



## Fundación WWB

Gender equality and development opportunities

**Fundación WWB**, alongside Banco W, aims to strengthen women's personal and business capacities through its Yarú program, which focuses mainly on women micro-entrepreneurs and subsistence entrepreneurs in a vulnerable socio-economic situation. The foundation moves from traditional philanthropy to a more strategic philanthropy that considers impact investment, covering the entire continuum of capital.

# Fundación WWB

Gender equality and development opportunities



### LOCATION:

Cali, Valle del Cauca, Colombia



### MAIN PARTNERS:

- Consejería Presidencial para la Equidad de Género
- Government of Valle del Cauca
- Local governments of Cali, Palmira, and Florida
- Chambers of Commerce of Cali, Buenaventura, and Palmira
- AFE foundations
- Banco W
- Colfuturo
- Universidad ICESI FLACSO



### MOTIVATION/PROBLEM TO TACKLE:

Gender inequality experienced by women in Colombia due to lack of access to resources and opportunities to actively participate in social and economic development.



### TYPE OF INVESTOR/SILO:

Foundations



### FINAL BENEFICIARIES:

Women entrepreneurs in a vulnerable socio-economic situation with small businesses.



### DURATION:

2013

-now



### TYPE OF FINANCING:

Seed funding, equity, and debt

### RESOURCES INVESTED OR DONATED:

USD 6,000,000 annually



### NON-FINANCIAL SUPPORT OFFERED:

- Business model and/or strategy
- Financial management
- Governance
- Operational (marketing, logistics, IT, sales, purchases, legal)
- Other



### SECTOR:

Economic and social development



### SDGS ADDRESSED:

### IMPACT 2012-2019:

12,759 people

benefited in 20 municipalities in Valle del Cauca.

121 mentoring

processes for entrepreneurs, 43 of which also benefited from working capital.



Support in forming and financing the Valle del Cauca Observatory for Women's Equality (OEM).



3 social

impact investments.



## BACKGROUND AND CONTEXT

According to a recent bulletin by the Observatory for Women’s Equality (OEM), published in 2020, “Women in Colombia, and therefore in Valle del Cauca, are systematically relegated to the private sphere. This translates in their work time being to a great extent unpaid. Their labor power is therefore not taken into consideration when measuring wealth generation in the country.”<sup>1</sup>

This reality has kept them away from the productive sector compared to men, to the extent that even today women participate less in the Colombian labor market and significantly more in household tasks. In Cali, the third most populated city in Colombia, the difference in the employment rate between men and women was 15.6% in 2019, which shows the major difficulties faced by women in terms of employability.<sup>2</sup>

In order to bring women closer to economic development based on financial inclusion, Fundación WWB was created in 1982 as part of an initiative of a group of women leaders of the financial sector in Cali. They decided to promote this initiative with their own resources, in a context where there were no microfinance opportunities, even less for women.



**In order** to bring women closer to economic development based on financial inclusion, Fundación WWB was created in 1982 at the initiative of a group of women leaders of the financial sector in Cali.

This organization was one of the first five microfinance entities—and the first one in Latin America—to become part of the Women’s World Banking network (hence its name), which is a global microfinance network focusing on women, whose main goal is to allow access to microcredit. Based on this initiative, other entities started emerging, such as Fundación de la Mujer, Fundación Mundo Mujer, and Corporación Mundial de la Mujer.

The foundation worked with this microfinance model until 2011, when it achieved national growth. At that moment, it was decided to follow the steps of other similar entities that set up banks. Nevertheless, Fundación WWB did not become a bank. Rather, it created an independent entity, Banco W, holding 86%

<sup>1</sup> Observatorio para la Equidad de las Mujeres (OEM) (2020). La autonomía económica en las mujeres del Valle del Cauca: una problemática oculta en nuestra realidad. Boletín No. 4, marzo de 2020. Accessed at: <http://oemcolombia.com/wp-content/uploads/2020/07/Publicaciones-Observatorio-para-la-equidad-de-las-mujeres-Bolet%C3%ADn-4-OEM.pdf>.

<sup>2</sup> Figures from the Gran Encuesta de Hogares (2019), quoted by the Observatory for Women’s Equality (OEM).

of its shares. As a foundation, it kept on focusing its actions on closing the inequality gaps for women and promoting their active participation in economic development.

