

# EXECUTIVE SUMMARY

## BACKGROUND TO TFV 1.0

The Trade Finance Vehicle (TFV) for Menstrual Health Enterprises 1.0 emerged as a pioneering investment vehicle from the Pacific RISE initiative. Designed to disrupt power dynamics, TFV 1.0 aimed to support women-led Pacific Menstrual Health Enterprises (PMHEs) in underserved markets. TFV 1.0 materialised from design sessions and soft funding discussions with investors over several years. It was eventually launched with the support of 15 investors and five PMHEs across four Pacific countries.<sup>1</sup> TFV 1.0 was co-created by Red Hat Impact (RHI) and Lotus Impact and then eventually implemented by RHI. It was facilitated by the Pacific RISE programme, an impact investment initiative backed by the Australian government's Department of Foreign Affairs and Trade (DFAT) which aimed to "pioneer a social impact investment market in the Pacific, with an emphasis on [women's economic empowerment]".<sup>2</sup>

TFV 1.0 was grounded in the 2017 research report, "The Last Taboo: Menstrual Hygiene Management in the Pacific" which identified the many challenges that Pacific-based girls and women face with managing their menstruation in effective and dignified ways. This research highlighted a critical tension between "...Most girls and women express[ing] a preference to use commercially available sanitary products, if a good quality reusable product was available at an affordable price"<sup>3</sup> and yet "price and availability often limit[ing] access to appropriate MHM materials (whether reusable or disposable)".<sup>4</sup> Further investigations revealed that to "Improve availability, affordability, and access to quality commercial menstrual hygiene products in remote parts of the Pacific" there needs to be more "support [channelled to] women-led businesses to test business models for developing prototypes and scaleup of local, quality and affordable menstrual hygiene products".<sup>5</sup>

To address these challenges, an innovative TFV concept was developed to leverage the power of economies of scale via consolidated group buying. The eventual financial product, known as TFV 1.0, aimed to streamline supply chains and reduce the costs of reusable menstrual product materials. TFV 1.0 collected estimated input requirements from the PMHEs to determine its collective purchase order. Based on this information, it purchased and housed the input materials in Brisbane, Australia.<sup>6</sup> As needed, TFV 1.0 serviced the individual order requirements from the PMHEs. The PMHEs were invoiced for the cost of goods purchased and additional fee associated with shipping, port clearance, and interest that needed to be paid back to the TFV 1.0 investors. Additionally, the PMHEs were provided with flexible repayment timelines and terms to account for their repayment capabilities.

Since the PMHEs were encouraged to "step into their power" and see themselves as being capable partners alongside investors, TFV 1.0's success in fostering power shifts between investors and PMHEs was striking. Investors treated PMHEs as valued stakeholders that could co-create the TFV structure. This power shift was a standout accomplishment in TFV 1.0's journey.

The appeal of this innovative gender-lens and blended finance vehicle to the private sector was demonstrated when investors' demand to contribute funds to the vehicle exceeded the level of capital that was required. TFV 1.0 was fully subscribed in 24 hours.

In recognition of its innovative design, TFV 1.0 received the "Impact Investment Market Builder of the Year" award at the 2020 Australian Impact Investment Awards.

## THE TFV 1.0 MEL REPORT

The TFV 1.0 Monitoring, Evaluation, and Learning (MEL) activity was carried out by Supivaa Advisory Group (Supivaa), an experienced impact investment advisory firm specializing in gender-lens investing. Their assessment

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<sup>1</sup> TFV 1.0 was operationalised in Vanuatu, Papua New Guinea (PNG), Solomon Islands, and Samoa.

<sup>2</sup> Hilton, Tom, et al. 2021, Pacific RISE Final Evaluation.

<sup>3</sup> Burnet Institute, 2017, The Last Taboo: Menstrual Hygiene Management in the Pacific, [https://pacificdata.org/data/dataset/652feb3f-b0ff-48ff-8906-28dc3cad977e/resource/2f0d6687-33a9-4e98-b135-1adeaeea8ec8/download/last-taboo\\_full-report\\_final\\_-070917.pdf](https://pacificdata.org/data/dataset/652feb3f-b0ff-48ff-8906-28dc3cad977e/resource/2f0d6687-33a9-4e98-b135-1adeaeea8ec8/download/last-taboo_full-report_final_-070917.pdf). Accessed 16 Jan. 2024.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Brisbane, Australia was selected to be TFV 1.0's warehouse, because of the favourable shipping terms provided by the 2015 ChAFTA (China- Australia Free Trade Agreement).

rigorously analysed TFV 1.0's performance by scrutinizing its outputs, impacts, and outcomes against its Theory of Change (ToC) and non-ToC Elements.

