

TRENDS IN GENDER FINANCE IN ACP DEVELOPMENT FINANCE INSTITUTIONS

OVERVIEW AND SELECTED EXAMPLES

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LIST OF ACRONYMS

AADFI	African Association of Development Finance Institutions
ACP	Organisation of African, Caribbean and Pacific Countries
ADB	Asian Development Bank
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
AFAWA	Affirmative Finance Action for Women in Africa
AFD	Agence Française de Développement
AfDB	African Development Bank
CDB	Caribbean Development Bank
DFI	Development Finance Institution
EIB	European Investment Bank
GCF	Green Climate Fund
GEF	Global Environmental Facility
ICR	Investment Climate Reform Facility
IDB	Inter-American Development Bank
IFC	International Finance Corporation
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
MSME	Micro, Small and Medium Enterprise
WEE	Women's Economic Empowerment

TRENDS IN GENDER FINANCE IN ACP DFIS – OVERVIEW AND SELECTED EXAMPLES

1. BACKGROUND

Development Finance Institutions (DFIs) have a key role to play in promoting gender responsive finance and women’s economic empowerment (WEE). While the initiatives of multilateral banks are well-documented and communicated via events and publications, such as 2021’s “Public Development Banks Driving Gender Equality: an Overview of Practices and Measurement Frameworks” by UNWOMEN and the Agence Française de Développement (AFD), visibility of the efforts of national and sub-regional DFIs on this topic is low. Gender finance is not commonly highlighted on their websites or in annual reports, and their efforts to promote gender finance are rarely covered in research articles or other publications. As a result, national DFIs experience successes and challenges in their efforts to promote gender equality without the benefit of broader recognition and the chance to inspire their peers to action, or supportive networks that can help identify solutions to difficulties faced. The purpose of this study is to identify those DFIs in the member countries of the Organisation of Africa, Caribbean and Pacific Countries (ACP) with active gender finance or

WEE initiatives. Among them, the study aims to showcase good practices and highlight challenges to spark dialogue within and across the ACP region about approaches to gender finance and WEE. This includes activities relating to the DFIs’ internal policies and processes, such as those related to gender policy and human resources management, and client-oriented activities, such as financial products or technical assistance.

This study is organised as follows: Sections 1 and 2 provide a background and research methodology; Section 3 lays out emerging trends related to gender responsive finance among national DFIs in the ACP region; Section 4 provides an overview of features of gender strategies and policies of key DFIs; Section 5 shows examples of gender-responsive projects and products; and Section 6 highlights key gaps, challenges and support needed to promote gender responsive finance and WEE at the national and sub-regional DFI level.

2. METHODOLOGY

This qualitative study began with a desk review of DFIs in ACP countries and stakeholder interviews with DFI regional associations¹ and regional experts in gender finance. The process identified a comprehensive list of national and sub-regional DFIs across the ACP region. Further review

of DFI websites, annual reports, other publications and research identified those with evidence of gender finance or WEE initiatives in place. Together these findings informed the development of a shortlist of 24 DFIs – 12 in Africa, 6 in the Pacific, 6 in the Caribbean – for further exploration.

Box 1: List of Interviewed DFIs

Africa:

- Bank of Industry (BOI) Ltd Nigeria
- Citizen Entrepreneurial Development Agency (CEDA) Botswana
- Development Bank of Namibia (DB Namibia)
- Development Bank of Nigeria (DB Nigeria)
- Development Bank of South Africa (DBSA)
- Eastern and Southern African Trade and Development Bank (TDB)
- West African Development Bank (BOAD)

Pacific:

- Development Bank of Samoa (DB Samoa)
- Federated States of Micronesia Development Bank (FSM DB)

Caribbean:

- Caricom Development Fund (CDF)
- Caribbean Development Bank (CDB)
- Development Finance Corporation of Belize (DFC Belize)
- Development Bank of Jamaica (DB Jamaica)

¹ Association of African Development Finance Institutions (AADFI), Association of Development Financing Organizations in Asia and Pacific (ADFIAP).

We complemented publicly available information about gender practices of national and regional DFIs in the ACP region with stakeholder interviews. Of the DFIs identified in the shortlist, 13 participated in interviews: 7 in Africa, 2 in the Pacific, and 4 in the Caribbean. (See Annex 1 for full list

of stakeholders and DFI interviewees). Not all DFIs that were contacted with a request to share information about their initiatives responded. Despite our best efforts, some DFIs who are active in the gender finance space in ACP may not be featured in this study.

3. EMERGING TRENDS

Generally speaking, gender finance and women's economic empowerment are not yet a priority for DFIs in the ACP region. Of the list of DFIs identified in ACP countries, fewer than 20% showed evidence of planning or implementing internal or external gender policies or programs.

However, the topic is beginning to gain traction. Regional associations, including the Association of African Development Finance Institutions (AADFI) and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) expressed both awareness that gender is becoming more of a focus and a desire to better understand gender initiatives within their member base. AADFI recently held a joint workshop with Affirmative Finance Action for Women in Africa (AFAWA) on the topic, integrated gender in its annual training programme, and plans to include questions on gender initiatives in its annual member survey.

The leap from awareness of the importance of the topic to action can be great. While awareness of the broad economic benefits in serving women, from GDP growth at the country level² to lower Non-Performing Loans (NPLs) at the portfolio level,³ is growing, many DFIs are unsure where to begin to promote gender responsive finance, or what women entrepreneurs, the majority of whom are in the informal sector, need. A comprehensive understanding of the segment's financial and non-financial needs, wants and barriers to growth, in general and within the COVID context, is crucial to the development of an effective offer. In the absence of an evidence-based business case, DFIs have difficulty justifying investments in research on and extending services to this market segment.

Key triggers and motivations for promoting gender vary. Some DFIs, such as DFC Belize, see a focus on gender as a way to differentiate from competitors. Others see gender finance as a critical path to meeting development impact goals that are linked to government priorities. The starting point for most of the DFIs in this study, however, appears to be donor/funder requirements.

