

Supporting CGTMSE to unlock credit for Women owned micro-enterprises

Insights, Impact, and Challenges

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Project Duration: Sep 2023 – Dec 2026

Project Overview

- **Brief Summary:** Leverage CGTMSE to increase credit access for women MSEs by making the systems more gender-intentional and working with FSPs and NRLM ecosystems as strategic driver for scale.
- **The problem it seeks to address and its significance:** Women-led businesses face a \$158 billion credit gap. Affordable risk cover of a sovereign guarantee, addressing systemic issues, and establishing key partnerships can unlock collateral-free credit for W-MSEs, leading to inclusive economic growth
- **Innovative practices or unique approaches introduced:**
a) Creating evidence for economic additionality of CGTMSE **b)** Driving defined actions by CGTMSE through GDD analysis **c)** Building dashboard with GDD view to help drive targeted actions by MLIs **d)** Enabling cross-pollination of learnings amongst Asian credit supplementation organizations (affiliated with ACSIC).
- **Thematic areas** are **a)** Building trust and confidence, **b)** Strengthening Distribution, and **c)** Digital Public Infrastructure.

Stakeholders and Geographies

- **Key stakeholders involved in your project:**
 - CGTMSE
 - Diverse FSPs as its Member Lending Institutions (MLIs)
 - SRLMs
 - Strategic stakeholders: MoMSE, MoRD & identified State Governments
- **Geographical areas (states and districts) where the project is being implemented**
 - Nationally

Project Outcomes Achieved (incl WIP)

Primary Outcome: Expand pathways to enterprise credit for 3.0 million women-led MSEs in India, leading to their economic development and empowerment.

- **Analyzing the GDD data** of past guarantees, helped **identify areas for targeted interventions** by CGTMSE for unlocking greater collateral-free credit to W- MSEs
- This led to CGTMSE **increasing its guarantee coverage for W- MSEs from 85% to 90%** (of the loan amount), compared to 75% for others. This provides a stronger incentive for FSPs to narrow the gender credit gap.
- This partnership also led to recognition at the IFC SME Finance Forum in Brazil this year, where CGTMSE was honored as the '**Best Financer for Women Entrepreneurs**'
- Interactions with diverse MLIs helped create a **road map for specific actions** (with the goal of simplifying and lowering the entry barriers for enterprise credit for W-MSEs) and opportunities for partnerships. **TA partnership with UBI** will be kicked off in current month & second FSP partnership is in the works.
- Early evidence suggests a **strong positive correlation between district-level credit guarantees and employment**, with lasting job creation effects.

Key Learnings and Insights

Things that worked

- Collaborating with gender-intentional institutional players can drive macro-level systemic impact
- Access to comprehensive historical guarantee usage leads to rich GDD analysis & informs targeted interventions
- CGTMSE's willingness to evolve and adapt its approach based on data and insights
- Partnering with a diverse group of MLIs to foster industry-wide collaboration and knowledge sharing
- Recognizing the value of GDD analysis & working collaboratively to develop GDD dashboard as a tool to drive action.

Challenges

- Initial diagnostic of structured interviews with MLIs, took longer to complete due as there are multiple stakeholders (upto 6-7 teams)
- Executive leadership change

What could have been done differently?

- Completeness of data could have been established earlier if there were greater capacity in data team

Opportunities & Collaborations

- **Emerging Opportunities:**

- Leveraging partnership with State Governments to provide greater guarantee coverage for W-MSEs & nudge FSPs for prioritization of enabling enterprise credit to W-MSEs
- Commencing the MLI dialogue series for an ongoing platform for cross-pollination of learning & concentrated actions
- Creating “Udaan” (provisional certificate for CGTMSE) as a potential DPG

- **Collaborative Support:**

- The team would like to collaborate with & learn from,
 - Organizations working on affordable enterprise with FSPs to explore embedding CGTMSE in those products; this would result in benefits to W-MSEs such as improved access to collateral-free credit & better credit terms
 - Organizations working on the demand side to enable access to enterprise credit & better credit absorption capacity for women micro-entrepreneurs.

Team Information

Swati has 20+ years of experience in financial services across MSME, Agri-banking, gender and financial inclusion. She is one of the earliest members of South Asia team and leads advocacy, network and development functions. This includes working with FSPs, apex bodies, strategic stakeholders, policymakers & philanthropic organizations to design and deploy gender-intentional programs & solutions. Previously, she worked with a leading private bank for 10+ years in diverse profiles.



Ajit is an inclusive finance professional with 14+ years of experience. He leads the policy function for South Asia, engaging with policymakers, regulators & apex bodies to advance women's financial inclusion. He is actively involved with the policy work on women's financial inclusion with relevant G20 working groups. Before joining WWB, he led MSME & Access to Finance (A2F) programs at PwC India for ~10 years, across South Asia.

