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User guide

Integrated Loan Application Initial Assessment Tool for GEDSI and Green Criteria

Step-by-step guide for financial ecosystem actors to conduct inclusive loan initial assessments

Prepared by

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Executive Summary

Integrated GEDSI and green credit assessment implementation approach

To address the financing access gap for women-owned micro, small, and medium enterprises (MSMEs), persons with disabilities, and green entrepreneurs, this guide offers a practical approach through five key steps:

STEP 1
Understand Your Portfolio

Understand the financial service institutions (FSI) portfolio conditions in order to identify inclusion gaps and opportunities for women-owned MSMEs, persons with disabilities, and green entrepreneurs.

STEP 2
Build GEDSI Sensitivity

Integrate GEDSI perspectives into policies, standard operating procedures (SOPs), and internal practices to make services more inclusive.

STEP 3
Customer Segmentation

Categorize customers based on data to understand the characteristics and needs of each segment.

STEP 4
Use the Assessment Tool

Implement support tools, such as checklists and SOPs, to standardize the credit assessment process.

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Apply Credit Assessment

Conduct risk- and context-based credit assessments that integrate the GEDSI approach for more accurate and inclusive decision-making.

Glossary of Terms: Inclusive Green

This glossary builds a shared understanding among Financial Services Providers (Lembaga Jasa Keuangan/LJK) and provides guidance on explaining concepts to clients in simple, accessible language. It is developed based on: POJK No. 51/2017 on Sustainable Finance, Indonesia's Sustainable Finance Taxonomy V3 (OJK, 2025), Green Economy and Finance: Concepts and Implementation in Indonesia (Bank Indonesia, 2025), SETARA Guidelines (OJK, 2024)

Do no significant harm (DNSH): This principle asserts that an economic activity must not significantly harm any other environmental objective, even if it contributes to one specific goal. This principle is one of the key requirements in the Sustainable Finance Taxonomy of Indonesia (TKBI) for the classification of an activity as green.

Greenwashing: Claims that are environmentally friendly but not supported by tangible practices, such as labeling a product as natural or green without verifiable processes or measurable impact, should be carefully scrutinized. Staff must remain vigilant to such claims and recognize that clients may not yet fully understand how to describe green practices accurately.

Sustainable finance: The financial services sector supports sustainable economic growth while it maintains a balance between economic, social, and environmental interests.

Green financing: Financing directed towards business activities that deliver tangible environmental benefits, which contribute to at least one environmental objective outlined in the TKBI, without significantly harming other environmental goals.

Sustainable Finance Action Plan (RAKB): A written document that outlines the LJK's short-term (one-year) and long-term (five-year) activities and work programs in accordance with sustainable finance principles. The RAKB includes strengthening internal capacity, product development, and SOP adjustments. This document is prepared by the board of directors, approved by the board of commissioners, and reported annually to the Indonesian Financial Services Authority (OJK).

Sustainable Finance Taxonomy (TKBI): A classification system established by the OJK to identify economic activities that contribute to environmental goals. The TKBI focuses on four environmental objectives:

- **EO1 –** Climate Change Mitigation: Activities that reduce greenhouse gas emissions, such as transitioning to renewable energy, energy efficiency initiatives, or low-emission transportation;
- **EO2 –** Climate Change Adaptation: Initiatives that help systems or communities adapt to the impacts of climate change, such as water-saving irrigation systems or flood-resilient buildings;
- **EO3 –** Ecosystem and Biodiversity Protection: Efforts that safeguard or restore natural environments, including reforestation and sustainable fisheries;
- **EO4 –** Resource Resilience and Circular Economy: Activities that minimize waste and optimize resource reuse, such as recycling or zero-waste production.

Green MSMEs: MSMEs that have adopted or integrated environmental, social, and governance (ESG) principles into their business models and value chains. This is demonstrated through tangible contributions to at least one environmental objective, such as climate change mitigation or adaptation, ecosystem protection, or sustainable resource management, without compromising other goals or social standards.

