is expected that: i) investments will be made in at least **7 STEM-based startups** operating in at least two We3A target countries over the course of three years; ii) **60% of them will reach regional scale** (expansion to 2+ countries) and iii) that at least **189,750 women** will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based startups.
- 2.17 In selecting participants for the activities above, priority will be given to startups that provide innovative solutions to the medium and long-term COVID-19 generated challenges across all sectors, especially those solutions that benefit vulnerable populations, women, and other startups.

C. Monitoring and Evaluation

- 2.18 IDB Lab has defined the relevant indicators and data sources for the operation's results matrix (RM) in the TC Monitoring and Reporting System (TCM) in Convergence, and will report annually, until the operation is closed, registering in TCM's Findings and Recommendations section major factors affecting the progress and results of the operation. The results matrix includes baseline and target values for each indicator and will be monitored throughout project implementation.

- 2.19 When selecting partners for the STEM incubation and acceleration programs, IDB Lab will prioritize those that are using innovative and cost-efficient tech platforms that support the process of identifying, selecting, and monitoring portfolio companies. These types of platforms, often based on proprietary algorithms, machine learning, and predictive analytics, are being used by an increased number of incubators and accelerators in the region not only to validate their selection/investment decision making process but also to support monitoring and measurement of companies' performance and impact.
- 2.20 Under mutual agreement with clients and with the support of monitoring consultants, data will be collected for 12 months after the end of program implementation to capture impacts on employment generation and profits. At the aggregate level, and given the detailed data collection process, it will be possible to disaggregate the indicators by country, urban/rural area, economic sector, and firm size.
- 2.21 The Project Team will report regularly to IDB Lab management progress according to the time plan. The Project Team will receive progress and monitoring reports from the project coordinator consultant, who will summarize the deliverables of the partner incubators and accelerator every semester, including number of startups that applied to the program, startups being accelerated, startups graduating, startups raising capital, startups receiving seed capital from the accelerator and IDB Lab, etc. Each incubator/accelerator is also to report progress on the revenue level and employee count of each incubated/accelerated startups. At all point of the process, the Project Team will be present to monitor the activities. At the end of the implementation, the Project Coordinator will submit a summary of monitoring report in the format of a final report, including lessons learned and recommendations for the future.
- 2.22 Additionally, an external evaluation of technical assistance under this project will take place after the implementation period, as per request of the We-Fi Secretariat. The We3A coordinator and IDB Group We-Fi advisory group, led by the Office of Outreach and Partnerships, will be responsible for all Monitoring and Evaluation (M&E) and for reporting to the We-Fi Governing Committee. The IDB Group We3A advisory group, will oversee the overall annual administration, implementation, and monitoring of the We3A program, in coordination with the relevant technical divisions of the IDB Group.
- 2.23 Several studies and evaluations may be produced to learn, document, and disseminate the different impacts that We3A funds are bringing. First, and most importantly, non-causal - both quantitative and qualitative - rigorous studies (e.g., case studies, focus groups, semi-structured interviews, pre-post surveys of beneficiaries) will be conducted to generate evidence for innovative areas where small sample sizes, or the impossibility of creating a credible control group preclude a more rigorous causal approach. Evaluations using experimental or quasi-experimental methodologies could be undertaken where there are sufficiently large sample sizes (number of beneficiaries), when data collection through platforms is facilitated to reduce evaluation costs, and the possibility of identifying a causal relationship is clear. In general, some relevant questions to be answered by evaluations and studies during the implementation of this TC will be: (i) What is the impact of incubation and/or accelerator programs on the trajectory and performance of WSMEs? or (ii) What are key attributes or characteristics of WSMEs receiving venture capital and how does the access to finance changes their trajectory and performance?,

among others. Prioritization and implementation of studies will be conducted by the Project Team with the support of relevant technical divisions of the IDB Group⁹.

D. Project Benefits and Developmental Impact

- 2.24 In the six target countries (Central America and Ecuador) of this project, technology-based, opportunistic, and high-impact entrepreneurship is emerging as a new phenomenon. However, it is still very difficult for entrepreneurs in nascent ecosystems, especially women, to access finance and capacity building opportunities for developing and growing their businesses. Hence, this project is not only expected to provide women entrepreneurs with capacity building and hands-on involvement to successfully conceptualize and launch scalable businesses but also enable them to grow their business by providing them with incentive-based direct financing. By mobilizing regional and local incubators, accelerators, and venture capital funds for the execution and co-financing, this project also aims to create a signaling effect for the entrepreneurship landscape in the region.
- 2.25 Additionally, the project will prioritize innovative women-led companies with solutions to the COVID-19 crisis and the post-COVID19 economy, which can have positive spillover effect not only through the digitalization of SMEs, but also in the creation of employment and increased productivity under pandemic-induced economic shock.

