



The Commonwealth

Development of a Gender-responsive Blended Finance Window under the Sustainable Island Resource Framework Fund March 2024



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Future Earth



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Commitment

Climate resilience
Poverty alleviation
Gender equality

Understanding

Local circumstances
Curating TA packages
Implementing environment

Vision

Asset distribution
Whole of society resilience
Entrepreneurial SMEs

Stakeholder views

SMEs

- Unaffordable interest rates
- Collateral requirements
- Rigid non-flexible repayment schedules
- Need for trust in long-term customers
- Lack of capacity to produce business plans
- Complexity of loan application processes and lack of expertise in preparing them
- Unwillingness to finance business expansion not linked to physical equipment
- Need for skills to understand and deploy new technologies

Finance providers

- Lack of SMEs' formal registration
- Lack of adequate 'book keeping'
- Financial institutions' lack of sectoral knowledge and its growth prospects
- Perceived high risk of SMEs -> high interest rates
- Demand driven services: no specific targeting of key groups like women, or policies targeting green transition/resilience to climate change

Implications for the design of a gender-responsive blended finance micro-equity window: critical design features

Flexibility over repayment:

Tailored repayment schedules

Concessionality:

More affordable borrowing rates

Repayment in-kind:

Ability to repay in produce without interest fees attractive

Green transition and resilience to climate change:

Access capital to support innovation and new technology adoption

Technical assistance:

Building SMEs' business and finance capabilities and knowledge of new technologies

Gender-responsiveness:

Gender-related targets; dedicated budget and technical assistance

Alignment with national priorities

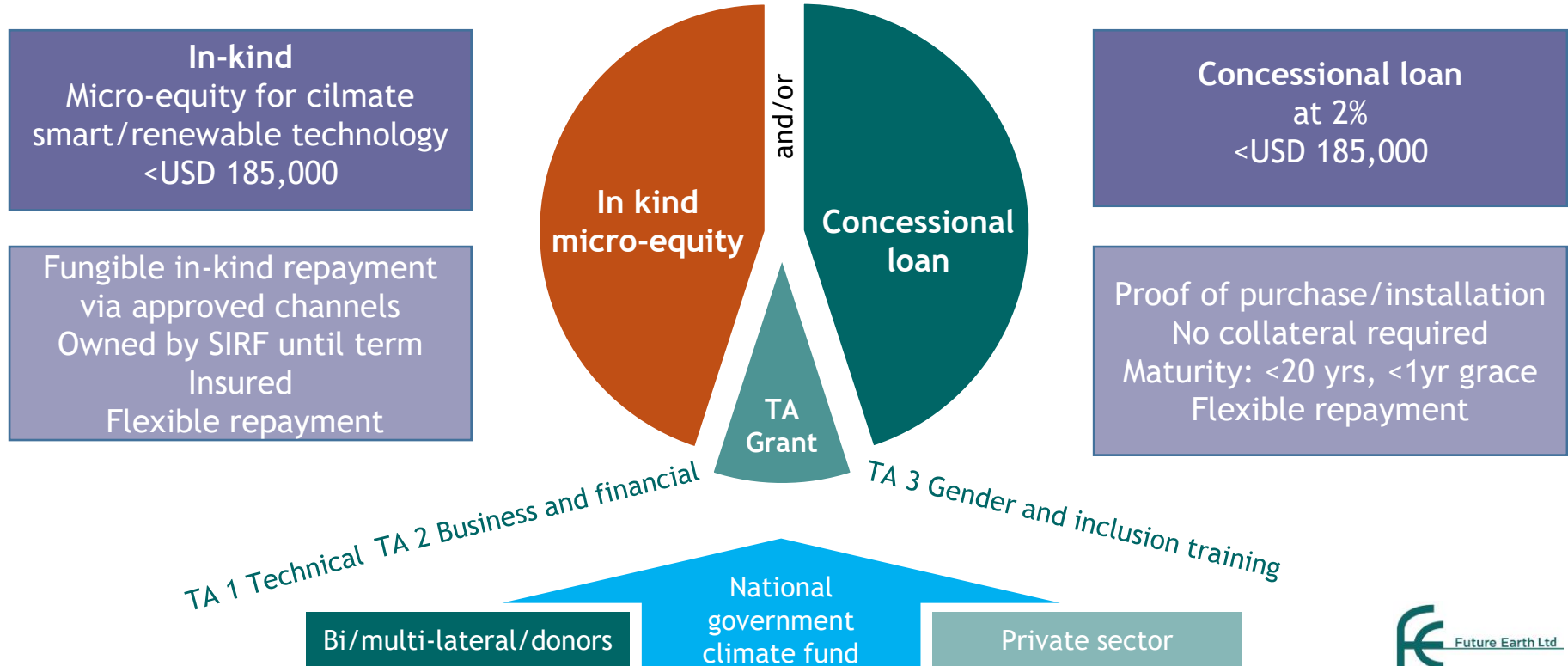
Targeted support for specific industries and expanding value added activities

Responsiveness to shocks:

Ability to renegotiate repayment; availability of finance to 'weather storm'

1. Tailored financing 2. Bespoke eligibility requirements 3. Multi-point/subject TA

SIRF Fund blended finance window core features





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BFW Technical Assistance

Technical

- Selection of technologies to be funded by BFW
- Technical implementation of the technologies

Business and financial

- Formalization
- Budget and accounting
- Business plan
- Choice of BFW financial instruments
- Fundraising strategy post-BFW
- Introduction to financial institutions

Gender and social inclusion

- Gender responsiveness core concepts
- Development of internal policies and procedures for gender responsiveness
- Gender-responsive budgeting, reporting and procurement

Operationalising the BFW

