



Lessons Learned in the Development of a Gender-responsive Blended Finance Window under the Sustainable Island Resource Framework (SIRF) Fund

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Overview of the SIRF Fund



The Sustainable Island Resource Framework (SIRF) Fund:

The SIRF Fund is a national financial mechanism in Antigua and Barbuda designed to centralize and manage funds for environmental, climate mitigation, and adaptation projects.

Beneficiaries:

Public Sector (Government)

Private Sector (Households and Businesses)

Non-governmental and community organizations

Sources of Funding:

Domestic: Pollution Charges, carbon credits, taxes, levies, park visitation fees

International: Multilateral Funding Agencies (GCF, AF, GEF)

Windows/Programme

Revolving Loan Programme - Private Sector Adaptation

Small Grants Programme - Faith Based, CSOs, NGOs resilience building

Upcoming Window(s)/Programme(s)

Blended Finance/Micro Equity - SMEs accessing financing and technology to support the transition to a low carbon economy

Limited Access to Finance for SMEs in Antigua and Barbuda



There are challenges on both the supply and demand side in providing financial services to SMEs.



Demand Side: SMEs encounter difficulties in meeting eligibility criteria, facing high-interest rates, collateral, financial literacy and adherence to tax and legal requirements.



Supply Side: financial institutions face challenges such as a lack of sectoral knowledge, lack of knowledge and familiarity with new technologies and risk aversion.

Agricultural Sector Challenges

High Collateral Requirements:

SMEs, including farmers, encounter obstacles in obtaining financing for equipment and inputs due to demanding collateral requirements.

Inflexible Repayment Schedules:

The rigid nature of repayment schedules poses a challenge for SMEs, hindering their ability to secure loans for essential resources.

Trust and Flexibility from Financial Institutions:

SMEs often require financial institutions to demonstrate trust and flexibility in their dealings, which can be a significant hurdle in accessing the necessary funding.

Lack of Expertise in Loan Applications:

Non-financial challenges arise from a lack of expertise among SMEs in navigating the complexities of loan applications, potentially impeding their access to financial support.

Uncertain Markets:

SMEs, such as farmers, face difficulties in coping with market uncertainties, impacting their financial planning and investment decisions.

Need for Skills in Deploying New Technologies:

SMEs need to develop skills in adopting and effectively deploying new technologies, adding another layer of challenge in their quest for financial support and growth.



Need for Gender-Responsive Approach

- ▶ Little focus on reaching women-owned/operated businesses and addressing wider social and environmental impacts.
- ▶ Climate resilience, climate transition, and adoption of innovations or new technologies are not adequately considered.

Gender Responsiveness and Inclusiveness

- ▶ A gender-responsive window is needed to ensure equitable distribution of financial resources, addressing vulnerabilities in SMEs and removing barriers that hinder gender-equitable access to finance.

Design of Gender- Responsive Micro-Equity Window

Flexibility in repayment periods, considering the seasonal nature of farming businesses.

Responsiveness to shocks, including short-term contingent financing and temporary standstill on repayments during major shocks.

Concessionality in financing to address the unaffordability of commercial rates for SMEs.

Repayment in-kind options, with technical assistance provided as grant funding for farmers.

Support for established SMEs to transition to sustainable practices and adopt new technologies.



Data Disaggregation, Targets and Monitoring

Setting gender-related targets and indicators at the outset is essential for tracking progress and maintaining intended beneficiary participation.

Disaggregation of data collected is essential to track progress against gender targets, including applications, beneficiaries, and climate impact outcomes.

Collecting disaggregated data is essential for tracking progress against gender targets and ensuring that the intended 40% women beneficiary participation is achieved.



Overview of Key Lessons Learned in the Design of the BFW

- ▶ **Tailored and Affordable Finance:** BFW caters to unique needs of Antigua and Barbuda's SMEs, offering tailored and affordable finance for climate-related projects.
- ▶ **Inclusive Climate Rationale:** BFW invites SMEs from various sectors, emphasizing a clear climate rationale in proposals to align with the country's environmental objectives.
- ▶ **Gender-responsive Approach:** BFW promotes gender equality by setting targets for SMEs with significant female representation in ownership, management, or staff.
- ▶ **Competitive Application Process:** BFW establishes a competitive process for financial and technical assistance allocation, supporting impactful and well-prepared projects.
- ▶ **Comprehensive Evaluation Criteria:** Evaluation criteria include climate rationale, financial performance, technical quality, expected return, and limited access to alternative finance.



Overview of Key Lessons Learned in the Design of the BFW

- ▶ **Financial Assistance Modalities:** BFW offers in-kind equity and concessional loans, providing flexibility based on SME nature (goods or services) and financial profiles.
- ▶ **In-kind Equity Repayment Model:** Exploring the in-kind equity model, where SIRF owns equipment until predetermined repayment, suitable for tangible goods SMEs.
- ▶ **Concessional Loan Terms:** Concessional loan terms accommodate both goods and service-producing SMEs, with low fees, no collateral requirements, and tailored repayment.
- ▶ **Comprehensive Technical Assistance:** Successful applicants receive technical assistance in implementation, business and financial development, and gender and social inclusion.