E. Target Beneficiaries

- 2.26 **Direct beneficiaries.** Target beneficiaries of the project include women entrepreneurs and aspiring women entrepreneurs in STEM fields from Central America and Ecuador, whose businesses or business ideas have high-growth potential, are scalable and innovative. Examples of such STEM-based startups include:
- Aspiring STEM-focused women entrepreneurs: These are aspiring women entrepreneurs that typically are graduates or students of STEM or business careers, coding bootcamps, employees of other startups or SME, etc., with clear business ideas, seeking to create highly scalable technology or tech-enabled companies to address key challenges in their communities. They will participate in business incubation programs through the “**Activate**” **incubation program** (Component 1).
 - Seed-stage STEM-focused women entrepreneurs: These are founders or co-founders of early-stage STEM-based startups that are formally incorporated and have operations in at least one Project’s target country. Some of them have raised initial capital from friends & family to launch the business and are focused on validating their Minimum Viable Product (MVP), hiring their first employees, acquiring their first customers and working for the next round of financing. These women would normally fall into the IDB Group’s “microenterprise” definition but because they have a high potential for rapid growth, they have unique needs beyond what typical microenterprise clients would need. They will participate in acceleration programs and

⁹ The Development Effectiveness Division at IDB Invest will provide support on this topic as part of an SLA agreement.

receive seed funding through the **Seed capital and acceleration program** (Component 2).

- **Growth-stage STEM-focused women entrepreneurs:** These are founders, co-founders, or C-level managers of early-growth stage STEM-based startups with strong business traction and are ready to take their business to scale and their impact to the next level. IDB Lab will provide direct investments in these companies, raising late-seed to Series B rounds of financing. Women entrepreneurs leading these types of companies can generate significant demonstration effects in society, in addition to being role models and mentors for aspiring women entrepreneurs. They can even become angel investors to women entrepreneurs raising their first capital. They will receive financing through the **Access to Venture Capital program** (Component 3)

2.27 **Indirect beneficiaries.** The project is also expected to benefit low-income women and/or small firms that will access quality basic services and products in financial services, health, education, mobility/transportation/logistics, etc. offered by supported STEM-based startups. The program-backed startups are expected to have widespread impact in transforming key economic and social sectors in target countries, by bringing down costs, enhancing the quality, and expanding the availability of essential goods and services. This directly benefits its customers, especially the most vulnerable, as well as women customers. Women employees in value-added job posts, such as program developers, etc. as well as other jobs created by STEM-based startups will also be indirect beneficiaries of this program, which will be particularly important amidst economic recovery post-COVID-19.

- Innovative solutions developed by program-backed startups could bring greater access to more economical services and products to vulnerable populations (many of whom are women) who had previously been excluded in the market. Example: *Aflore*, a fintech company that brings financial products, including loans and insurance, to the home of the underbanked in Latin America, a market of nearly 78 million people.
- Program-backed startups could also create new direct jobs as well as contract jobs through the business endeavors of the beneficiary companies. Examples: *Zolvers*, a workertech company, offers jobs, insurance, and small size loans and financial services to domestic workers, most of whom are women from vulnerable backgrounds who hadn't access to formal financial markets. *Laboratoria*, an edtech company, offers value-added job training to women from vulnerable socio economic backgrounds to become computer programmers.

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

3.1. **IDBG Group's Operational Policy on Gender Equality in Development.** The project is consistent with the IDB Institutional Strategy Update and responds to the Bank's Operational Policy on Gender Equality in Development, which calls on the Bank to promote greater gender equality and empowerment. This TC is also aligned with the Corporate Results Framework. More specifically, it is aligned with the indicators to

measure women's benefits through economic empowerment initiatives and an indicator that measures the number of projects that support gender equality.

- 3.2. **IDBG Institutional Strategy.** The IDB Group has been supporting projects that moved the region forward to address the challenges posed by technology and digital revolution and reach their potential as a driver of innovation. In this sense, the Program is consistent with the “2010-2020 Institutional Strategy Update: An Alliance with Latin America and the Caribbean to Continue Improving Lives” (UIS) (AB-3008) and the Corporate Results Framework (CRF) 2016-2019 (GN-2727-6), aligning directly with the challenge of developing “productivity and innovation” through the maintenance of investment in innovation in startups and contributing to the goal of providing adequate knowledge and innovation ecosystems that can enable the creation of new and more sophisticated SMEs and make invention the driver of growth.