## LIMITATIONS

The TFV 1.0 MEL activity encountered several challenges affecting its ability to conduct a thorough investigation. Major limitations included:

- Key informant data being subject to recall bias<sup>7</sup>;
- Narrow focus on TFV 1.0's actual track record vs. an alternative track record where external factors did not affect TFV 1.0's performance; and
- The unavailability of traditional MEL resources.

To ensure accuracy and transparency, the scope of data was also limited to official "on the record" data collection channels. Any related information obtained through unofficial channels was disregarded.

## METHODOLOGY

The TFV 1.0 MEL activity applied an adaptive data collection process by iteratively gathering insights from desk-based research and key informant interviews. The findings were grouped and categorised as ToC and non-ToC elements to ensure a comprehensive assessment of TFV 1.0's performance.

## EVALUATION FINDINGS

The TFV 1.0 MEL activity findings revealed that TFV 1.0's performance represented a nuanced mosaic of achievements and challenges. TFV 1.0 achieved several affirmative outcomes, such as amassing investor funds, consolidating PMHEs' business inputs, and administering timely interest payments to investors.

Only 11 of the 32 ToC Elements (34%) were achieved. This low success rate indicates that the overall ToC was not met. This conclusion is based on the following breakdown:

- What We Do: 87.5% ToC Elements met;
- Short-Term Outcomes: 12.5% ToC Elements met;
- Long-Term Outcomes: 37.5% ToC Elements met; and
- Impacts: 0% ToC Elements met.

The overall findings from the non-ToC Elements also demonstrated a blurred performance track record across a range of internal and external factors:

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<sup>7</sup> There were significant time lapses between Pacific RISE's inception, operations, and sunseting which may have caused the key informants to misremember and/or forget certain critical details.

<b>Internal</b>	
Cultural	<ul style="list-style-type: none"> <li>The PMHEs did not use the stakeholder steering group (SSG) to convey full updates of their businesses' health and/or did not express that TFV 1.0 provided inputs did not meet their product quality expectations.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Having a ready-made investor database reduced the scope of TFV 1.0's relationship management efforts and enabled the EOI to close within 24 hours.</li> </ul>

<b>External</b>	
Financial	<ul style="list-style-type: none"> <li>The effects of the COVID-19 pandemic meant that the pool of PMHEs was less than originally envisioned. This meant that TFV 1.0 could not yield the originally envisioned economies of scale required to negotiate for the desired prices of source material.</li> <li>Higher demand for shipping services created system-wide delays and significant cost increases during the COVID-19 pandemic. The PMHEs having to collectively bear the costs of higher materials prices impacted their margins and affected their business sustainability.</li> <li>The COVID-19 pandemic greatly increased the cost of living. TFV 1.0 did not adjust its terms to accommodate their changed financial realities.</li> </ul>
Operational	<p>Higher shipping costs created in the economic aftershocks of the COVID-19 pandemic meant that the PMHEs were unable to select which materials they wanted to purchase, and many felt that they were given non-preferred inputs. This led to the accumulation of dead stock and the accrual of storage costs which subsequently impacted the TFV's financial viability. By losing control over the management of their desired product quality and not having a substitute product available, they put their product's unique selling point (USP) at risk.</p> <ul style="list-style-type: none"> <li>The mobility restrictions imposed by the COVID-19 pandemic prevented TFV 1.0 from conducting MEL activities and iterating on its design. This put the sustainability of the PMHEs at-risk, because there was no clarity on what their on-ground-realities were and/or what impacts TFV 1.0 was having on their communities at-large.</li> </ul>

## RECOMMENDATIONS

To position future iterations of TFV-like entities (TFV 2.0) for success, the TFV 1.0 MEL Report provided the following strategic recommendations:

- Investors' continued support is crucial for TFV 2.0's sustainability.
- Active engagement and mobilisation are needed to expand the impact investing market in the Pacific.
- Leveraging local relationships will expedite problem-solving.
- Identification of generic business inputs will broaden trade finance applications.

## CONCLUSION

The TFV 1.0 MEL activity was an invitation for TFV 1.0 stakeholders to reflect on their journey, learn from the past, and chart a course towards continued impacts and empowerment. TFV 1.0 demonstrated the effective application of a demand-driven financing model and collective buying for achieving economies of scale in underserved communities. TFV 1.0 also enabled investors to contribute to a gender-lens investment deal in a region that is highly undercapitalised.

By learning from the below-named shortcomings, TFV 2.0 will be better positioned to navigate similar challenges and yield more substantive development outcomes.

TFV 1.0 was a commendable example of a gender-lens, blended finance product that should be replicated in the Pacific and beyond