Multilateral banks and other financing DFIs are influencing national and sub-regional DFIs to adopt gender policies and, in some cases, to take further action. This is due to a number of factors, including motivation to attain the Sustainable Development Goals (SDGs) and an increasing focus on gender-smart finance and investment, for example through initiatives like the 2X Challenge.⁴ The Asian Development Bank (ADB), the Inter-American Development Bank (IDB), the Green Climate Fund (GCF) and the Global Environment Facility (GEF) have begun to outline gender-related requirements as a condition for their support and/or for receiving accreditation. These range from completion of an internal gender assessment and development of a policy and/or gender action plan, to tracking and reporting sex-disaggregated data on funding beneficiaries, and ensuring that a percentage of funding directly reaches one or more target segments. For example, GCF accreditation requires that institutions that implement its funds develop a gender policy. The Caribbean Development Bank (CDB), a regional DFI that received GCF accreditation in 2016 and implements GCF funds that support its borrowing member countries, has supported several of those member banks, such as the Development Bank of St. Lucia, the Development Bank of Belize, and the Development Bank of Jamaica to construct their gender policies to ensure they comply with GCF requirements.

At the DFI level, the link between gender policy development and implementation is critical and is often missing, given competing demands on leadership and resources, as well as the time and experience required to build internal gender awareness and expertise. To comply with multilateral or regional funding requirements, or to align with government policy, a number of DFIs in the study worked with consultants to develop a gender policy, and/or defined gender as a key pillar in their strategy. However, the initiatives appear to have ended there. Without leadership commitment, policies don't get communicated internally or implemented through a resourced action plan. As a result, gender-related work seems to be chronically under-resourced among interviewed DFIs. Without human resources such as skilled

² BCG, The Trillion Dollar Opportunity in Supporting Female Entrepreneurs, 2019; McKinsey & Company, How Advancing Women's Equality Can Add \$12 Trillion to Global Growth, 2015

³ The Financial Alliance for Women, Measuring the Value of the Female Economy: 2021 Edition, 2022; IFC and FMO, Non-Financial Services: The Key to Unlocking the Growth Potential of Women-led Small and Medium Enterprises for Banks, 2020

⁴ Launched in June 2018, the 2X Challenge is a multilateral initiative driven by G7 member DFIs to join together with other DFIs and financing institutions to deploy and mobilize funds to support projects that empower women as entrepreneurs, as business leaders, as employees and as consumers of products and services in developing and emerging economies. In 2018–2020, \$11.4 billion in capital was mobilized. The 2021–2022 target is \$15 billion.

gender champions with leadership support and financial resources to support gender mainstreaming⁵, implementation and progress on the gender front will stall.

The combination of a progressive national gender policy and effective links between DFIs and policy makers can be catalytic. When DFIs are closely linked to policy makers in a country with a gender equality policy, the DFIs are able to ensure their strategies are aligned with broader initiatives to drive change at the country level. The strength of such linkages varies greatly from country to country. CEDA in Botswana works closely with the government’s gender desk to align its initiatives with government priorities each year, and regularly reports on progress versus goals. The Development Bank of Jamaica aligned its mandate to support Jamaica’s gender and climate policy. A small number of DFIs, such as the Federated States of Micronesia DB, is ahead of their country policies when it comes to gender diversity in leadership. In this case a DFI’s gender policy can set an example for the country’s policymakers.

Sex-disaggregated data, while critical to measuring the progress of any gender initiative, is a gap at the regional, national and DFI levels because the systematic collection, analysis, and reporting of quality data is challenging. At the regional and national levels, the absence of commonly agreed definitions of “women-led business” and of micro, small and medium enterprises; as well as the lack of standardized KPIs and reporting formats can hinder aggregate data collection, analysis and reporting. At the DFI level, data entry quality control and Management Information System (MIS) capacity must also be in place. Some DFIs have expressed a desire for support to develop tools and a systematic approach to monitor sex-disaggregated data. Gender-lens investing begins with defining and identifying women-led businesses. Additional gender-lens investing considerations that institutions may use include criteria such as the proportion of women in leadership within an organization, percentage of women employees, or whether a business develops and markets products or services that specifically or disproportionately benefit women.

DEFINING A “WOMEN-LED BUSINESS”

Accounts belonging to SMEs are often registered with financial institutions as business entities, with no sex assigned. To track the number of women-led SMEs in its customer base, a bank must first determine the criteria, update its account opening forms and, if necessary, MIS to capture the new information. They must then train staff to capture and input the data correctly.

Analysis of gender data at the national level is more efficient when all reporting entities use the same definitions and KPIs. To facilitate this, some governments are beginning to develop standardized definitions for all financial institutions reporting on gender in that country to use. In addition, some multilaterals, such as the International Finance Corporation (IFC), have developed criteria for women-led businesses and require their partner banks to report on gender-related projects using those parameters.

Some commonly-used criteria for women-led businesses are that a majority of the business must be owned by one or more women; or a certain percentage of senior executives and/or board members must be women.

⁵ Gender mainstreaming refers to the process of assessing the implications of any action, policies, or projects on women and men. It is strategy for achieving gender equality by ensuring that the concerns, needs, and experiences of women and men are considered in the design, implementation, monitoring, and evaluation of policies, projects, other interventions in all economic, societal, and political spheres. [Source: UN Women]

4. GENDER STRATEGIES AND POLICIES

As gender finance and WEE become more of a priority, regional and national DFIs are taking steps to develop gender strategies and policies. While many are in the early stages of policy development and approval, there are some examples of institutions with robust strategies, implementation mechanisms and performance indicators to measure progress.

Caribbean Development Bank (CDB) – A comprehensive policy and plan with implementation mechanisms in place

CDB is a regional development bank that implements funds from development partners mainly through Caribbean

national DFIs. CDB developed its gender policy in 2019 and its gender action plan in 2020. The policy encompasses five pillars:

1. having gender-responsive on-lending-criteria,
2. introducing gender and diversity training for staff and stakeholders,
3. providing gender training to financial providers,
4. developing knowledge products on gender in the Caribbean,
5. promoting women’s economic empowerment.

