

Ex-Ante Evaluation Report

Private Sector Investment Finance Division  
Private Sector Partnership and Finance Department  
Japan International Cooperation Agency (JICA)

1. Name of the Project

Country: Developing regions

Project: Limited Partnership investment in Women's World Banking Capital Partners II

Signing Date: February 14, 2020

Investee: Women's World Banking Capital Partners II

2. Background and Necessity of the Project

(1) Current State and Issues of the Development of Women's Access to Financial Services in Developing Regions

In many developing countries, women have limited access to employment, land, property, financial services, etc., and "gender equality and women's empowerment" is becoming a major development issue to be addressed by developing countries, as exemplified by its inclusion as one of the Sustainable Development Goals (SDGs). In achieving the above-mentioned goal, expanding women's access to financial services is one of the important development issues.

Of the world's 1.7 billion adults who do not have an account in a regular financial institution, approximately one billion are women. Such a gap is wide in developing regions, with the gap between men and women estimated at 9%. In Sub-Saharan Africa and South Asia, two regions on which this fund mainly focuses, the gap between men and women is wider than in other regions of the world, at 9% and 18%, respectively. In order to promote financial inclusion for women, it is important to not only raise the percentage of women who have a bank account but also cope with problems that women face (such as low financial literacy, limited ownership of assets, restricted mobility, and low mobile phone subscription rates), provide services that meet women's financial needs in a way that suits their life cycle, and build appropriate delivery channels to reach a wide range of women.

Under these circumstances, from the viewpoint of not only ensuring fairness but also reducing poverty and enhancing development effects such as promoting participation by women in the market economy, it is important to encourage microfinance institutions as well as other diverse providers of financial services to offer a wide range of financial services that meet women's challenges and needs and thus advance women's economic empowerment.

## (2) Japan's and JICA's Policy for the Development of Women's Access to Financial Services in Developing Regions and the Priority of the Project

The Development Strategy for Gender Equality and Women's Empowerment, announced by the Japanese government in May 2016, states that Japan will work for women's empowerment through supporting women entrepreneurs, providing small-scale financial services such as microfinance, including deposit and insurance services; and promoting women's participation in local industries and One Village One Product campaigns. JICA is promoting gender equality and women's empowerment and is working to further women's economic empowerment as one of its priority tasks. In addition, in the G7 2X Challenge: Financing for Women initiative, announced at the G7 Charlevoix Summit in Canada on June 9, 2018, in which Japan participated, development financial institutions in the G7 countries aim at mobilizing funds of three billion dollars by 2020, through priming the pump by providing their own funds and encouraging private investments.

By mobilizing private funds to support funding to financial institutions in developing regions, the Project strives to promote initiatives for providing women better access to financial services, thus reducing poverty and empowering women in the regions. In light of development issues in such regions as well as the assistance policy of Japan and JICA, the significance and necessity of the Project is high.

### 3. Project Description

#### (1) Project Objective

By investing in and financing, and providing technical assistance to, financial institutions that provide financial services for women in developing regions centered on Sub-Saharan Africa and South Asia through fund investments, the Project aims at expanding women's access to financial services, thus

contributing to the enhancement of women's economic empowerment in the regions.

## (2) Project Site/Target Area

Mainly Sub-Saharan Africa and South Asia

## (3) Project Component

- ① Investment amount: US\$11.5 million for Class A (investment ratio: 11.5%)  
\* The types of investments in this fund are classified into Risk Sharing Lender (finance), Class A (investment), and Class B (investment). Risk Sharing Lender is set for investors such as USDFC (formerly OPIC) (2019), who are not allowed to invest in equity. The EU, USAID, the German government, etc. invest for Class B, which is inferior to Class A in terms of redemption, dividends, etc.
- ② Project Description: The Project aims at supporting financial institutions that provide financial services for women in developing regions centered on Sub-Saharan Africa and South Asia through fund investments. Technical assistance for expanding women's access to financial services will be provided to financial institutions targeted for investment through Women's World Banking.
- ③ Estimated Project Cost: \$100 million (estimated at the completion of final closing)

## (4) Schedule

First closing was made in March 2020 and final closing are scheduled for the end of September 2021. The fund is expected to be terminated ten years after the first closing (can be extended by up to two years).

## (5) Environmental and Social Consideration, Poverty Reduction, and Social Development

### 1) Social and Environmental Consideration

- ① Category: C
- ② Reason for Categorization: It is judged under the JICA Environmental and Social Considerations Guidelines promulgated in April 2010 that the undesirable effects of the Project on the environment are minimized.

### 2) Promotion of Poverty Reduction: Expanded financial services for the poor,

including deposits and borrowings, are expected to promote poverty reduction.

### 3) Promotion of Social Development: Gender Classification

[Gender project] “GI (P) project whose main beneficiary is women”

<Specific Activities / Reasons for Classification> Expand financial services for women and promote women’s economic empowerment

(6) Collaboration with Other Donors: USDFC (U.S.), KfW (Germany), EIB, EU, the German government, USAID (U.S.), and other institutions will invest in this fund.

## 4. Targeted Outcomes

### (1) Quantitative Effects

Indicator	Base value (2020) [Result]	Target value (2030) [Fund closing year]
Number of investment and financing cases	0	12-15 cases
Net IRR*	0%	[Not disclosed]
Average percentage of female customers at the institutions invested in or financed	N/A	50.0%

Net IRR\*: IRR after fund operations costs are deducted and GP return dividends are paid (on a U.S. dollar basis)

### (2) Qualitative Effects

Women’s better access to financial services, higher income of women, and increased sales at businesses run by businesswomen

## 5. Prior Conditions and External Factors

Nothing in particular

## 6. Lessons Learned from Past Projects

### (1) Results of Evaluation of Similar Projects

In local business development fund projects in India, it is necessary to fully confirm whether investment targets are secured by checking the pipeline list, which consists of candidate investment projects. Another lesson learned is that it

is effective to evaluate the abilities of fund managers as investors and to hold the authority to replace fund managers in advance as required.

#### (2) Lessons for the Project

It has already been confirmed that this fund's pipeline has a short list of more than 40 companies. The evaluation of the investment team's abilities has also been confirmed through examinations of the operation system of Fund No. 2, and in addition, the right to allow the Project to replace the investment team under certain conditions in limited partnership and similar agreements that will be concluded in the future has already been acquired.

### 7. Evaluation Results

The Project is relevant to the issue of expanding women's access to financial services in developing regions and is consistent with Japan's and JICA's development cooperation policies. It will also contribute to achieving two of the SDGs: Goal 5 (gender equality) and Goal 17 (partnership). Therefore, the necessity of implementation of the Project is high.

### 8. Plan for Future Evaluation

#### (1) Indicators to Be Used

As mentioned in Section 4 above

#### (2) Timing

Immediately after the end of the fund (2030).

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