Generally, the development stages of green MSMEs with reference to the Bank Indonesia framework include:

- **Eco-adopter:** Beginning to implement basic environmental practices, such as waste segregation, energy savings, and water conservation. These efforts are typically prompted by external factors;
- **Eco-entrepreneur:** Green practices are embedded within the business model, driven by market demand. Green products contribute approximately 30–70% of total revenue;
- **Eco-innovator:** Environmental innovation is applied across all business aspects, with a focus on green markets and exports. These businesses typically hold environmental certifications, and green products contribute over 70% of total revenue.

Transition businesses: Businesses that have not yet fully met green criteria are actively transforming their operations toward greater sustainability. In the TKBI, transition businesses can still be categorised and supported through financing, even if they are not fully compliant with green standards.

Glossary of Terms: Gender Equality, Disability, and Social Inclusion (GEDSI)

Accessibility: The condition in which infrastructure, services, information, and communication are designed or adapted to be accessible to all individuals, including persons with disabilities, without barriers.

Disaggregated data: Data that is categorized based on specific characteristics, such as gender, disability status, location, and age, enabling visible differences in access to and use of services to be identified and addressed. Gender-disaggregated data (GDD), also known as sex-disaggregated data (SDD), serves as the foundation for developing evidence-based inclusion strategies.

GEDSI: A framework that ensures programs, products, and services simultaneously consider gender equality, the needs of persons with disabilities, and social inclusion as integral components of the core design.

SETARA Guidelines: Official OJK guidelines provide a framework for financial sector players (PUSK) to strategically and practically implement disability inclusion.

Variety of disabilities: As defined in Law No. 8 of 2016 on persons with disabilities and adopted in the SETARA guidelines, disabilities are categorized into several main types:

- **Physical:** Impairments in motor function, such as paraplegia, amputation, and stroke;
- **Sensory:** Impairments in sensory functions, such as hearing impairment and visual impairment;
- **Intellectual:** Cognitive function impairments, such as Down syndrome;
- **Mental**: Impairments in thinking, emotions, and behavior that cover bipolar disorder, schizophrenia, depression, including developmental disabilities, such as autism and ADHD;
- **Multiple:** Two or more types of disabilities occurring simultaneously.

Reasonable accommodation: It refers to necessary adjustments or modifications required to ensure persons with disabilities can access services on an equal basis, without imposing disproportionate burdens on service providers. This principle is guaranteed under Law No. 8 of 2016 on persons with disabilities.

Washington Group Short Set on Functioning (WG-SS): A set of six function-based questions developed by the Washington Group on Disability Statistics to identify persons with disabilities in a more inclusive manner. This approach focuses on the level of difficulty experienced in performing everyday activities, rather than on medical diagnoses.

Layered Challenges Faced by Women in Business Development

Barriers to women's access to financial services.

- While 64.5% of MSMEs in Indonesia are managed by women, as reported by the Badan Pusat Statistik (BPS) in 2024, around 49% of the Credit Guarantee Program (KUR) disbursements have reached women, according to the Ministry of Economic Affairs in 2024.
- On platforms affiliated with Asosiasi Fintech Pendanaan Bersama Indonesia (AFPI), 51% of borrowers are women, approximately 12 million people, but significant national-level disparities persist according to AFPI 2025 data.
- Women also hold 49.3% of online loan accounts, according to the OJK 2025 data, and they demonstrate higher outstanding financing values and lower loan default ratios compared to men.
- However, women's financial literacy index stands at 65.58%, which remains lower than that of men, according to the Survei Nasional Literasi dan Inklusi Keuangan (SNLIK) 2025 data.

Currently, GDD on the number of green MSMEs in Indonesia is unavailable. This highlights the need for mapping the resilience potential and economic contributions of women in the transition towards a green economy.

Layered disparities faced by women with disabilities in accessing financial services, as documented by the Himpunan Wanita Disabilitas Indonesia (HWDI) and Women without Borders (WwB) in 2022-23

Only **42%** Women with disabilities have access to digital financial services. This figure is lower than that of men with disabilities, which reaches 60%.

Only **48%** Women with disabilities have a lower understanding of electronic wallet usage compared to men with disabilities, which reaches 63.3%.

Layered challenges faced by women with disabilities:

1. Financial and business literacy;
2. Access to technology;
3. Digital safety and protection;
4. Control and autonomy over assets;
5. Access to capital and investment;
6. Logistics and connectivity.