Box 2: Implementation mechanism of CDB’s gender policy

SELECTED IMPLEMENTATION MECHANISMS	ACTIONS TO DATE
<ul style="list-style-type: none"> ▪ Target of 80% of gender mainstreamed projects by 2024. Most projects include gender mainstreaming capacity building interventions and gender responsive Monitoring & Evaluation (M&E), leveraging sex-disaggregated data where possible. 	<ul style="list-style-type: none"> ▪ To build internal gender awareness, gender specialists conducted a series of internal gender trainings focused on 4 sectors: transport, energy, economic empowerment, and climate / disaster risk reduction.
<ul style="list-style-type: none"> ▪ A gender marker⁶ system assesses projects using a scoring system of 0–4. 0 denotes projects with no gender considerations and 4 indicates those that are gender specific. Each project requires a gender equality action plan. This ensures gender is considered at each phase of the project cycle (design, analysis, implementation, and monitoring and evaluation), with accountability mechanisms in place. 	<ul style="list-style-type: none"> ▪ To create an enabling environment, CDB developed gender-responsive trainings and policy guidelines for infrastructure projects.
<ul style="list-style-type: none"> ▪ Sex-disaggregated data collection, when available, supports impact monitoring. 	<ul style="list-style-type: none"> ▪ The bank is currently working on gender responsive budgeting⁷ which supports the effective implementation of gender programming.
<ul style="list-style-type: none"> ▪ CDB is in the process of developing other tools and checklists such as technical guidance for sectors where the bank works the most, including infrastructure projects in transport, energy and water. 	<ul style="list-style-type: none"> ▪ The bank developed gender representation indicators for senior and professional staff levels.

CDB takes a multi-pronged approach to support implementation of its gender policy and plan. Senior leadership provides visible support: CDB’s Vice President is the gender champion. In that role he regularly communicates the importance of the bank’s gender focus to staff. Invitations to gender workshops, for example, come from his office. While a six-person gender team leads day-to-day

implementation for the region, project analysis through a gender lens is the responsibility of all staff, not only the gender team. The implementation mechanisms detailed in box 2 support this: gender is mainstreamed through all the stages of a project lifecycle through the use of a gender marker system, sex-disaggregated data collection and in the bank’s M&E system. CDB maintains a close collaboration

6 A gender marker system is a qualitative tool serving as an accountability mechanism and incentive for organizations to mainstream gender throughout the project life cycle and to record interventions that aim to promote gender equality. It also allows organizations to report on and track funds allocated to gender mainstreamed projects.

7 Gender responsive budgeting refers to incorporating a budget that works for women and men by ensuring the gender-equitable distribution of resources and by promoting equal opportunities for women and men (Source: Oxfam, A Guide to Gender-Responsive Budgeting)

between internal departments and liaises with multilateral banks and partner DFIs in gender mainstreaming. In addition to conducting gender awareness training for staff and senior management, CDB has a gender community of practice with gender focal points from different areas of the bank who convene to share best practices.

→ Going forward, CDB will work on gender responsive procurement and budgeting, and climate financing with a gender lens. With technical expertise provided by Statistics Canada and Special Fund Resources, CDB will provide technical assistance to national statistics agencies in the Caribbean region on gender-responsive data,⁸ including sex-disaggregated data, which is key to developing evidence-based gender-responsive policies and programs.

Development Bank of Nigeria (DB Nigeria) – Portfolio targets supported by incentive schemes and data tracking

DB Nigeria was founded in 2017 and is jointly owned by the Federal Government of Nigeria (70%) and five multilateral DFIs (the World Bank as lead, in addition to AFD, AfDB, KfW, and EIB). DB Nigeria is a wholesale bank that lends through commercial, microfinance, mortgage banks and other financial intermediaries. Its strategic priorities are gender, climate change, promoting financial inclusion, and financing women, youth, and startups.

To promote gender equality through access to finance, DB Nigeria targeted to disburse a minimum of 40% of its portfolio to women in 2018, and increased the target to 80% in 2020. To achieve this, the bank introduced an interest drawback incentive scheme for intermediaries. On expiration of the loan, the interest drawback provides a rebate of up to 15% of interest paid on the amount that the intermediary disbursed to women customers. To qualify, the intermediary must be able to track intended recipients on a sex-disaggregated basis

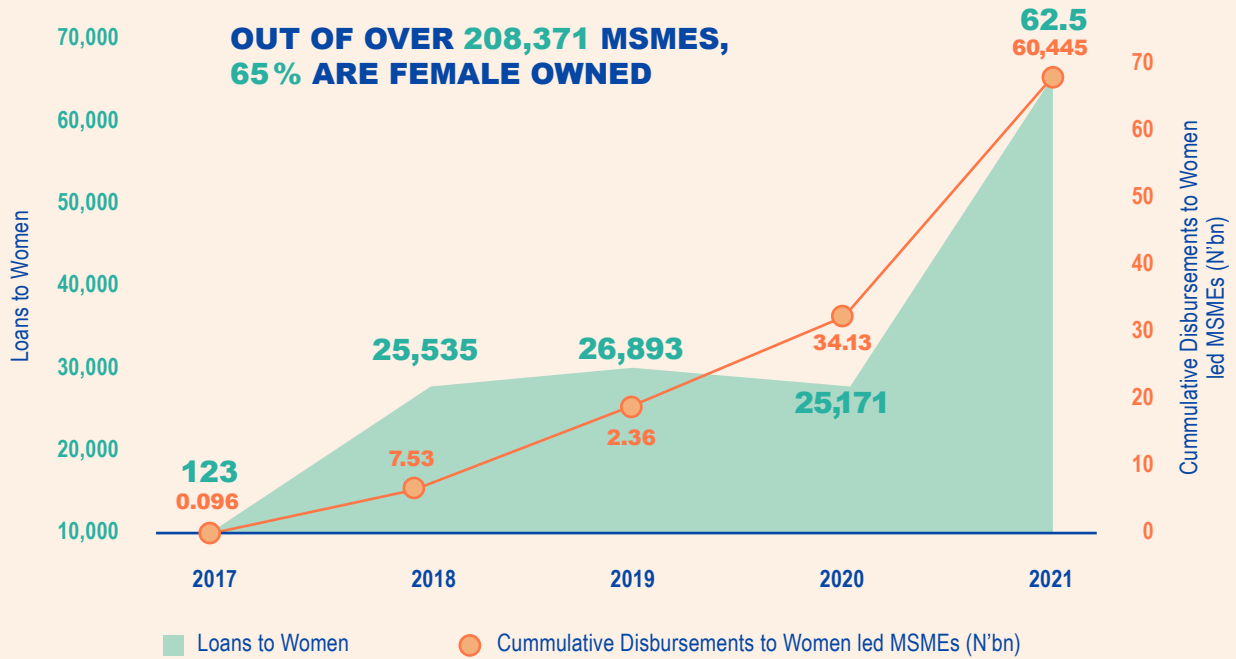
and provide the data to DB Nigeria in advance of receiving a loan. Staff of DBN's intermediaries are incentivized as well, through the **DB Nigeria Service Ambassador** program. Through the program, staff receive benefits when they increase lending to women in their internal portfolios. Benefits range from recognition through an annual event with financial institutions to funding for personal or professional development.

