

Tool 5.1: Enable affordable and accessible financing options

Your potential women customers might face challenges in purchasing livelihood technologies or expanding their nano-/micro-enterprises due to limited financing options. To help them, affordable financing options for rural women need to be unlocked. Self-help groups (SHGs)–credit linkages, micro-finance institutions (MFIs), or other regional rural banks (RRBs) can be leveraged to sustain their businesses and enhance their livelihoods.

Tool objectives

- To increase sales of livelihood technologies among potential women users and enhance women's customer base.
- To support the existing women nano-/micro-entrepreneurs accessing credit facilities for working capital or purchasing livelihood technologies.

Action plan

Step 1: Identification and mapping of target groups

- ☐ Identify women users or women-led groups, including self-help groups (SHGs), farmer producer organisations (FPOs), and cooperatives who express interest in purchasing your technology.
- ☐ Among the identified women, reach out to selected women/groups who lack the required financial sources and access to credit facilities.

Step 2: Identification of sources of different financing options

- ☐ Leverage the existing SHG networks with financing facilities such as revolving funds, term loans, or cash credit limit and bank linkages under *Deen Dayal Antyodaya Yojana—National Rural Livelihoods Mission (DAY-NRLM)*.
- ☐ Explore peer-to-peer lending platforms (such as [Rang De](#)) to provide affordable (low interest rates and collateral-free) and accessible loans.
- ☐ Avail the existing government schemes (such as *Pradhan Mantri Micro Units Development and Refinance Agency (MUDRA) Yojana*, *Prime Minister's Employment Generation Programme (PMEGP)*, and *Mahila Udyam Nidhi Scheme*).
- ☐ **Leveraging blended financing models**
 - ☐ Collaborate with the funding organisations or impact investors to access philanthropic capital. These entities may include foundations, development finance institutions, impact investment funds, or corporate social responsibility (CSR) arms of various companies.
 - ☐ Design blended financing instruments that leverage philanthropic capital to attract additional financing from other sources. These instruments may include corporate guarantees, concessional loans, first loss default guarantees (FLDGs), or subsidies in capital cost or interest rate.
 - ☐ Partner with financing institutions to access additional financing. Provide them with corporate guarantees or other assurances backed by philanthropic capital to incentivise them to offer affordable loans to women users.



Step 3: Partnerships and continuous engagement with financing institutions to enhance confidence

- ☐ Inform the financiers about your women customers' business model, the need for technology adoption, and the value proposition. Share potential mutual benefits of the collaboration to increase sales and support the community, especially women.
- ☐ Work with financing institutions to customise loan products for women, including loan amounts, interest rates, loan tenure, and reduced documentation requirements.

Step 4: Create an easy and quick application process

- ☐ For women users:
 - ☐ Train ground staff (virtually for two to three days) to streamline the loan application process by assisting and guiding women users throughout each step.
 - ☐ Offer support in preparing necessary documentation, completing application forms, and communicating with financing institutions.
- ☐ Playing the role of business correspondent for the bank (optional):
 - ☐ Understand and train your ground staff (virtually for three to five days) about financing institutions' licensing, compliance, and reporting requirements.
 - ☐ Work with financiers in the documentation process and provide information about the identified woman applicant. This includes customer's profile, business plans, and other data required for the credit risk assessment process.
 - ☐ Share insights into the customers' creditworthiness, such as business history, financial stability, and other factors.
 - ☐ Comply with the partner's data security, privacy, and confidentiality standards.

Step 5: Monitoring and course correction

- ☐ Establish a monitoring system to track loan applications and approvals. Evaluate the partnership's effectiveness periodically.
- ☐ Assess key indicators, such as loan uptake rates, customer satisfaction rate, and impact on business growth. Course-correct strategies as needed to better meet the needs of women users.

Note: The content of this section is inspired by [Development Alternative's](#) financing modules for rural women micro-entrepreneurs.

Indicative: Required resources and cost and time implications

Resources: Human resources to identify users and financial organisations, data collection and analysis, virtual training set-up, trained staff for supporting users and business correspondents in the region (*optional*).

Cost heads*	Cost implications Low: USD 0–2,500 Medium: USD 2,000–5,000 High: USD >5,000	Time implications Low: 1–3 hours/week Medium: 4–5 hours/week High: >5 hours/week	Frequency of expenses
Human resource (salary)	Medium	High	Monthly
Logistics for field visits	Medium	High	As required
Training set-up	Low	High	One-time

**Note: This calculation provides an overview of the primary cost categories associated with the implementation of this tool. Minor expenses may also be incurred.*

Source: Authors' analysis

Potential indicators to measure success

- Number of women expressing interest in loans and the number successfully securing loans from financial institutions for buying your technology.
- Number of established partnerships with financing institutions and the volume of disbursed loans for buying your technology.
- Increase in technology deployment after unlocking partnerships with financiers

Success story

In the [Powering Livelihoods](#) (PL) programme, we leveraged philanthropic funds as a ‘catalyst fund’ for large-scale financing, experimenting with tools such as first loss default guarantee (FLDG), interest subvention, and business correspondent models. One successful partnership was between [Devidayal Solar](#), a social enterprise producing solar refrigerators, and [Ashv Finance](#).

By providing Ashv Finance with 25 per cent FLDG support, we enabled the financing of solar refrigerators, resulting in 362 sales, with 57 per cent of the borrowers being new to credit. We also collaborated with [Sanghamithra Rural Financial Services](#), an MFI, to offer SHG members in Karnataka affordable loans for solar hydroponic fodder units. Sanghamithra provided general-purpose loans at 19.85 per cent, while PL provided a 10 per cent interest subvention, reducing the effective interest rate to 9.85 per cent for the women users. This support led to the deployment of three such technologies. Thus, providing accessible credit linkage facilities is crucial to scaling these livelihood technologies and supporting women’s livelihoods.