The Importance of Integrating Financial Systems with GEDSI Aspects.

Indonesia already has a regulatory and policy framework related to sustainable finance. However, integration with GEDSI aspects remains minimal.

National policy frameworks on sustainable finance demonstrate Indonesia's commitment.

- Sustainable Finance Roadmap Phase I and II;
- Indonesian Green Taxonomy 1.0;
- Indonesian Sustainable Finance Taxonomy Version I to III.

The lack of GEDSI integration in sustainable finance agendas.

Although mandated by OJK, many financial institutions still lack a deep understanding of GEDSI aspects and gender- and disability-related risks in climate change.

The integration of GEDSI into sustainable finance will support national development goals and attract investors.

- Mainstreaming GEDSI aligns with the national development agenda in the RPJMN 2025–2029.
- Through impact investment, financial institutions will gain incentives and momentum to advance sustainable and inclusive finance.

Findings:

Barriers to Integrating GEDSI Aspects in Sustainable Finance

Transparency in data use: Data is fragmented and siloed by gender, with limited alternative data available to assess the creditworthiness of women entrepreneurs.

Risk modelling lacking gender correlation with green outcomes: Credit assessments fail to consider distinctive business characteristics of women, such as multi-wallet operations and home-based businesses, or their sustainable cash flows, such as energy and waste savings.

Misalignment between financial products and market needs: Green financial products and green loans are not designed or targeted for the MSME scale, which limits accessibility and relevance.

Capacity constraints on both sides: Borrowers face limitations in accounting, vendor selection, and business scaling decisions. Financial institutions, meanwhile, have a limited understanding of taxonomies, green business case studies, and gender-based risk factors.

Sustainable Finance Mandate in Indonesia

The regulatory framework for sustainable finance in Indonesia continues to develop and strengthen. However, there remains room to expand its reach, particularly to groups that need it most.

Policy foundation and awareness enhancement

2014-2019

- Sustainable Finance Roadmap Phase I
- POJK 51/2017 on the Implementation of Sustainable Finance
- Sustainable Finance Roadmap Phase II

2020

- National Inclusive Finance Strategy (SNKI)
- Macroprudential Liquidity Incentive Policy (KLM)

Expansion of instruments and strengthening of compliance

2022

Indonesian Green Taxonomy (IGT) 1.0

2023

Law on the Development and Strengthening of the Financial Sector (P2SK)

Implementation and strengthening of regulations

2024

- POJK 29/2024 on opportunities to implement alternative credit scoring
- Indonesian Sustainable Finance Taxonomy (TKBI) Version 1
- Bank Indonesia's Green MSME Guidelines
- OJK's SETARA Guidelines

2025-2026

- White Paper: Realising a Sustainable Business Future through Green MSME Empowerment
- TKBI Version 2
- TKBI Version 3

Access to financing for MSMEs and its barriers

Barriers from the demand side

Legal and asset ownership challenges
Lack of collateral in one's own name and the absence of formal business permits hinder meeting the administrative requirements for formal credit.

Rural infrastructure challenges
Long distances to logistics hubs and high transportation costs make it difficult for rural women-owned MSMEs to compete on operational terms.

Limited digital and financial capacity
Low financial literacy and reliance on technology devices limit women's autonomy to access digital financial services.

Vulnerability to predatory financing practices
Urgent need for unsecured funds often traps women in intimidating and exploitative informal online lending schemes.

Layered barriers for women with disabilities
The intersection of gender and disability creates multi-layered stigma and more complex physical and digital access limitations.

Socio-cultural barriers
High domestic burdens, which create time poverty, and the requirement for spousal consent create psychological and operational hurdles in loan applications.

Barriers from the supply side

Bias in credit risk assessment
Perceived risk that women's businesses are high-risk due to stereotypes, such as the notion that women's businesses are only "side ventures."

Limited use of disaggregated data
GDD has not yet been analysed to develop innovative products tailored to the specific characteristics of women-led MSMEs.

Lack of inclusive service SOPs
Services for persons with disabilities remain incidental and are not standardised as equitable, rights-based service standards.