To assess impact, DB Nigeria's Monitoring and Evaluation (M&E) team tracks key parameters *pre-disbursement*. Its 28 partner financial institutions provide data on intended end-borrowers that include sex, industry, location, loan amount and tenure as well as data on the number of women-led businesses to receive funding, volume of the loans, and whether they are start-ups or accessing credit for the first time. The information is accessible to DB Nigeria at any time through a database. As a result of this gender focus, DB Nigeria has seen an increase in women and women-led businesses as borrowers, including first-time borrowers

⁸ Gender-responsive data refers to data that, in addition to being broken down by sex, aims to capture existing realities, barriers, gaps faced by different segments of women and men in the local context. The type of collected data, and how it is collected, will depend on the existing gender disparities and barriers.

KEY ACHIEVEMENTS:

- From 2017 – 2021 DB Nigeria disbursed N62.5 billion (USD 150.3 million) through 28 intermediaries to 138,167 women-led MSMEs. 13,892 of them were first-time borrowers.
- Out of over 208,000 total MSMEs served, 65% are women-owned



- TOTAL DISBURSEMENT TO WOMEN**
62.5 b
- TOTAL WOMEN-LED MSMEs**
138,167
- FIRST TIME MSME WOMEN ACCESSING CREDIT**
13,892

All data are as at December 31st, 2021; Development Bank of Nigeria (DBN)

Development Bank of South Africa (DBSA) – A holistic approach with a unique accountability mechanism for gender

Established in 1983 as a DFI under the DBSA Act 13 of 1997, amended in 2014, the DBSA is wholly owned by the South African Government and overseen by the National Treasury in the Ministry of Finance with regular reporting to Parliament. It aims to ensure access to development finance, promote social and economic growth through investment in economic infrastructure and support regional integration. The DBSA directly lends to public and private entities in South Africa as well as in other African countries. Priority sectors are water and sanitation, energy, transport,

Information and Communication Technology (ICT), education, and health. The DBSA is accredited by the Green Climate Fund (GCF) and the Global Environment Fund (GEF) as a National Project Agency. The gender-related requirements of these organisations directly influenced the advancement of the gender agenda at DBSA.

DBSA introduced four strategic pillars for gender mainstreaming in 2019 and is in the process of developing a gender policy. To support this, the Bank participated in the study commissioned by the International Development Finance Club (IDFC), the Asian Development Bank (ADB), and Frankfurt School of Finance to **conduct a diagnostic to assess its readiness to promote gender mainstreaming**

and to highlight strengths and gaps. This study, commenced in July 2021, focused on the operations of selected IDFC member development banks and their impact on gender equality and equity across the world, with an effort of promoting gender mainstreaming inside the development banks. The findings pointed to a need for a dedicated gender structure within the bank and shed light on gender issues in South Africa and in DBSA's target sectors, how DBSA may impact women and men differently, and the cost of excluding women.

DBSA promotes gender mainstreaming both institutionally and in its projects. Within the bank, DBSA has made strides in promoting gender diversity across the organisation through inclusive recruitment and gender representation in leadership roles. The bank also has plans to promote conducive and safe working conditions for women staff in the field where gender-based violence is a risk.

DBSA'S FOUR STRATEGIC PILLARS FOR GENDER MAINSTREAMING:

1. Investing: all projects must have gender considerations.
2. Strategic policies and practices: includes gender-inclusive recruitment and gender diversity.
3. Capacity building and knowledge sharing: includes building awareness among all staff (an area in which DBSA advanced in 2021). For example, DBSA plans to conduct awareness sessions on engaging men on gender equality and allyship of men as well as on topics such as toxic masculinity.
4. Partnerships: includes partnerships with organisations that promote gender equality, such as UN Women and the OECD. As a GCF-accredited DFI, DBSA supports other organisations that aim to get GCF accreditation. DBSA is increasingly implementing projects with a gender focus, such as ones with the Global Environment Facility (GEF), GCF, and Southern African Development Community (SADC), all of which have gender requirements.

The bank integrates gender into projects through DBSA's environment, social, and safeguarding standards, which encompass gender mainstreaming. Similar to CDB, DBSA adopted a gender marker system with scoring and associated requirements for each category. For example, a score of 1 indicates projects with objectives to promote gender equality and 4 indicates those with limited or no potential contribution to gender equality. Projects in categories 1 to 3 are obliged to conduct a gender analysis and develop an action plan whereas projects in category 4 don't have to. Each gender action plan has indicators to be monitored by the M&E team with oversight from the gender team. DBSA's clients have the responsibility to promote gender and implement the gender action plans while DBSA provides overall guidance on mainstreaming gender in the project and on assessing the project impact on gender.

