

Project Proposal Summary

Digital Financial Literacy & Capacity Building for Women-Owned MSMEs

Addressing Access to Finance Challenges in Indonesia

Executive Summary

- This project aims to expand access to **secure and legal loans** for Micro, Small, and Medium Enterprises (MSMEs), with a specific focus on **women-owned businesses** (W/MSMEs) in Indonesia.
- Method:** Enhancing financial literacy, business capacity building, organizational development, and advocating for a supportive environment.
 - Goal:** Stimulate economic activity, reduce poverty, foster regional growth by empowering W/MSMEs.
 - Implementers:** Consortium led by a coordinator (removed name), collaborating with Asosiasi Pendamping Perempuan Usaha Kecil Mikro (ASPPUK) and local partners.
 - Locations:** Initial focus on 5 provinces (Riau, Riau Islands, South Sumatra, North Sulawesi, Bali), potentially covering up to 28 districts/cities.
 - Core Components:**
 - MSME Capacity Enhancement & Organizational Development
 - Advocacy and Enabling Environment
 - Local Partner Capacity Enhancement & Organizational Development
 - Duration:** 60 months (Jan 2024 - Dec 2029).

The Challenge: Barriers for W/MSMEs

- Despite contributing significantly to Indonesia's GDP (64.5% of MSMEs are women-owned), W/MSMEs face multifaceted barriers hindering their growth and access to finance:
- Capital Access:** Greater difficulty obtaining adequate working capital compared to male counterparts (82.3% report inadequacy). Many are necessity-driven.
 - Loan Reluctance:** Less likely to seek formal loans (only 30% vs 40% for men); often face high interest rates or collateral issues.
 - Adaptability:** Less adaptive in shifting business strategies during uncertainty (45.5% vs 60.8% for men).
 - Policy Gaps:** Low business registration rates due to complex requirements; lack of supportive gender-based policies.
 - Gender Inequality:** Cultural norms, high domestic burden, and unequal power dynamics within households limit access to assets for collateral.
 - Program Awareness/Access:** Low awareness (32%) and uptake (13% received) of existing government support like cash transfers (BPUM) or KUR, due to complexity or accessibility issues.
 - Digital Divide:** While financial inclusion is high (77.9%), financial literacy (38.03%) and especially digital literacy (3.49%) are low, creating risks like vulnerability to illegal online lending.

These internal (confidence, capacity) and external (policy, access) factors limit W/MSME growth potential.

Project Rationale & Goal

Addressing the identified challenges requires a targeted approach to empower W/MSMEs.

Rationale:

- Existing financial services and government programs often don't fully meet the specific needs or overcome the barriers faced by W/MSMEs.
- Lack of confidence, financial/digital literacy, and business management skills hinder their ability to access and leverage finance effectively.
- A conducive environment (supportive policies, accessible infrastructure) is crucial for sustainable growth.
- W/MSMEs need tailored support to navigate the digital financial landscape safely and effectively.

Primary Goal:

To **increase the number of MSMEs, especially women-owned, who can access legal and secure loans** , thereby enabling business growth, stimulating local economies, and reducing poverty.

Approach:

By improving **Digital Financial Literacy** and **Business Capacity** , the project aims to equip W/MSMEs to access and benefit from appropriate financial products and services.

Project Framework

The project employs an integrated strategy guided by three interconnected components:

- 1. MSME Capacity Enhancement & Organizational Development**

Focuses directly on W/MSMEs through training (DFL, business skills, GESI), mentoring, networking, and cohort groups to build skills and confidence.
- 2. Advocacy and Enabling Environment**

Works with stakeholders (government, FSPs, community) to create a more supportive ecosystem through policy analysis, multi-stakeholder forums, and promoting gender-sensitive services (incl. OSS/childcare coordination).
- 3. Local Partner Capacity Enhancement & Organizational Development**

Strengthens the ability of local implementing partners (CSOs, NGOs) to effectively deliver services, manage programs, and sustain support for W/MSMEs.

Monitoring & Learning: A robust **Monitoring, Evaluation, Research, and Learning (MERL)** framework will track progress, measure impact, capture lessons learned, and ensure adaptive management throughout the project cycle.

Key Project Approaches

The project's design and implementation are guided by several core approaches:

- Participatory Learning & Action:** Engaging W/MSMEs and stakeholders actively in identifying problems and solutions.
- Gender Approach:** Integrating gender analysis and GESI principles throughout all project activities and processes.
- Supply and Demand Analysis:** Addressing both W/MSME capacity (demand) and the services/policies of FSPs and government (supply).
- Policy Analysis:** Assessing existing policies and advocating for improvements to better support W/MSMEs.
- Knowledge Management:** Systematically capturing, documenting, and sharing data, lessons, and best practices.
- Multi-stakeholders Approach:** Collaborating with diverse actors (govt, FSPs, CSOs, private sector) at local and national levels.
- Learning Management System (LMS):** Utilizing a digital platform for materials, self-learning, knowledge exchange, and communication.

