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‘Gender equality, the empowerment of all women and girls and their human rights across the Sustainable Development Goals: Assessing progress towards the implementation of the 2030 Agenda’

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The economic model of the world has changed. In development aid, the forms of capital that were brought to us in the past came from that particular economic model. In the late 1960s, where banking and institutional lending were primary models for raising capital, this is no longer true today. The past few decades of how capital was raised is captured below.

In the 1960s: Banking and institutional growth:

- (i) Primary methods: Corporate bonds, bank loans and retained earnings.
- (ii) Landscape: Raising capital was a highly centralized, paper-heavy process. Businesses relied almost exclusively on commercial banks and regional brokerage firms.
- (iii) Venture capital primarily existed as private pools of wealth for wealthy families rather than professionally managed funds.

Between the 1970s and the 1990s, what we can see is increasing financial deregulation, and from this a rise of private equity and venture capital. Although in the 1990s, the runway from start-up to initial public offering raised massive capital from the public and the influx of venture monies.

At present, we are in the coordinated capital era where business fundraising relies on an integrated “capital stack” that blends multiple decentralized and traditional channels. Instead of relying solely on one bank or a single venture capital fund, modern businesses utilize equity crowdfunding, peer-to-peer lending, digital assets and token crowdfunding, revenue-based financing or simple agreements for future equity (SAFEs).

This really calls us to think deeply on the type of financing that will reach us as the social sector, and whether we can achieve all of our aims within these mechanisms and we will have to as individuals and organisations decide what type of work can be done within these mechanisms and what needs to be done outside of it. Today economic growth has moved dramatically beyond investment in public goods, services for citizens. In the last two decades we have seen how economic growth has come through ‘financialization’ and how financial markets move within our economies. Now with technology – or digitalisation of the economy – we can also note the same. So what has happened – where economic growth was directly tied to citizens being educated, skilled, healthy – the more advanced economies are seeing that the current model of economic growth has very little to do with physical production and more from capital markets and technology and digitalisation. This then also shows us the danger of this shift in the economic model extends beyond the financing modalities but the key aspects of the gender equality agenda itself.

New financing models

New financing instruments for development aid expand beyond traditional grants and standard loans. These are now designed to mobilize private capital, share investment risks and tie funding to tangible results. Key mechanisms include blended finance, thematic bonds, debt swaps and outcomes-based financing.

These modern instruments address different development and sustainability goals, and the inclusion of these methods are not meant as an endorsement of the models, but rather a stock-take of the models which are currently out there.

What is blended finance?

Blended Finance combines public or philanthropic development funds with private commercial capital. By de-risking high-impact projects, it encourages private investment in sectors or regions otherwise deemed too risky. Initiatives are often coordinated through platforms like the Global Blended Finance Alliance.

An example of a blended finance initiative is the Kenya Off-Grid Solar Access Project. The development problem was that millions of rural Kenyans lack access to the national electricity grid. In this, blended finance combining concessional donor funds with private equity was utilised. The World Bank provided low-interest loans and grants to set up a results-based financing facility. This facility absorbed the initial financial risk, allowing private solar companies to safely invest capital and scale up solar home systems in remote areas. With this over 1.3 million people gained access to clean, reliable electricity while proving the commercial viability of rural off-grid energy markets.

What are thematic bonds?

Thematic bonds are instruments where proceeds specifically fund environmental and/or social projects. These include green bonds (climate/environment), social bonds (inequality, healthcare) and sustainability-linked bonds.

One example of a thematic bond is Uruguay's Sustainability-Linked Bond (SLB). The challenge was finding a way to hold a sovereign nation financially accountable for its climate goals. To this end, a Sustainability-Linked Bond was issued in late 2022. Unlike traditional green bonds where money is locked into specific projects, this money could be used for general budgeting. However, the bond features a "step-down" coupon rate (the interest Uruguay pays goes *down*) if the country beats its greenhouse gas reduction and native forest preservation targets. Conversely, the interest rate steps *up* if they fail. The Outcome: It created a direct, legally binding link between a nation's macroeconomic financing costs and its real-world environmental performance.

What is outcomes-based financing (OBF)?

Rather than paying for upfront costs, donors or governments release funds only when verifiable, pre-agreed social outcomes are achieved. This category includes social impact bonds (SIBs) and development impact bonds (DIBs).

An example of outcome-based financing is the Cameroon Kangaroo Mother Care DIB. Cameroon experienced high infant mortality rates due to a lack of incubators for premature and low-birth-weight babies. Using a Development Impact Bond, private investors (like the Grand Challenges

Canada) provided upfront funding to hospitals to train staff in “Kangaroo Mother Care” (continuous skin-to-skin contact). Foundations and the Cameroonian Government agreed to pay the investors back only if independent auditors verified that specific infant health outcomes were achieved. The program met its targets, saving hundreds of infant lives, and investors received their principal back plus a modest return.

