Introduction

In September 2018, the Australian Government Department of Foreign Affairs and Trade (DFAT) Gender Branch, supported the DFAT-funded investment Pacific RISE and its implementing partner the Criterion Institute to action some of the next steps of the ‘Last Taboo’ research. Pacific RISE and the Criterion Institute arranged a four-day workshop which brought together a diverse range of social and business actors focused on improving menstrual health management in the Asia-Pacific region to understand and explore investment opportunities.

During the workshop it became clear that the focus of the enterprises was to increase access to safe and affordable menstrual hygiene products in the communities in which they operated. The core barrier identified by the workshop participants was the uniquely high raw material and transport costs. Reusable pad raw materials make up 70-90% of unit costs in the region. As all pad distributors require the same core materials, trade finance was identified as a high-potential leverage point to lower pad costs by aggregating supply chains and increasing access to commodity financing. Their inclusion in new modes of finance and cost savings through innovative, inclusive models of trade finance could have a significant impact in strengthening regional menstrual health and hygiene efforts.

Private trade finance is a growing financial market globally and within the Pacific, increasingly viewed by investors as a strong addition to diversified portfolios. A new breed of trade financial vehicles could unlock new types of capital for the Pacific region. The appeal of such a vehicle for a variety of investors has already been tested – and to date five investors have committed interest in putting capital into a Pacific menstrual health market trade finance vehicle once it has been designed and launched.

The risks inherent to providing financing to micro-enterprises and Small-to-Medium Enterprises (SMEs) in commodities (i.e. high rates of failure, high transactions costs) can be lowered through innovative trade finance approaches, including diversification (i.e. pooling borrowers) and using alternative data for credit assessment.

The intention of this vehicle is to become a platform for other opportunities beyond menstrual health within the Pacific region. Within Pacific RISE, this trade finance opportunity is an important experiment to identify new possibilities that serve Pacific social enterprises and strengthen informal markets across the region.

Background

Menstrual health is a sizeable market, estimated to be worth $42.7 billion globally by 2022. One of the fastest growing markets is the Asia-Pacific region, which accounted for the largest market share in 2015 at 48.9%, due largely to increased awareness of menstrual hygiene and higher adoption rates of sanitary pads. In emerging contexts, alternatives to mainstream disposable menstrual product companies are growing in popularity but remain an undervalued and underinvested opportunity.

The menstrual health market in the Pacific represents unique challenges and opportunities for reusable pads. The Pacific has extremely high raw materials costs for these products, representing 70-90% of the

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2 The initial scoping and analysis around this project included several Small Island States outside of the Pacific.
unit cost regionally. These pads are sold and distributed by a wide variety of formal and informal organizations, with similarly varied financing needs.

In collaboration with its partners, Pacific RISE identified the opportunity to reduce reusable pad costs and expand access by leveraging trade finance to aggregate supply chain purchase points, lower raw material costs, and better meet the financing needs of the varied organizations addressing menstrual health.

Further reading and reports on the Pacific Menstrual Health activities by Pacific RISE and Criterion Institute can be found www.mhm.pacificrise.org.

About the project

Objective: This project proposes the design and launch of a new type of trade finance vehicle, with its core innovation being to expand access to finance for micro-enterprises and SMEs that address menstrual health in the Pacific. Rather than focusing on direct-enterprise investment to build menstrual health opportunities, a trade finance vehicle would represent an ecosystem-level investment, with the positive impacts of cost reduction and credit access felt across the entire menstrual health market and its myriad distributors.

Who can apply? Pacific RISE is seeking applications from a financial intermediary or institution that is equipped to carry out both the financial vehicle’s design and launch. Possible applicants may include:

1. **Financial intermediaries co-applying with a financial institution** that has already committed as implementing partner

2. **Financial intermediaries** with demonstrated partnerships to financial institutions in the Pacific region. Must be able to guarantee a formal partnership by the time of the ‘launch’ phase.

3. **Financial institutions** i.e. banks or trade finance providers that have a headquarters and expertise providing trade finance within the region; must have license to conduct international trade transactions.

Region: The finance vehicle should be able to be implemented across the Pacific Region in order to achieve economies of scale including Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

What funding can be used for: Pacific RISE will provide funding of up to **AUD $75,000** to design and implement the finance vehicle including cost of legal, market research, identification and support to enterprises to apply, portfolio management, capacity building and design of monitoring. Pacific RISE will also provide technical advisory and links to investors and Pacific enterprises. The vehicle needs to be sustainable by full implementation and Pacific RISE funding cannot be used for investment capital.

Scope of Work: The project encompasses two phases: the **Design** should include the market assessment and design of a trade finance vehicle that serves the Pacific’s menstrual health market, with **Implementation** encompassing the launch and management of that vehicle to effectively meet this market’s unique needs. Applicants must be able to complete both phases of work with their partners.