Leveraging the bank to ensure sustainability, the foundation bolsters “low-income female entrepreneurs in Colombia, helping them become autonomous women able to make the right decisions to build a decent life project and improve their socio-economic level and that of their families.”<sup>3</sup>



## DESCRIPTION

Fundación WWB Colombia works on three pillars: people, knowledge, and business (social impact investment), focusing on women micro-entrepreneurs and subsistence entrepreneurs who are in a vulnerable socio-economic situation. It focused on this segment as women tend to close poverty circles—when they make a profit, they invest three times more than men in education, health, and nutrition for their family.<sup>4</sup>

**Table 1: Fundación WWB Pillars**

<b>People</b>	It seeks to strengthen the personal and business capacities of women entrepreneurs to improve their personal and economic autonomy through the implementation of training and learning initiatives by means of on-site and virtual channels, in four areas of knowledge: Entrepreneurship, Digital Literacy, Financial Education, and Leadership.
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<sup>3</sup> Fundación WWB. Historia. Accessed at: <https://www.fundacionwwbcolombia.org/quienes-somos/historia/>

<sup>4</sup> Even though the main focus is on women, the foundation also works with men (80% women and 20% men).

<p><b>Knowledge</b></p>	<p>It promotes the generation, dissemination, and appropriation of knowledge on the main inequality gaps affecting women in order to advocate before different agencies to bridge those gaps.</p> <p>Fondo Fundación WWB Colombia para la Investigación (Fundación WWB Colombia Research Fund) provides economic support for the development of field work by master’s and PhD students and research groups addressing challenges related to entrepreneurship led by or including the participation of women.<sup>5</sup> It has a special focus on the reality of rural women from Cauca and Valle del Cauca, in southwestern Colombia. The fund’s first placement was done through a pool of approximately USD 333,000.</p>
<p><b>Business</b></p>	<p>It works on the identification and definition of investment projects that have a social impact and promote the reduction of inequality gaps for women.<sup>6</sup> It is in this area that investment in other initiatives is promoted, for example Acumen’s Fondo Pionero, and the Social Impact Bonds program led by Fundación Corona.</p>

*“We strengthened investment decision-making embracing international resource-management standards by becoming PRI (Principles for Responsible Investment) signatories. We are the first and only foundation in Colombia and Latin America (except for Brazil) to become part of this international network.” Daniela Konietzko, President of Fundación WWB.*

The foundation enters into partnerships with third parties in order to operate synergically to achieve results. It currently works with close to 50 partners, both in Valle del Cauca and in the national and international spheres.

<sup>5</sup> Fundación WWB. Conocimiento. Accessed at: <https://www.fundacionwwbcolombia.org/pilar-conocimiento/>

<sup>6</sup> Fundación WWB. Qué hacemos. Accessed at: <https://www.fundacionwwbcolombia.org/que-hacemos/>





## IMPLEMENTATION

The combination of the three aforementioned pillars allows greater efficiency and strengthens the collaborative vision. The foundation directly executes the training programs that are at the heart of the mission and coordinates and articulates the initiatives that it advances with its partners. The Ruta Yarú program, in the People pillar, is a comprehensive journey that provides women entrepreneurs with opportunities for their economic growth.

The implementation of the foundation's programs is fully financed with the foundation's own resources, which come from the returns on the organization's strategic investments, which ensure medium and long-term sustainability.

### Tailored Finance

Ruta Yarú conducts a process to identify productive projects or social businesses with a high growth potential, so that they can enter the seed funding program known as *Tu inversión con propósito*. Those social businesses are supported for approximately six months by business advisors to define an investment project and the business's action plan to grow. At the end of the process, they are granted between USD 1400 to USD 5560 in seed funding, according to the projected non-repayable investment project.

The "Voy de la mano" mentorship program – which includes support from expert mentors with extensive experience to achieve transformation in the social business – offers some financial incentives for its participants, with lower amounts: Approximately USD 550, also non-repayable.

The foundation also works on a direct investment strategy, for which it outlines hybrid vehicles that consider equity, debt, convertible debt, and blended finance, with a special focus on FinTech.<sup>7</sup> These

**Ruta Yarú** conducts a process to identify productive projects or social businesses with a high growth potential.

<sup>7</sup> FinTech is an emerging industry in which companies use technology to provide financial services in an efficient, smooth, and reliable way. The word comes from the contraction of the terms *finance* and *technology*.

are impact investments that aim at taking advantage of the foundation's equity fund resources to keep on achieving a social and environmental impact while achieving profitability comparable to a moderate investment.

### Non-Financial Support

The Yarú program stems from the understanding of gender inequality as a reality that leads to vulnerability in women's lives, reducing their economic and personal autonomy.