Alignment with country strategies

- 3.3. Furthermore, this project is aligned with the Country Strategies of the participating countries to contribute to the goal of 1) increasing SMEs access to finance and to the reduction of the financing gap women entrepreneurs face when trying to raise capital, and 2) fostering the creation of new business models that create more efficient and inclusive product and services based on the use of technologies, benefitting SMEs.
- **Costa Rica** ([GN-2977](#)): Alignment with the Priority Area “Productivity gains and narrowing of production gaps”, in particular with actions to improve intermediation of financial resources for productive investment, fostering new business models that create more efficient and inclusive products and services based on the use of digital technologies (fintech), benefitting SMEs and the most underserved segments.
 - **El Salvador** ([GN-2828](#)): Alignment with the Crosscutting Issues of “Empowerment of women and gender equality in education” as well as “Productive development with an emphasis on financial inclusion and business climate”.
 - **Guatemala** ([GN-2899](#)): Alignment with the Priority Area “Private sector development”, specifically with interventions to improve access to financing for MSMEs, through anchor companies and/or financial institutions, and also to promote value chains, access to credit, entrepreneurship, and productivity initiatives.
 - **Honduras** ([GN-2944](#)): Alignment with the Priority Area “Expansion of sustainable production opportunities” (related with increased access to capital for SMEs) as well with the Crosscutting Issues of (i) women’s empowerment and diversity; and (ii) innovation and use of new technologies to achieve greater relevance and efficiency in interventions.
 - **Ecuador** ([GN-2924](#)): Alignment with the Priority Area “Access to Finance” for MSMEs as well as financial inclusion with a gender approach.
- 3.4. Furthermore, the project complements the United Nations Sustainable Development Goals (SDG), centered on achieving economic resilience, while sustaining strong social services and basic rights. In addition, the project supports the goal of Gender Equality (SDG 5). especially in enhancing the use of innovative technology, information, and communications technology, to promote the inclusion and economic empowerment of

women. Specifically, the project is aligned with the SDG 5.5 objective to “ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life” and SDG 5.B to “enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women”. Additionally, the project complements the SDG 9 of Industry, Innovation and Infrastructure, specifically, the project is aligned with the SDG 9.3 objective to increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. Finally, the project is aligned with SDG 10 of Reducing Inequalities by empowering and promoting the social and economic inclusion of WSMEs (SGD 10.2).

B. Project and Institutional Risks

- 3.5. Lack of participants’ risk. One potential risk is facing a lack of a critical mass of women entrepreneurs in STEM from Central America who participate in the proposed activities. To mitigate this risk, IDB Lab will collaborate with many of existing partners in the region and leverage the connections generated by related activities such as We-Fi financed WeXchange 2020, WeXchange Pitch Competition, as well as other IDB Lab projects in Central America and Ecuador. Moreover, Direct equity investment will most likely not take place until the 2nd or 3rd year of program implementation, after spending the first-year mapping, sourcing and training investment-ready ventures. Candidates for direct equity investments will be carefully sourced (through executing partners and other experienced VC funds in the region), and thoroughly analyzed by IDB Lab’s experienced investment officers. One of the potential risks is not mobilizing sufficient funds from private and public partners required to carry out the proposed activities. IDB Lab and the Bank will identify and approach both public and/or private sector entities of the Bank’s member countries, international institutions, and other local organizations for the additional funding.
- 3.6. Financial risk. Another risk is that WSME direct investments may pose a higher financial risk LAC average in nascent ecosystems, where such a finance instrument is still a new concept. Mitigation: IDB Lab has been investing and opening new markets as market creator and catalytic investor of nascent VC markets in LAC since 1996. While these markets are indeed riskier than more developed markets, IDB Lab sees it as an opportunity for its value-add, using its successful history of developing VC markets like Mexico, Brazil, and Chile, and its know-how.
- 3.7. Macroeconomic risk. Even though governments are not directly involved in implementing the We3A program, political instability in the region, as well as other disruptive events such as the coronavirus global pandemic or natural disasters could make the in-person training and participation in the accelerator programs impossible. The COVID-19 pandemic could also cause global recession, affecting the general macroeconomic situation of the region. National-level fiduciary and regulatory changes, as well as exchange rate risks, could also impact the way financing mechanisms function. Mitigation: However, while a coronavirus-led global recession could seriously affect the markets in which We3A operates, We3A do not consider it a particularly high threat for the programs. According to a 2020 study, 79.5% of LAC women entrepreneurs start their ventures to solve pressing issues in their communities; the local accelerator partners

have confirmed this tendency, reporting that recessions have generally resulted in greater demand for innovative entrepreneurship. If anything, such economic hardships have inspired innovations in new sectors and technologies. Given this trend and the growth of entrepreneurship in LAC despite the history of macroeconomic hardships in the region, we predict its economic effect to be sufficiently controllable.

