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# India: The Women's Livelihood Bond

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## Agenda

- What is the Women's Livelihood Bond ?
- Need for a WLB
- Role of UN Women and World Bank
- How does this initiative create an impact? – Current Situation and proposed Solution
- Governance arrangements
- Status



## What is the Women's Livelihood Bond?

- The Women's Livelihood Bond (WLB) will be the first-time ever 'IMPACT' investment bond in India – the objective is to connect impact investors with women entrepreneurs at the bottom of the pyramid
- First tranche of Rs. 300 crores (US\$ 43M) to be issued by Small Industries Development Bank of India (SIDBI)
  - SIDBI: Apex MFI established in 1990 under an Act passed by Indian Parliament as the principal financial institution for financing, promotion and development of micro, small and medium enterprises in the country
- The Bond is suited for leading impact investors in India to support thousands of women entrepreneurs in rural areas and towns to set up / scale up their individual micro enterprises. Critically, it will support to the move from group lending to individual entrepreneurship.
- Women entrepreneurs will gain access to low cost financing at interest rates of around 13 to 14% p.a (almost half the current cost) and create millions of jobs in the process
- Supported by the World Bank



## Why the WLB ?

The current situation is that:

- Women entrepreneurs face great challenges in accessing finance and graduating from microfinance institutions and SHGs to individual borrowings.
- This “missing middle” (loans of Rs. 0.5-5 lakh - \$1400 to \$7000) is perceived by banks as too small or risky, and faces limited access to credit with rates of over 24%.
- Further, rural women accessing the credit from existing micro finance institutions pay ~20% to 24% borrowing rates



## How does the WLB create impact?

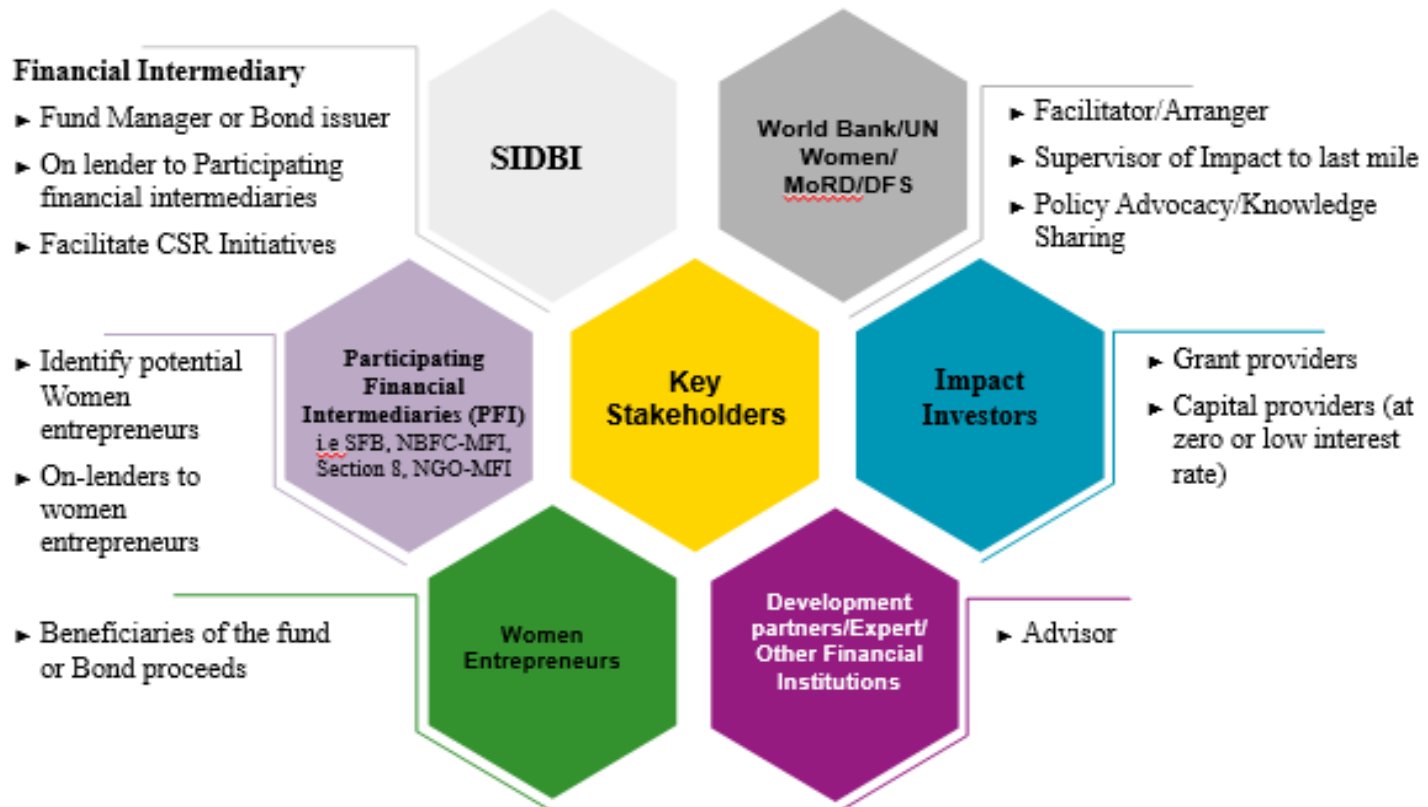
- **Identifying and supporting commercially grounded and sustainable sources of financing is the way forward.**
- The utilization of the proceeds will be for the promotion of women entrepreneurship.
- **World Bank role:** The proposed multi-tranche WLB will be raised by SIDBI with support from the World Bank. The Bank is convening stakeholders and will provide business advisory support to the women entrepreneurs through the SLMs. It will also be a member in the advisory council of the WLF
- **SIDBI Role:** SIDBI will act as the Financial Intermediary and channel funds through Participating Financial Intermediaries to women's entrepreneurs.
  - SIDBI will critically deploy an ecosystem of support in the form of entrepreneurship trainings and partial credit guarantees for women entrepreneur participants.
  - The average ticket size of the loans to women entrepreneurs is expected to be around Rs.1 lakh to Rs. 5 lakh (\$1400-\$7000)
  - An impact investment of Rs.1 crore (~ \$143,000) could potentially support 100 women entrepreneurs, which could further provide jobs to an additional 300 to 400 poor across sectors like agriculture, food processing, services, manufacturing and others