According to the program's theory of change, what leads to risk, inequality, and disadvantages in women's immediate circles is the difficult access to strategic resources (educational, economic, social), which lessens their possibilities to make decisions about their lives and have a positive impact on the life of their families.

Yarú was designed based on gamification (learn by playing). The goal is to develop individuals and strengthen their businesses and the relationships with their environment, based on the idea that "the reflection of the business is a reflection of oneself." In this training process (one year, four levels), topics like leadership, entrepreneurship, digital literacy, and financial education are addressed, supported by talks, workshops, games, and business advice.<sup>8</sup>

All this journey is supported by complementary training on personal-finance aspects, with a course on how to manage money successfully (on-site or online) and the free mobile app Miga, with which issues like budget, debt, savings, and financial decision-making are addressed, based on information and the development of better habits.

These programs go hand in hand and are complemented by other initiatives that tackle relevant issues for their beneficiaries, such as "Voy de la mano" (mentorship) or "Ofelia no está sola" (a strategy to prevent gender-based violence).



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<sup>8</sup> Fundación WWB. Conocimiento. Accessed at: <https://www.fundacionwwbcolombia.org/pilar-personas/>



## RESULTS

For Fundación WWB, measuring is a very important aspect as it allows to produce information that can be the beginning of research projects, be an input for other organizations, create public policy recommendations, and help to continuously improve its processes. Measurement includes SDGs as a reference framework for results report.

It starts with a baseline and follow-up until the end of the process, in order to deliver a full analysis that defines the initial conditions, the aspects in which there were significant changes, and those in which these characteristics did not change. Furthermore, a subsequent measurement phase was added, which allows to identify the effects of the training delivered by the foundation.

Between 2012 and 2019, 12,759 people have been supported in 10 municipalities of Valle del Cauca. 121 mentorship processes for women entrepreneurs – 43 of whom also benefited from working capital – have taken place. Fondo WWB para la Investigación has financed 17 projects by means of an investment higher than USD 300,000, approximately.

Moreover, the creation and funding of the Valle del Cauca Observatory for Women's Equality was supported, and three social impact investments have been made.

Fundación WWB is the first one in Colombia and Latin America (except for Brazil) to join the international PRI (Principles for Responsible Investment) network and works closely with more than 80 institutional partners.

The strategy to prevent gender-based violence ("Ofelia no está sola") has reached—directly and by means of partners—over 5000 women in Colombia. Currently, an agreement is being concluded with the Alta Consejería para la Equidad de la Mujer of the Presidency of the Republic, in partnership with ten departmental secretariats, in order to train counselors, distribute teaching material, and update the directory of entities supporting women affected by violence.

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## LEARNINGS AND PERSPECTIVES

All of the experience achieved in the past allows Fundación WWB Colombia to assert that working to bridge inequality gaps for women and promoting their active participation in economic development is the best way to take advantage of their transforming potential for the sake of society.

For this purpose, support from the Board of Directors in the development of the projects – and their willingness to experiment and learn from mistakes – has been crucial, so that these projects are efficient, effective, replicable, scalable, and sustainable. The foundation’s managers also underline the fact that relying on a team that believes in the power of the interventions that it makes is essential in this type of processes.

Working alongside other organizations that have the same purpose has allowed them to coordinate efforts, so that they do not make the same investment in the same beneficiaries with similar aims.

The foundation’s long-term strategic planning process – by means of which it defined more clearly a theory of change that acknowledges strategic issues – identifies the capacities that the organization already has, those that it has to build to complete its mission, and the relevance of follow-up based on indicators that allow to account for the accomplishment of its goals.

Today, the foundation has three social impact investments made indirectly in funds such as Limited Capital Partners Fund, which invests in microfinance institutions in different parts of the world, also focusing on women’s financial inclusion; Acumen’s Fondo ALEG; and the second Social Impact Bond, issued in Cali (see the *Fundación Corona case in this study*).

*“Yes, these social impact investments are considered patient capital. They take longer, but they show us that economic profit and social profit can coexist.” Daniela Konietzko.*

The future poses a challenge for the foundation – consolidating an impact investment policy across the continuum of capital with a gender perspective and becoming a relevant actor in this type of initiatives, which still seem shy in Colombia.



**Working alongside other organizations that have the same purpose has allowed them to coordinate efforts, so that they do not make the same investment in the same beneficiaries with similar aims.**

As a consequence of the current COVID-19 crisis, the foundation launched in July 2020 a plan, known as "Reactivate", for 10 municipalities of Valle del Cauca. It has over USD 1,600,000, with which around 3000 entrepreneurs and their families will be served, so that they can reactivate their social businesses and recover their income in the short and medium term.