To support gender mainstreaming, DBSA has one staff member who focuses on gender in investment projects and another who oversees the ongoing development of DBSA's gender policy in addition to other responsibilities. One initiative is to promote gender mainstreaming in strategic planning by further incorporating gender aspects in strategic

objectives. **In terms of achievements,** DBSA highlighted training all its frontline staff in 2021 with the intent to continue engaging frontline staff on gender equality issues.

DBSA is developing a framework to further promote gender mainstreaming in projects, with indicators, means of verification, and associated assumptions and risks. The framework will serve as a basis for DBSA's annual reporting on gender including sex-disaggregated data.

To ensure accountability, DBSA has included gender related KPIs in its corporate score card since 2020. DBSA is the only interviewed DFI with this approach to accountability for gender.

DBSA also notes increased gender representation at the executive management level, with 4 women out of 9. The bank noted that the gender pay gap is an area where further analysis is needed, especially in the professional band.

Gender mainstreaming in the loan approval process at DBSA: how it works

When the bank receives a credit application, frontline staff first conduct financial analysis to determine the potential client's credit worthiness. If the assessment is positive and the application moves to the transaction approval phase, gender and M&E specialists are brought in. The gender marker analysis is triggered and, depending on the score the project receives, a

gender analysis and action plan are elaborated. If the potential risk of negative impact on gender is considered minimal, the transaction may be approved with the condition that the gender analysis and action plan are elaborated before disbursement. If such risk is high, the gender analysis and action plan are required up front, as part of the approval process.

While the examples of the CDB, DB Nigeria and DBSA highlight multi-pronged approaches to gender policy, action plans and implementation, other DFIs in ACP are taking steps to explore how to promote gender equality in their markets and contexts. The West African Development Bank (BOAD) recently launched a gender action plan that focuses on institutional capacity building on gender and building the capacity of women staff. The Development Bank of Jamaica (DB Jamaica) was recently restructured. The new structure was influenced by the Jamaican government's focus on gender and climate policy. It provides for the creation of a Strategic Services Division that will drive

gender initiatives and include a gender specialist and team members from different parts of the organisation. This Division leads research that covers business and policy analysis, and will collaborate with other divisions including marketing and customer relations who are on the ground and in touch with clients including women entrepreneurs. It will also work with the product development team to build products that meet the needs of women. These examples show that there is no "one-size-fits-all" approach to gender finance and WEE. The important thing is to start and to have an intentional approach.

5. GENDER-RESPONSIVE PROJECTS AND PRODUCTS

5.1 Gender mainstreaming throughout the project lifecycle

CEDA – Creating a conducive environment for women borrowers

CEDA⁹ was established in 2001 to address the need for holistic support for businesses in Botswana. It funds new and existing ventures via direct lending, and offers training, mentoring and business advisory services. In alignment with country-level priorities, CEDA focuses on the economic empowerment of women, youth, and people with disabilities and in rural areas. To achieve this, the bank pursues job creation, improving access to credit and prioritising these segments in procurement. CEDA reports on Key Performance Indicators (KPIs) monthly to the government. KPIs include the number of businesses funded, the value of the funding, and the number of jobs created through funding. Data is disaggregated by sex, age and disability.

Rather than develop a specialised product, CEDA worked to create a conducive environment for women to borrow. This means integrating gender considerations in all phases of the product delivery model:

- **Flexible security requirements:** because women are asset-constrained in Botswana, collateral is a key barrier for many women-led MSMEs. Each loan application is appraised case-by-case and CEDA negotiates with clients to determine an appropriate way to secure the loan in the absence of assets such as land.
- **Project assessment prioritises development impact:** when assessing projects, CEDA values development impact over profitability. For example, a health clinic in a rural area that provides services and creates jobs would be more likely to secure financing than a lucrative real estate project in the capital with less development impact.
- **Women are encouraged to apply:** CEDA does this through intentional communication campaigns leveraging social media, radio, and TV to raise awareness about CEDA and its priorities.

9 Citizen Entrepreneurial Development Agency

- **Business advisory services**, both direct and out-sourced. For funded businesses, CEDA offers mentoring, monitoring, bookkeeping, accounting and other skill development depending on client needs. CEDA has also facilitated peer mentoring that pairs experienced clients with less experienced ones in the same sector. This has proven to be effective and practical. The opportunity for a mentee to learn hands-on from someone who has experienced challenges and milestones is valuable. Mentors benefit in turn by expanding their network and learning from their mentees. The program supports participants to build relationships that continue after their CEDA loans have been paid.

“ONE OF OUR KEY LESSONS LEARNT IN GENDER MAINSTREAMING IS TO ENGAGE AND CONSULT WITH STAKEHOLDERS. GENDER MAINSTREAMING CANNOT BE RUSHED. BUDGETS MUST BE MADE AVAILABLE INCLUDING TO TAKE CARE OF THE NEEDS OF WOMEN EMPLOYEES”

Thembisile Khoza, Gender Mainstreaming Programme Manager, DBSA

KEY ACHIEVEMENTS:

- Between 2019–June 2021, CEDA disbursed P386 million (USD 33.2 million) to 8,240 women-owned enterprises. Through this, 6,577 jobs were created and 6,326 jobs were maintained.
- The ratio of women to men clients has increased over time, from a minority of women clients to 60% today.
- Women are applying for and getting bigger loans than in the past, due to CEDA's flexible collateral requirements (collateral is required for loans bigger than P150,000 (USD 13,000)).

“We wanted to create a conducive environment for women to borrow. That is more important than a specialised product which may be limiting.”

Otlaarongwa Chilume,
Executive Coordinator, CEDA

CEDA designs products that meet the needs of entrepreneurs in women-dominated segments and offers the products to all entrepreneurs. For example, a recently created microloan is positioned as “for entrepreneurs”, vs. “for women.”