- 3.8. Lack of co-financing risk. There is a possibility that finding co-financiers and co-investors may be more challenging in the post-COVID 19 times, especially from the private sector actors, given the economic downturn. *Mitigation:* IDB Lab will mobilize third-party financing by leveraging both attractive results-based outcome funded by We-Fi (seed capital funding, direct investment), while also maximizing complementary effects with ongoing IDB Lab projects and financing options in the target countries, such as IDB Lab portfolio VC funds with a geographic investment thesis in Central America and Ecuador.

C. Scalability

- 3.9. The project has a high potential for scale, both in the project's target region, Central America and Ecuador, and other nascent and emerging high impact entrepreneurship ecosystems, such as the Caribbean or countries like Bolivia and Paraguay, among others.
- 3.10. Regarding the components 1 (WSME incubation) and 2 (WSME acceleration), if successful, the project could be scaled in the project's target region through the same private sector partners (incubators, company builders and accelerators) as part of their work programs. It may also be replicated in other nascent or emerging high impact entrepreneurship ecosystems in LAC by IDB Lab or other private sector entities that cover these regions.
- 3.11. As for the venture capital investment component, from seed capital to Series B financing rounds, it could be scaled by venture capital funds as well as other investors that are active in the project's target region, such as angel investors, family offices and other institutional investors.

IV. Instrument and Budget Proposal

Activity	Non-Reimbursable Grant (WeFi)	Contingent Recovery Grant (WeFi)	Reimbursable Equity Investments (WeFi)	TOTAL
COMPONENT I- "Activate" Incubation programs for STEM-based WSMEs	\$635,000	-	-	\$635,000
1. Incubation program assistance	\$635,000			\$635,000
COMPONENT II-Acceleration and seed capital program for STEM-based WSMEs	\$340,000	\$2,400,000	-	\$2,740,000
1. Acceleration support	\$340,000			\$340,000
2. Seed capital to WSMEs (outcome-based reimbursable)		\$2,400,000		\$2,400,000

COMPONENT III- Access to Venture Capital for STEM-based WSMEs	-	-	\$3,106,232	\$3,106,232
1.Equity investments to STEM-based WSMEs			\$3,106,232	\$3,106,232
Project Evaluations	\$267,493			\$267,493
TOTAL	\$1,242,493	\$ 2,400,000	\$3,106,232.00	\$ 6,748,725

- 4.1. The source of funding will be We-Fi (Women Entrepreneurs Finance Initiative). We-Fi is a collaborative partnership among 14 governments, 8 Multilateral Development Banks, and other public and private sector stakeholders, hosted by the World Bank Group. The World Bank Group acts as the Trustee of the partnership resources.
- 4.2. In July 2020 the IDB Group submitted a funding request proposal to We-Fi for the financing of the “Women Entrepreneurs Aspire, Activate and Accelerate” (We3A). The financing was approved for the total amount of \$14,715,756 to be executed by the IDB Lab and IDB (INE/INE), including \$ 6,748,725 for activities proposed by this document, which will be executed by IDB Lab. This document is aligned with the We3A approved proposal and is complemented by the project RG-T3788, that describes We3A activities regarding value-chain focused WSMEs.

V. Implementation Structure

A. Executing Agency

- 5.1. IDB Lab Investment Unit will be responsible for the implementation of this operation with support from the Bank’s Country Office Specialists in each of the 6 participating countries as well as relevant ecosystem players, entrepreneur networks, VC investors, among others.

B. Executing Mechanism

- 5.2. The IDB Lab Project Team will be responsible for the general overview of the three components. For Component I and Component II, the Project Team will hire a program coordinator who will be responsible for the general coordination of the activities, including the relation with and supervision of the partner organizations that will receive funding.
- 5.3. **Component I.** For the execution of incubation of STEM-based startups, IDB Lab will launch an open request for proposal (RFP) to identify up to 3 incubators that will implement, and potentially co-finance, the incubation processes. The eligibility criteria for the competitive process for these partner firms is detailed in section 2.5. The STEM-based startups will receive the incubation financing in the form of a contract upon delivering the set number incubated startups.
- 5.4. **Component II.** Similar to Component I, for Component II, IDB Lab will also launch an open request for proposal (RFP) to identify up to 3 accelerators that will execute and co-

finance the seed capital programs. The eligibility criteria for the competitive process is detailed in section 2.10.