Design

- **Market assessment**: Analysis of the size the menstrual health market regionally. Analysis should focus on market sizing and identifying possible trade finance services for both formal and informal organizations, in addition to identifying needed structures that would enable access to funds by informal entities.
• **Financial vehicle design:** A design for the proposed trade finance vehicle, including vehicle structure, specific financial services to be offered from that vehicle (e.g. credit, bank guarantees), domiciling, estimated financial return, and fee structuring with financial models included. Applicants in a partnership must outline clear roles for each partner and clear ownership structure for the vehicle.

• **Fundraising plan:** How to engage networks and partners in launching the trade finance vehicle, fundraising for it, and building the borrower pipeline.

Implementation

• **Financial vehicle launch:** The applicant will be responsible for the build and testing of the product, working with enterprises to access the finance, sourcing agreed capital commitments, design of the terms and the ongoing successful implementation. Ideally, this product could be adapted to other markets in future.

• **Measurement and evaluation:** Development and implementation of a measurement plan for identifying, measuring and reporting social impact metrics relevant to the menstrual health market being served by the vehicle.

By the end of this project, applicants will be expected to have achieved the following:

1. **Completed design of a new trade finance vehicle** that provides financing micro-enterprises and SMEs addressing menstrual health in the Pacific, serving both formal and informal operators
2. **Successful launch of said trade finance vehicle**, fully set up to begin accepting capital from funders and applications from borrowers (either directly or through partnership)
3. **Fit-for-purpose financing application system** that can effectively deploy funds to micro-enterprises and SMEs addressing menstrual health in the region
4. **Established pipeline of micro-enterprises and SMEs** addressing menstrual health in the region to begin borrowing
5. **Secured funding from investors** of an agreed upon amount, successfully brought into the trade finance vehicle
Expressions of Interest: Overview

Following on from Australian Government ‘Last Taboo’ research in the menstrual health market in the Pacific, and Pacific RISE and Criterion Institute’s subsequent workshop to identify investment opportunities Pacific RISE is seeking an implementation partner in the final design and launching of a new trade finance vehicle for the Pacific region, focusing on the menstrual health market.

The mission of this trade finance vehicle will be to strengthen the regional menstrual health market and its development by providing a suite of trade financing options to micro-enterprises and Small-to-Medium Enterprises (SMEs) that purchase raw goods for menstrual health products. Since 2018 concerted efforts by Pacific RISE and Criterion Institute to understand gender financing opportunities in the Pacific through continuous engagement with Pacific base enterprises and other investment ecosystem actors, has identified both a potential market and an interest from investors for such a vehicle.

The selection process to find an implementation partner will be divided into three steps:

1. An initial Expression of Interest to identify applicants that can operate in the Pacific and are able to design and implement the vehicle
2. A design workshop for a small number of selected applicants, Pacific RISE, Criterion Institute and may include enterprises, investors and DFAT to be held in Sydney, Australia on 11th November
3. A final proposal including the workplan and resource schedule and a final partner to design and implement will be selected

This first step, the EOI aims to identify applicants with the expertise to take this idea forward, working closely with Pacific RISE to launch a trade finance vehicle. The ideal applicant will have demonstrated exemplary technical and creative capabilities, with a demonstrated commitment to social justice causes. The importance of creativity is heavily weighted – this project will require applicants to think outside of the box, serving new types of organizations with adapted financial products.

Timeline:

Project timeline: It is expected that the design and launch of the vehicle could be completed within 12 months and that the project must be completed by July 2021.

Application Calendar:

- Call for expressions of interest (EOI) launched on 10th October.
- Applications will close on 30th October at 5.00pm AEST.
- An assessment of the EOIs based on the eligibility and selection criteria (see outline below) will be completed by the Pacific RISE team and top 3-5 applicants identified. Further information may be requested of applicants during this time as needed.
- Design workshop will be held on 11th November for the top 3-5 identified applicants in Sydney, Australia.

NOTES

Invites will be received by 4th November, the cost of travel will be covered by Pacific RISE.
Applicants unable to attend will be invited to an interview and will received the outcome material from the workshop.

- All agreed materials from the design workshop will be distributed to all successful applicants

3 For applicants unable to attend or send a representative, all materials and a summary of outcomes from the workshop will be provided following the workshop and an interview with the team arranged.
Applicants who attended the design workshop will be called to submit a final proposal including a workplan and resource schedule by 30th November (TBC).

The application form can be found at this link [https://PacificRISE.smartygrants.com.au/EOI-TradeFinance](https://PacificRISE.smartygrants.com.au/EOI-TradeFinance) and uses the SmartyGrants application form. If you need more help using SmartyGrants application, download the Help Guide for Applicants or check out Applicant Frequently Asked Questions (FAQ's).