## Role of UN Women and World Bank

- The World Bank and the UN Women's Business Sector Advisory Council (BSAC) in India are supporting SIDBI to access impact investors and will provide support to **achieve and track impact**
- The Bank through the State Rural Livelihood Missions (SRLMs) will provide business advisory support to the women entrepreneurs
- The Bond will build on the strong framework of 50 million rural women on the NRLM SHG platform. World Bank programs are implemented by the State Missions with outreach to districts/blocks with potential women entrepreneurs.
- Business Sector Advisory Council is part of the global initiative of UN Women and convenes industry leaders with strong intent of working collectively to increase development impact on women's empowerment
- The World Bank has been supporting SIDBI and the National Rural Livelihood Mission (NRLM), and has invested ~ USD 3 billion scaling up women's micro finance and livelihood programs

## Role of key stakeholders





## Governance - Advisory Council

- WLB will have an Advisory Council as the decision-making body. The primary objective of the advisory council will be to undertake supervision of the WLF and take key decisions to maintain and implement the Fund
- It will have representation from 1) SIDBI ; 2) Investors, 3) CSR partners, 4) participating financial institutions and 5) World Bank/UN Women
- Primary functions of the AC-WLF will be to:
  - Supervise the fund management and utilization of the Fund
  - Review and address the concerns in the implementation activities of the fund
  - Review the progress in credit lending by the participating financial institutions
  - Review and address the concerns in lending to the women entrepreneur portfolio



## Corpus Fund

- The Women's Livelihood Bond will be backed by a Corpus fund (~14M) to be mobilized
  - Through CSR contributions
  - Through grant support from the Department for International Development (DFID)
  - Will act as a First Loss Default Guarantee (FLDG)
  - Will also help monitor and track the program outputs and thus ensure quality implementation
  - Support capacity building, TA, mentorship programs



## Impact investor recognition

- An Advisory Council composed of the leading investors will be constituted to guide the implementation of WLB
- All impact investors will be provided with regular implementation reports
- An annual event will bring together the impact investors and senior officials of the government, World Bank, UN Women and SIDBI, and will provide direct interface with women entrepreneur beneficiaries

## Current Status:

- EOI signed between SIDBI and leading impact investors (Centrujm, ASKL, Ambit, Aditya Birla Capital) in February 2019 in Mumbai, India
- Bond to be floated by early July 2019
- Commitment was about \$42 M at the EOI signing; about half will be raised by Aug. 2019



Thank You !