FSMDB – Gender mainstreaming through product delivery

The Federated States of Micronesia Development Bank (FSM DB) was established in 1982 as a unit of the national government. It was restructured in 1994 to become a corporation and has been self-sustaining since then. Its shareholders are the National Government, Chuuk State

Government, and Kosrae State Government. FSM DB works with commercial banks and directly lends to clients. Its priority sectors are tourism, agriculture and fisheries which are also priority sectors for women. FSM DB has taken steps to mainstream gender considerations through product delivery. Specifically, it:

- **Offers flexible loan terms from 1–25 years and accepts a broad range of collateral types.** The country has a movable asset registry that allows clients to offer items like household appliances as collateral. This has reduced barriers to borrowing for women, many of whom do not own land.
- **Restructures loans when needed:** FSM DB resorts to foreclosure and court only as a last resort. FSM has been deferring loans for two years for both women and men clients affected by the economic turndown caused by COVID.
- **Offers business development and training to women entrepreneurs and women-owned small businesses,** in partnership with the Small Business Development Center, attached to the College of Micronesia. FSM Development Bank is working with International Organiza-

tion for Migration (IOM) to also set up training programs. Topics include bookkeeping, filing taxes, and financial management.

- **Maintains internal gender diversity: 63% of FSM DB's 40 employees are women, including all branch managers and the CEO.** This sends a signal of gender inclusiveness and women entrepreneurs feel confident to approach the bank and ask questions.

Going forward, FSM DB plans to monitor its gendered impact by assessing impact on employment, business growth, and livelihoods, increases in the tax base for the government, and the distribution of employment between women and men.

5.2 Financial and Non-Financial Support for women-led enterprises

The Caribbean Development Bank deploys sector-focused interventions

CDB interventions support MSMEs across diverse sectors. While specific projects support women-led MSMEs, gender is mainstreamed across programs using the gender marker system, as explained in Section 4. Under the bank's gender responsive model, financial support is often combined with technical assistance to women-led MSMEs.

One example is the bank's initiative to **strengthen gender responsiveness in the cultural and creative industries** through its Cultural and Creative Industries Innovation Fund (CIIF). CDB provides a combination of grants and technical assistance on gender and WEE to MSMEs in the cultural and creative industries. Participants receive training on gender, communication, financial and legal topics. The technical assistance aims to improve MSMEs' gender awareness and their ability to influence on gender issues. Since inception in 2018, CIIF has supported over 140 women through its various programmes. Approximately 60% of projects awarded grants under CIIF are led by women and about 47% of the projects have women as co-leads.

Federated States of Micronesia Development Bank – Program designed for the informal sector combines credit with business development services

In 2021 FSM DB used a \$3 million grant from ADB to offer credit and business development support to the informal sector, with a targeted minimum of 50% of women recipients.

- Microloan size ranges between USD 1,000–10,000 and small loans range between USD 10,000–30,000.
- Loans repaid in under two years are interest free. Those repaid in more than two years pay a subsidized interest rate of 3%, which is substantially below FSM's regular interest rate of 7%.

- Between May and September 2021, FSM DB disbursed USD 2.5 million out of USD 3 million with 68% of loans going to women as primary borrowers. The rest of the grant was used to provide business development services to borrowers. Women entrepreneurs in a range of sectors, from production of traditional clothes for export to food-related industries have benefited.
- FSM DB will collect data on the impact of the grant on the employment and livelihoods of women and their families. The bank hopes to extend the program and transform it into a revolving fund. FSM DB will also encourage informal businesses to formalize, which can position them to engage in more export-related business activities when COVID travel bans are lifted.

5.3 Capacity building for MSMEs and financial intermediaries DB Nigeria – Technical assistance to intermediaries and non-financial support for MSMEs

DB Nigeria – Technical assistance to intermediaries and non-financial support for MSMEs

In addition to lending to women-led MSMEs through financial intermediaries as described in Section 4, DB Nigeria provides technical assistance to its financial intermediaries to build their capacity to serve women and to lend profitably to them. The bank also provides capacity building to MSMEs, with a quota for women-led MSMEs, to grow their business and increase their bankability. This support is deployed through partners.

- With 80% of its portfolio earmarked for disbursement to women, a next step for DB Nigeria will be to introduce a product tailored to the specific needs of women-led MSMEs. The bank is working with the Islamic Development Bank (IDB) on this and is referencing research and successful examples from stakeholders such as the World Bank and the African Development Bank (AfDB).

CDB – Sector-focused non-financial support for MSMEs

Supporting women in technology: A CDB incubator project supports women entrepreneurs in five countries¹⁰ to develop locally appropriate solutions for climate challenges affecting the region. The project aims to assist cleantech entrepreneurs to develop their ideas for innovative products and services in critical areas such as renewable energy, energy efficiency, water, transportation, food and agriculture and industrial technology.

Capacity building for women-led MSMEs in export sectors: CDB in partnership with Caribbean Export Development Agency executed the "We Export" Project which

¹⁰ Barbados, Jamaica, Saint Lucia, Suriname and Trinidad and Tobago.

sought to build the capacity of women-led MSMEs in the region and improve their access to finance. More recently, both institutions also issued a call for applications to support export-oriented MSMEs, particularly women-led, to build back after COVID through the provision of technical assistance grants. To date, 61 grantees have been supported including 24 MSMEs with shared women/men ownership, 16 women-owned, and 21 men-owned.

Capacity building and access to markets: In late 2021, CDB supported the launch of the “Nudge” project¹¹ in

partnership with Massy supermarkets. The project seeks to build **the capacity of MSMEs, particularly women-led, and provides access to markets** by placing their products on Massy shelves and via online platforms. To date, the program has supported 75 women-led MSMEs and 14 men-led MSMEs in the three countries.

→ Going forward, CDB plans to continue to work on trade particularly supporting women-led MSMEs in the region. It will also support MSMEs, particularly women-led, in digital transformation and clean technology.