For social impact bonds focused on sexual and reproductive health and rights, private investors fund sexual and reproductive health programs upfront. Governments or philanthropic donors only repay the investors – often with a financial return – if specific pre-agreed targets are met (e.g., increasing adolescent access to contraceptives in Kenya).

What are debt-for-nature/climate swaps?

Debt swaps allow heavily indebted developing nations to redirect a portion of their external debt service payments into domestic environmental or climate-adaptation programs. An example of this is the debt-for-nature swaps: Belize’s Blue Bond. Severe national debt was compounding the inability of Belize to fund vital marine conservation. A massive debt-for-nature swap was engineered with The Nature Conservancy (TNC). Credit Suisse arranged a new loan to buy back \$553 million of Belize’s official sovereign debt at a steep discount. The United States International Development Finance Corporation (DFC) provided political risk insurance to keep the new loan’s interest rate low. In exchange, Belize committed to spending \$4 million annually on marine conservation for two decades. Belize reduced its overall debt-to-GDP ratio by 12 per cent and legally protected 30 per cent of its ocean territory, including the Belize Barrier Reef.

In this, risk mitigation instruments such as guarantees or political risk insurance provided by multilateral organizations to protect investors against losses, effectively crowding more investment into developing economies.

Applications to gender equality financing and outcomes

Gender needs to be included in all of these instruments coming into play – developing a framework that we can all advocate for. Some of these are referred to as gender-lens investing (GLI) or gender-inclusive finance, which integrates women’s economic empowerment, leadership and equality into the core design of financial products, investments and policies. These models move beyond basic access to ensure direct impact and opportunity. The ones mentioned below are some of the more well-known examples, and again this is merely a landscaping exercise and mention of these models should not be considered an endorsement.

- (i) Gender-themed bonds and sustainable debt
 - (a) Gender bonds: Specialized fixed-income instruments issued by corporations or multilateral banks, where the proceeds are explicitly earmarked for projects advancing women’s equality. An example of this is how the Luxembourg Stock

Exchange lists a significant number of gender-themed bonds, aligning with global guidance from the International Capital Market Association.

- (b) Impact-weighted returns: Some debt instruments use sustainability-linked mechanisms, where the issuer's borrowing costs decrease if they meet specific targets, such as increasing the percentage of women in executive roles or lending to female-led businesses.
- (ii) Blended finance for women
 - (a) Blended finance: Combining catalytic capital from philanthropic or public sources with private investments to mitigate risk and fund women-focused initiatives in challenging markets. An example of this is the Women's Livelihood Bond Series which is a classic blended finance structure designed to empower thousands of women in developing nations by providing access to credit, education and livelihood opportunities. Another example is the Affirmative Finance Action for Women in Africa (AFAWA), backed by the African Development Bank which uses guarantee mechanisms to de-risk commercial bank lending to women-led micro, small and medium-sized enterprises (MSMEs).
- (iii) Inclusive digital financial services
 - (a) Embedded finance and digital wallets leverage technology to overcome traditional barriers like lack of collateral or geographic isolation, which disproportionately affect women in the Global South. An example of this are initiatives that track metrics closely associated with women's financial inclusion (like account ownership, mobile money adoption and usage rates) to guarantee products fit local needs. The Alliance for Financial Inclusion provides the globally recognized Policy Model for Gender Inclusive Finance, guiding policymakers on designing consumer protections and digital pathways tailored to women.
- (iv) Direct lending and "banking on women" programs
 - (a) Dedicated credit lines: Large international financial institutions allocate specific capital pools directly to local commercial banks, mandating that the funds be lent exclusively to women-owned businesses. An example of this is the International Finance Corporation's Banking on Women business partners with hundreds of financial institutions across emerging markets, providing capital and advisory services dedicated entirely to women entrepreneur.

Other more common models in sexual and reproductive health:

- (iv) Earmarked “sin” taxes: Governments dedicate a specific percentage of revenue from taxes on items like alcohol, tobacco or sugary drinks to fund reproductive health and family planning programs (e.g., Guatemala’s alcohol tax).
- (v) Debt-2-health swaps: Debtor and creditor nations agree to redirect a portion of foreign debt repayment towards domestic public health initiatives, such as maternal care or sexually transmitted infection prevention.
- (vi) Blended finance and impact funds: Multi-sector platforms that mix philanthropic grants with private capital to scale feminist enterprises and digital health innovations, providing low-interest loans to mobile reproductive health clinics.
- (vii) Volume guarantees: Financial agreements that reduce the market risk for pharmaceutical manufacturers, ensuring stable prices and a continuous supply of vital sexual and reproductive health commodities like contraceptives and menstrual products.