For queries about the guidelines, deadlines, or questions in the form, please contact Amanda Jupp on +61 (2) 6124 5624 during business hours (Canberra AEST) or email info@pacificrise.org and quote your submission number.

Successful applicants will be contracted by Coffey on behalf of Pacific RISE and will be required to complete all activities before July 2021.

Pacific RISE will arrange for a reporting schedule in line with contracting on milestones and in agreement with the successful implementer. The successful applicant will need to comply with DFAT policies as well as Pacific RISE's branding guidelines.

**Eligibility Criteria**

Pacific RISE is open to a variety of possible solutions for the design and launching of this trade finance vehicle, which could range from a concessionary to a market rate product. Thus, an ‘open call’ for a variety of applicants will yield a variety of possible solutions to effectively consider. Core eligibility criteria for an open call includes:

- The proposal is made by a financial intermediary or institution that is equipped to carry out both the financial vehicle’s design and launch. Possible applicants may include:
  1. **Financial intermediaries co-applying with a financial institution** that has already committed as implementing partner
  2. **Financial intermediaries** with demonstrated partnerships to financial institutions in the region. Must be able to guarantee a formal partnership by the time of the ‘launch’ phase.
  3. **Financial institutions** i.e. banks or trade finance providers that have a headquarters and expertise providing trade finance within the region; must have license to conduct international trade transactions.

- The applicant has a license to operate and manage private trade finance vehicles in the Pacific region*, either directly or through an established partnership. Pacific RISE assumes that regulatory issues will be worked out ahead of design by the applicant.

* Pacific Island Countries should include at least, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

**Selection Criteria**

For the EOI, applicants must be able to demonstrate a combination of technical and creative capability, as this project requires extensive collaborative efforts, financial acumen, and innovative thinking. They do not need to have prior experience with launching gender-focused financial products (this will be considered a plus), but should meet the following criteria:

**Applicant**
Required Capabilities

- **Operating financial institution**: Is (or is partnered with) a financial institution that has the jurisdiction to ethically design, build, launch, and manage an effective trade finance vehicle within the Pacific
- **Trade finance expertise**: Demonstrated track record of developing and delivering trade finance services, either directly or through a named partner
- **Strong network**: Established network of relevant financial institutions, funders, and social enterprises within the Pacific, with relevant partners named
- **Social mission**: Demonstrated experience partnering with social enterprises and/or developing deals or projects with a distinct social mission
- **Deal development**: Demonstrated experience developing deals for capital investment into social impact investments
- **Regional footprint**: Track record of delivering on relevant programs within the Pacific and demonstration of strong regional partnerships
- **Collaborative capacity**: Demonstrated ability to work with a variety of stakeholder types and organizations across a variety of sectors
- **Gender lens sensitivity**: Demonstrated experience incorporating, or openness to incorporating, a gender lens;

Required Commitments

- **Committed to working in partnership with Pacific RISE** and its partners in effectively carrying out the project
- **Committed to offering capacity building opportunities** for micro-enterprises and SMEs that apply, alongside a willingness to work with companies whose initial applications are rejected due to mendable reasons
- **Personnel**: The applicant has outlined strong personnel to dedicate to this proposal commitment from senior personnel
- **Co-contribution**: The applicant can demonstrate either secured leveraged contributions; or a plan for potential future contributions to the work beyond Pacific RISE funding. Leveraged contributions can come from either the partners, investors, local banks, or other non-public finance.

For any further queries about this process, please contact **Amanda Jupp** on **+61 (2) 6124 5624** during business hours (Canberra AEST) or email **info@pacificrise.org** and quote your submission number.

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4 If selected, applicants will be able to include additional personnel if new skills/needs are identified during the design workshop.
About Pacific RISE

The Pacific Readiness for Investment in Social Enterprise (Pacific RISE) is a pilot innovation of the Australian Government established to pioneer and facilitate a social impact investment market in the Pacific.

Pacific RISE will work with stakeholders (including investment funds and intermediaries) to learn and understand more about the Pacific and its social impact needs. Pacific RISE will then identify actual investment opportunities in social enterprise businesses in the region. Importantly, wherever possible, Pacific RISE will promote greater investment into businesses that aim to improve economic and social outcomes for women and girls, using the analytical tools of gender lens investing.

Criterion Institute

Criterion is a non-profit think tank that works to expand who has power and influence in economic decisions, enabling social changemakers to engage with and shift financial systems. Since 2017, Criterion has partnered with Pacific RISE on a number of investment initiatives aimed at improving outcomes for women in the region. This includes advising on program design to integrate nuanced analyses of gender patterns into investment decision-making and helping to build the ecosystem of gender lens investing by engaging gender experts and other investors.