

PILOTING A REVOLVING FUND THROUGH CATALYTIC BLENDED FINANCE

Expanding financial inclusion for women and youth in Somaliland

In fragile economies like Somaliland, access to finance can be the difference between a promising idea and an enterprise that provides income and opportunity. Many adolescent girls and young women (AGYW) have ambition and business ideas but cannot access formal finance due to limited collateral, credit history, or guarantors. The BLOOM project is helping to change that through a catalytic blended-finance pilot that combines development funding and private-sector lending.

The **BLOOM Revolving Fund through Catalytic Blended Finance** is a financial inclusion initiative designed to bridge the gap between informal savings groups and formal financial institutions. Implemented by **World Vision Somalia** with **Shaqodoon** and **MicroDahab**, the pilot combines catalytic grant funding from BLOOM with matching capital from local financial institutions to create a revolving loan facility. Instead of one-time grants, the fund offers affordable, Sharia-compliant loans that are repaid and reinvested, allowing the same capital to continue to rotate and support new groups of women and young entrepreneurs over time.

What makes the model powerful is its **first-loss guarantee mechanism**. World Vision uses a portion of its catalytic funding to absorb a share of potential portfolio losses, reducing risk for the financial institution. That risk-sharing encourages the institution to test inclusive loan products for women and youth groups that have historically been considered higher-risk or more costly to serve. By sharing risk rather than replacing private investment, the model incentivizes financial institutions to expand their services sustainably while testing new approaches to inclusive finance.

The fund builds on BLOOM's wider investment in **Savings for Transformation (S4T) groups**, entrepreneurship training, financial literacy, and business development services. Young people ages 15–24 follow a clear pathway: they strengthen financial skills through S4T groups, develop viable business plans, receive mentoring and technical support, and become better prepared to access formal financing from financial institutions and the revolving fund. This approach helps previously unbanked women and youth become bankable clients, while strengthening long-term relationships between communities and the financial sector.

The fund supports a range of economic opportunities, from start-ups and business expansion to transitions into employment. Loan sizes are tailored to business needs, with flexible repayment arrangements and financing windows that reflect different stages of enterprise growth. The pilot places particular emphasis on AGYW, internally displaced persons, youth with disabilities, and other marginalized groups, helping ensure that access to finance reaches those who have most often been excluded. The model also tests more inclusive and innovative approaches to credit assessment by considering savings group performance and digital financial records alongside traditional lending criteria.

Beyond expanding access to finance, the pilot will generate practical evidence on how blended finance can strengthen financial inclusion in fragile contexts. By testing risk-sharing mechanisms, youth-responsive financial products, and alternative approaches to credit assessment, the initiative will help financial institutions better understand the commercial potential of serving women and youth. Lessons from the pilot will inform future product design, strengthen partnerships between savings groups and financial institutions, and provide a scalable model that can be adapted across other programs and settings.

Through this pilot, World Vision is showing how a combination of **catalytic public funding**, strategic partnerships, and market-based solutions can unlock economic opportunity for people who have too often been left out of formal finance. The goal is not only to finance businesses but to build confidence, create lasting relationships with formal financial institutions, and contribute to a more inclusive and resilient financial system where women and young people have a stronger chance to thrive.

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