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

In-kind
Micro-equity for climate smart/renewable technology
<USD 185,000

Concessional loan
at 2%
<USD 185,000

Fungible in-kind repayment
via approved channels
Owned by SIRF until term
Insured
Flexible repayment

In-kind micro-equity
and/or
Concessional loan

TA Grant

Proof of purchase/installation
No collateral required
Maturity: <20 yrs, <1yr grace
Flexible repayment

TA 1 Technical
TA 2 Business and financial
TA 3 Gender and inclusion training

Bi/multi-lateral/donors
National government climate fund
Private sector
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

SME

Technical TA1
Business & Financial TA2
Insurance approved
Contract signed
Gender & Inclusion training TA3

Application

Approved produce & service off-takers
In-kind repayment

SIRF Fund Management Unit

Outreach & engagement to SMEs
Application hotline
Eligibility & selection
Contract negotiation
TA provision / oversight
SME repayment oversight

On going Business & Financial advice

Approved TA providers & product & service off-takers

Loan repayment

Productive economic system

M&E

SIRF Fund

Sustainable financing