Other DFIs are considering gender-specific products. For example, DBSA is in early stages of exploring the possibility of collaborating with UN Women on gender bonds. The Development Bank of Namibia (DB Namibia), in partnership with Agence Française de Développement (AFD), will commission research to map the needs of women-led MSMEs – financial and

non-financial – and to identify challenges and opportunities for DB Namibia to serve this important segment. Lastly, the Tanzania Agricultural Development Bank (TADB) are developing a gender strategy and scheme, including tailored financial products and a support program for women and youth actors in the agricultural value chain.

THERE IS MORE THAN ONE APPROACH TO SERVING WOMEN WITH FINANCIAL PRODUCTS:

It's usually not necessary to develop entirely new products and offer them only to women customers. A gender responsive approach can mean that:

- Terms, conditions, and delivery model are designed or adjusted with the needs, challenges and realities of women in mind. In this case, the same product may be offered to both women and men because the needs of both profile types have been included in the design. For example, loan ranges and pricing may be left untouched, while collateral requirements that are accessible for women can be introduced for all customers in the target audience.
- Product terms and conditions are adjusted to reflect the dynamics of sectors with high concentrations of women entrepreneurs. A product with loan tenure and repayment structure tailored to a specific sector can then be offered to both women and men. While the expectation may be that most of the uptake will be by women, the product can also be available for men with similar needs.

According to research, products that are designed with women in mind often meet the needs of men as well.

¹¹ Implemented in in Barbados, Trinidad and Tobago, and St. Lucia.

6. GAPS, CHALLENGES AND NEEDED SUPPORT

Gender finance and WEE are new areas for many – if not most – national DFIs, and the journey towards serving women effectively is not without challenges. This section highlights gaps and challenges that DFIs commonly face in their pursuit of gender responsive finance and WEE, and areas of support needed by DFIs to promote gender both institutionally and through their partners and clients.

6.1 Creating a conducive environment by building awareness and facilitating linkages

Building awareness of why promoting gender finance and WEE is important, with examples of approaches:

Fewer than 20% of ACP DFIs that were evaluated for this study showed evidence of active gender policies or programs. This suggests a need for continued awareness building of both the “why”, namely the macroeconomic benefits of promoting gender finance and WEE, and examples of the “how”, through case studies of different paths DFIs have taken, from institutional policy development and implementation to sector-specific solution delivery. Types of support can range from policy advocacy for regulators to webinars and events for DFIs.

Facilitating linkages: This study found that effective links between policymakers, DFIs and other key stakeholders can create momentum, amplify results, and foster peer-to-peer learning on successes and challenges in promoting gender finance and WEE. Such links require focus and effort to build and maintain. In the absence of high awareness of the importance of the role DFIs can play in the space, such linkages often don't exist. Types of support can include:

- **Facilitation of linkages between governments, regulators, multi-laterals, private-sector players and local DFIs** to foster communication and alignment on strategies and priorities, and harness collective efforts to drive change at the country level.
- **Gender community of practice (COP) support and potential facilitation**, for both frontline teams and institutional gender leads.

6.2 Determining the baseline and measuring progress

The first step to promoting women's empowerment is understanding the starting point, or baseline. This includes both institutional gender diversity and equality and how women clients are served by the DFI. Many DFIs don't yet have gender-responsive M&E systems or practical tools to determine their baseline and track their progress against goals. Support in these areas can be valuable at both the DFI and national levels.

Types of support at the **DFI level** can include:

- **Guidance on designing and conducting institutional gender assessments** to identify areas of strengths and barriers as a basis for devising action-oriented gender policies and action plans.
- **Support implementing gender-responsive M&E systems and practical tools to track progress and impact**, beginning with the systematic collection and tracking of **sex-disaggregated customer data**. This includes working with DFIs to define the criteria for women-led businesses, identify KPIs to track, and adjust MIS systems as needed to ensure they are able to capture the data and generate reports. Staff training is also important, to ensure process changes are implemented.

Types of support at the **national level** can include:

- **Working with policymakers to define criteria** for women-led businesses and micro, small and medium enterprises. Compliance with these definitions can then be implemented across all financial institutions in the country to facilitate standardized reporting.
- **Working with national statistics agencies to define gender-related KPIs** to track and a standard reporting format that financial institutions can adopt.
- **Encouraging alignment between DFIs and national statistics agencies** on sex-disaggregated KPIs and reporting

DFIs are challenged with the business case for gender.

While awareness of the broad economic benefits of serving women is growing, the questions of “how much will it cost” and “what is the benefit to our portfolio” are difficult to answer. Serving women is perceived as risky, because cost is involved – to conduct research to understand segment needs, to align a business model around serving them, and to adjust or develop additional products – and the potential return is seen as low, because women are not the majority of business customers and they tend to borrow smaller amounts than men. When gender is seen as a cost center rather than a business driver, DFIs suffer from limited internal dedicated resources – both human and financial – to promote gender initiatives. “Gender is often faced by cuts or is deprioritized”, as noted by a stakeholder.

Types of support for DFIs to develop the business case for serving women include:

- For those that collect sex-disaggregated data and have identified their baseline, **support developing a model to determine the return on investment of serving women**. This includes working with the institution to determine program goals, such as client growth, increased interest

income, increased loyalty, or reduced portfolio risk, and determining which KPIs can be tracked against these goals; identifying program costs; and developing a model to track progress vs. goals.

- **Sharing examples** of successful, profitable gender-responsive products and services and delivery models.

6.3 Designing and Implementing gender action plans

Many DFIs do not yet have in-house expertise to implement internal gender policies or design and deploy solutions that meet the needs of different segments of women effectively and profitably. Most of the DFIs interviewed had not conducted research among their target women segments. Without an understanding of client financial and non-financial needs, they grapple with how to promote women's financial inclusion, beyond offering preferential interest rates. Misalignment between an offer and the needs of targeted women segments can lead to limited uptake and the perception that women entrepreneurs aren't interested in accessing services to grow their businesses.