- 5.5 **Component III.** IDB Lab Investment Unit will be responsible for sourcing, analyzing, executing, and monitoring the direct equity investments (equity, SAFE-Simple Agreement for Future Equity-, or convertible notes), under Component III.

Delegation of authority. It is proposed that Donors Committee delegate the authority to the IDB General Manager to approve individual operations of up to the maximum amount of US\$1,000,000. A complete list and description of the financed companies, along with the expected impact of the financing in both impact and financial additionality point of views for each, will be included into IDB Lab's upcoming Quarterly Reports. The responsibility for selection of companies will be conducted by IDB Lab following pre-defined criteria and will benefit from leveraging the specific expertise of third-party investors who will be leading the financing rounds of the target companies.

Approval Process. No formal eligibility will be required for individual projects, as all of them will follow similar characteristics. Project proposals will be presented to the IDB Lab's Transaction Committee for assessment and endorsement and then will be presented to IDB Lab General Manager for approval.

- 5.6 It's expected that the Project will leverage additional external resources and also local and international partners in order to identify and engage women entrepreneurs in STEM fields from Central America. Potential pre-identified partners include: Santander X, Microsoft, EY Central America, Startup Reef, Blockchain Developers Honduras, Google Developers Group, Startup Weekend, La Vida Startup, Real Ledge, Women Do Tech, Fuck Up Nights, Angel Hack, TEDx, Barcamp, Startup Grind, Thinkers and Makers, Connect Cowork, Widú, Cemprende and existing challenges such as Honduras Startup (Organized by Instituto Hondureño de Ciencia, Tecnología e Innovación-IHCIETI), Honduras Digital Challenge (Banco Atlántida), La Fabrica Smart (Tigo), Robot and Drone Challenge (IHCIETI), Honduras Emprende (Chamber of Commerce), Road to Innovate Summit (Asociación Nacional de Industriales-ANDI), Premio de Innovación Tecnológica (Ficohsa), Hondu Camp Tech (IHCIETI), Innovation Fest (La Prensa), Think Digital Today, Carao Ventures Fund and Pomona Impact Fund (Seed/VC Funds focused on Central America and the Andean Region), CINDE-Costa Rica Investment Promotion Agency, Ciudad del Saber (Panamá), among others.

C. Project implementation readiness

- 5.7 IDB Lab has extensive experience in making high-impact, high-growth early-stage direct equity investments in the region, both through VC funds and through direct equity investments, across many high-impact sectors (Fintech, Healthtech, Edtech, marketplaces, and others). IDB Lab has invested in over 90 VC funds in the region, including 16 direct investments in companies with systemic impact. IDB Lab also has a naturally flowing pipeline on women-led entrepreneurs in LAC, including in the 6 countries for this project, mainly through the annual Women STEMpreneurs Pitch Competition, along with collaborations with Country Offices. In 2020, IDB Lab's Women STEMpreneurs Competition received almost 900 applications from STEM-based startups seeking to raise pre-seed to Series B financing rounds. Finally, IDB Lab has an

extensive network of ecosystem players in the region that can leverage the activities proposed in this Project.

D. Execution period and disbursement schedule

- 5.8 Component I and Component II (Technical Cooperation) and General Coordination and Monitoring will have 72 months for execution, and 42 months for disbursement, as of project approval.
- 5.9 Component III (Equity investments) and Project Evaluation will have up to 120 months for execution and disbursement as of project approval.

E. Procurement

- 5.10 Acquisitions of goods and contracting of consulting services will follow Bank policies and procedures set forth in document GN-2303-20. The funds contributed by local institutions in the host country towards the execution of each individual event, and administered directly by them, will be utilized for services and goods procured in the host country.
- 5.11 As mentioned in paragraphs 5.3 and 5.4, the partners for the implementation of the incubation and acceleration programs will be selected through a request for proposals procedure.

VI. Compliance with Milestones and Special Fiduciary Arrangements

- 5.12 **Fiduciary Arrangements.** IDB Lab will adhere to the standard IDB Lab disbursement and Bank procurement policy¹⁰ and financial management¹¹ arrangements.
- 5.13 **Information Disclosure.** In accordance with the Bank's Access to Information Policy, this document is available to the public.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

- 7.1. **Environmental and social review.** This operation was screened in accordance with the requirements of the IDB Environment and Safeguards Compliance Policy (operational policy OP-703) and classified as B13 (RG-O1692) and C (RG-T3833).

VIII. EXCEPTIONS TO BANK POLICIES

- 8.1. None.

¹⁰ Link to the Policy: [Procurement of Works and Goods Policy](#)

¹¹ Link to the document [Financial Management Operational Guidelines](#)