Implementation Strategies

To effectively execute the project, the following strategies will be employed:

- Location Selection:** Carefully choosing districts/cities based on W/MSME numbers, poverty rates, and potential for impact.
- Clustering & Grouping:** Organizing beneficiaries geographically and by capacity for efficient delivery and peer support.
- Flexible Capacity Development:** Tailoring training content, methodology, and materials to specific beneficiary needs and stages.
- Local Partner Empowerment:** Selecting, training, and supporting local organizations for culturally relevant and sustainable implementation.
- Database & LMS:** Establishing systems for managing data, tracking progress, and providing accessible learning resources.
- Local Learning Centers:** Utilizing multi-stakeholder forums for knowledge exchange and collaboration at the local level.
- Collaboration:** Fostering partnerships at provincial, district, and national levels (Ministries, OJK, BI, Associations, etc.).
- Outreach (ACHIEVE Framework):** Systematically Analyzing, Communicating, Helping convert, Instilling knowledge, Engaging, Valuing, and Effectuating follow-through.
- Sustainability:** Planning for long-term impact through local partner commitment, institutionalizing forums, and ensuring continued LMS/resource access.

Component 1: MSME Capacity Enhancement

Direct support for W/MSMEs through a structured learning journey:

- Intensive Learning (12 months):**
 - Initial 3 Months:** Onboarding, GESI-GALS training (Gender Action Learning System), essential Digital & Financial Literacy training (monthly).
 - Subsequent 9 Months:** Focus on bi-weekly group mentoring (DFL, capacity, organization, market access), supported by cohort groups (online discussion/exchange) and self-paced learning via LMS.
- Advanced Training:** Tailored market access topics delivered based on cluster needs.
- Sector-Based Community:** Post-intensive phase, participants join communities for ongoing interaction and learning (sessions every 3 months).
- Supporting Elements:** Gamification, potential private mentoring, ongoing access to information via various channels (web, infographics, campaigns).

Goal: Equip W/MSMEs with the necessary skills, knowledge, and confidence to manage their businesses, access finance, and grow.

Components 2 & 3: Environment & Partners

- Component 2: Advocacy & Enabling Environment**
 - Training W/MSME Social Environment:** Promoting GESI principles within families and communities.
 - Multi-Stakeholder Forums:** Bringing together government, FSPs, CSOs, and others to identify issues and develop action plans (advocacy, policy analysis, campaigns). Held 2-3 times/year.
 - Policy Analysis & Advocacy:** Identifying gaps and promoting women-friendly policies regarding loans, taxation, digital access, etc.
 - One-Stop Services (OSS) / Childcare:** Coordinating requirements and facilitating dialogue for improved/integrated support services relevant to W/MSMEs.
 - Goal:** Create a more conducive and gender-sensitive ecosystem for W/MSME success.
- Component 3: Local Partner Capacity Enhancement**
 - Selection:** Identifying capable local NGOs/CSOs based on profile, experience, GESI commitment, and network.
 - Training & Technical Assistance:** Ongoing monthly training, workshops, and support from the Consortium on technical skills (DFL, GESI, adult learning), project management, MERL, and advocacy.
 - Knowledge Management:** Facilitating sharing of lessons learned and best practices among local partners.
 - Organizational Development:** Supporting partners in strengthening their systems and processes for effective service delivery.
 - Goal:** Build a network of strong, sustainable local partners capable of supporting W/MSMEs long-term.

High-Level Workplan

The project is structured into two main phases:

Phase 1: Base Period (Approx. 9 Months)

- Focus:** Design, preparation, system building, and stakeholder mapping.
- Key Activities/Deliverables:**
 - Recruit project staff.
 - Finalize Inception Report & Workplan.
 - Conduct needs assessments & situational analysis.
 - Identify & potentially select initial Local Partners.
 - Develop/draft Program Operations Manual, curricula & modules.
 - Design Call for Proposals process for Local Partners.
 - Develop MERL framework & baseline assessment plan.
 - Design digital learning platform (LMS) & monitoring dashboard.
 - Develop initial campaign & sustainability strategies.
 - Finalize PTSP/OSS/Childcare coordination strategy.

Phase 2: Option Years (Year 1 - 5)

- Focus:** Full implementation of activities across the three components.
- Key Activities:**
 - Release Call for Proposals, contract Local Partners.
 - Develop video learning materials.
 - Conduct W/MSME onboarding, training, mentoring.
 - Implement Local Partner capacity building.
 - Facilitate multi-stakeholder forums & advocacy actions.
 - Implement OSS/Childcare coordination.
 - Ongoing MERL activities (monitoring, evaluation, reporting).
 - Capture & share lessons learned.

Organization & Staffing

Project success relies on a diverse and skilled team committed to gender inclusion.

- Structure:** Led by a Consortium (Coordinator + ASPPUK) overseeing project management, technical expertise, and coordination.
- Implementation:** Primarily executed through grants to selected **Provincial-level Local Partners** .
- Local Partner Teams:** Expected to build teams including management, M&E, content experts, district coordinators, trainers, and mentors.
- Expertise:** The Consortium brings together advisors and experts in MSME development, public policy, economics, gender, financial inclusion, childcare, and MERL. (Note: Detailed org chart omitted for summary).
- Gender Balance & GESI:** A core principle applied to staffing at all levels (Consortium and Local Partners) to ensure diverse perspectives and gender-sensitive decision-making.

Collaboration between the Consortium and capable, well-supported Local Partners is key to effective delivery and achieving project objectives.