Types of support include:

- **Capacity building support to develop and implement policies and action plans.** This may include support promoting gender diversity and equality within DFIs.
- **Support to design and conduct gender-responsive research to understand the challenges, barriers, and needs of target segments of women entrepreneurs.** This would provide a basis for DFIs to develop a value proposition tailored to the needs of different segments of women, including products and services, marketing, and all other aspects of the delivery model.
- **Technical assistance to build internal expertise to embed gender considerations into routine practice.** This can include product design, M&E, mainstreaming gender around project lifecycles, and building an actionable gender policy and or gender action plan. Technical assistance in specialised areas such as gender responsive procurement, budgeting and climate finance can also be valuable. DFIs with established gender policies and plans may also appreciate support to address gender-based violence, a key theme post-COVID, as it is a major issue for women entrepreneurs and staff in many contexts.

6.4 Other areas of support to promote gender finance and WEE

- **Risk-sharing financing to encourage DFIs to lend to segments such as women entrepreneurs,** which are perceived as risky in the absence of a business case. For DFIs that on-lend money purchased at market rates, the risk appetite to explore products tailored to women is low. DFIs hence seek financial support from international donors at preferential rates to lend for WEE – versus using their own funding – as an incentive to target and serve this segment.
- **Promoting the use of technology and digital channels to reach women.** Digital financial services can help alleviate time and mobility constraints faced by busy women entrepreneurs. The segment often uses a fragmented array of financial services, from microfinance loans to bank accounts and mobile money. Information about financial and non-financial services, offered through a single source, such as a mobile application, can relieve women entrepreneurs of the burden of having to hunt for solutions. Digital financial services can also help reach and serve rural communities.
- **Support to policymakers to develop movable collateral registries, including alignment on usability with financial institutions.** As DFIs' client bases often cover population segments that would benefit most from such registries, close collaboration between policy makers and DFI is recommended. This can be linked to advocacy for reforms of laws and norms related to ownership of assets such as land.

This study shows that there is no singular recipe for promoting gender finance and women's economic empowerment. Depending on market context, role of government policy and institutional goals, an effective approach may look quite different from one DFI to another. A focused approach, rooted in data and linked to concrete goals, can yield measurable progress.

ICR provides short-term tailored technical assistance to DFIs interested in further promoting gender-responsive finance and women's economic empowerment. For further information, please visit www.icr-facility.eu or contact info@icr-facility.eu.

ANNEX 1: LIST OF STAKEHOLDERS AND DFI INTERVIEWEES

Stakeholder Interviewees

- Cyril Okoye, Secretary General, Association of African Development Finance Institutions (AADFI)
- Colin Daley, Senior Banking on Women Specialist, Africa & Middle East, International Finance Corporation (IFC)
- Esther Dassanou, Coordinator, Affirmative Finance Action for Women in Africa (AFAWA).
- Saphira Patel Head, Operations Evaluation Unit; Acting Head, Environmental and Social Sustainability Unit, Development Bank of South Africa (DBSA)
- Winsome Leslie, Founder & CEO, DevSolutions Consulting, LLC
- Paul Freund, Founder & CEO, Bare Maximum
- Edgardo Alvarez, Secretary General, Latin American Association of Development Financing Institutions (ALIDE)
- Gavin McCosker, Acting CEO, Australian Financial Security Authority (AFSA)
- Enrique Florencio, Secretary General, Association of Development Financing Organizations in Asia and Pacific (ADFIAP)
- Samantha Hung, Chief of Gender Equality Thematic Group, Asian Development Bank (ADB)
- Sonia Barbaria, Principal Officer, Affirmative Finance Action for Women in Africa (AFAWA).
- Karl Morrison, Gender Equality Consultant, The Green Climate Fund (GCF)
- Sarita Bartlett, Managing Director- Environment, Social, Corporate Governance and Impact (ESGI), Obviam
- Anne Valko Celestino, Social Development/Gender Specialist, Private Sector Operations, Asian Development Bank (ADB)
- Hany Assaad, Co-Founder and Chief Portfolio and Risk Officer, Avanz Capital Partners Ltd
- Diana Russo, UNWOMEN/Lead of coalition on gender equality and women's empowerment in development banks

DFI Interviewees

- Deidre Clarendon, Chief of Social Division, Jessica Harris, Gender Specialist, Lisa Harding, Coordinator, Micro, Small and Medium-Sized Enterprise Development – Caribbean Development Bank (CDB)
- Eliane Kouassigan, Chief Cooperation Division, Yempaba Naba, Social and Environmental agent, and Aminata Keita - West African Development Bank (BOAD)
- Anna Mendiola, CEO/President – Federated States of Micronesia Development Bank (FSM DB)

- Gloria Mamba, Executive Director, Trade Development Bank, Anne Molai, Secretary, Andrew Bamugye, Senior Investment Manager, Trade Development Fund, Doreen Mashu, Consultant, Trade Development fund – Eastern and Southern African Trade and Development Bank (TDB)
- Thakane Setlaba-Tsiane, Gender Mainstreaming Specialist and Thembi Khoza, Gender Programme Manager – Development Bank of South Africa (DBSA)
- Migao Tiotio, Manager, Development Bank of Samoa (DB Samoa)
- Natalie Goff, General Manager – Development Finance Corporation of Belize (DFC Belize)
- Deborah Newland, General Manager, Strategic Services Division, Roxanne Donegan, Environmental Specialist, Candice Williams, Strategy Manager, Christine Bernard, Executive Assistant – Development Bank of Jamaica (DB Jamaica)
- Eugene Williams, Resource Mobilization Officer, Caricom Development Fund
- Otlaarongwa Chilume, Executive Coordinator, CEDA Botswana
- Maano Nepembe, Head of Business Strategy, Development Bank of Namibia (DB Namibia)
- Adebisi (Bisi) Ajaye, CEO, BOI Bank of Industry (BOI) Ltd
- Theresa Lawal, Head Product Development and Strategic Alliances, Development Bank of Nigeria (DB Nigeria)

IMPRINT

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AUTHORS:

Cathleen Tobin and Sally Yacoub, IPC GmbH

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ICR Facility

Rond-Point Robert Schuman 6/7th Floor
1040 Brussels
Belgium

GET IN TOUCH:

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