Insufficient inclusive literacy and mentoring programmes
Financial education materials lack accessibility, such as braille or sign language, and fail to address the needs of MSMEs at larger business scales.

Opportunities and Prospects for Financial Service Institutions

Women-owned MSMEs, persons with disabilities, and green entrepreneurs are often perceived as high-risk. However, evidence shows the opposite.

I. Women's risk profile is better than assumed

Women's non-performing loan (NPL) rates are lower than those of men

In multiple developing countries, gender-based credit assessment models have delivered more profitable portfolios for financial service institutions (FSIs)

CGAP (2024) confirmed, based on data from South Africa and Zambia, that gender-based credit scoring leads to lower default rates. Banco BHD León (Dominican Republic) completely redesigned its MSME product suite after discovering similar positive results in its internal portfolio.

Yet, despite their lower risk, women still receive 39% less financing than men with comparable business profiles, rising to 54% in countries with strict gender norms (Grover & Viollaz, World Bank 2025). Lower risk reduced access, which is a clear gap between perception and reality.

II. Unconverted market potential

64% of MSMEs are owned by women, which is the largest untapped segment in the financial services portfolio.

Despite this, only 49% of women-led MSMEs access the Micro and Small Business Credit Program (KUR). This significant gap in access between women and men highlights a vast, underserved market opportunity.

Did you know?

IDR 2.4 trillion/USD 133.9 million
The funding gap for green MSMEs, with only ~5% formal green adoption

Only **14%**
of households with persons with disabilities have access to credit (Susenas, 2023)

These three segments, including women-led MSMEs, persons with disabilities, and green entrepreneurs, remain unconverted into financial portfolios because conventional credit assessment criteria, such as physical collateral in one's name, formal documentation, and Slik history, were not designed to capture the real strength and potential of these businesses.

III. External incentives already waiting

IDR 36.68 trillion/USD 2 billion in incentives available

Bank Indonesia's macroprudential incentives for banks to promote sustainable financing, including facilitation for 159 green MSMEs

POJK 51/2017 and TKBI Version 3 promote sustainability reporting. Well-documented portfolios of women-led and green MSMEs directly contribute to fulfilling these mandates.

FSIs that document inclusive and green portfolios gain access to blended finance schemes, multilateral guarantees, and international climate financing.

However, all of these benefits require FSIs to identify their green and inclusive customers right from the initial assessment process.

STEP 1

Understand Your Portfolio

- Identify the current state of your FSIs' portfolio
- Map your MSME customers (women-led, persons with disabilities, green enterprises)
- Analyse gaps and inclusion opportunities

I. Analyse Data with a Different Perspective

This approach is about addressing distinct structural barriers, rather than granting special privileges to certain groups. Women and persons with disabilities face distinct structural barriers in accessing financial services.

Proportional adaptation of services to address these barriers constitutes reasonable accommodation, a principle already recognised in national regulations and international standards.

A. Map your baseline portfolio

From your existing customer database, calculate the percentage of women-led MSMEs, green MSMEs, and MSMEs led by persons with disabilities. For definitions of each segment, refer to the definitions and segmentation section in this guide.

Also note customers who fall into multiple categories simultaneously. These overlapping segments are most often overlooked in conventional portfolio analyses and require the most appropriate and equitable accommodations from FSIs.

Best Practice

Banks that have consistently managed GDD for more than 10 years have recorded more than twofold growth in their women-led MSME portfolios, with loan disbursements to this segment also doubling over the same period (Financial Alliance for Women, 2024).

B. Ensure data is connected to the core banking system

Gender data already in FSIs' systems is often stored at the individual level rather than at the business ownership level. Make sure this data is linked to the business owner's identity within the core banking system so it can be analysed as a women-led MSME portfolio rather than mere demographic data.

Automated method
Collect gender data from NIK (National Identity Number) during onboarding. More consistent, but requires IT integration.

Manual method
Branch staff add gender markers based on business ownership documents. More flexible, but requires a consistent, standardised guide across all branches to ensure uniformity.

C. Check existing disability data

Ask: Has your FSI ever collected disability data? If yes, in what format and where is it stored?

Standardised methods for collecting disability data using the **WG-SS** are explained in the next slide.

Did you know?

WG-SS is an internationally recognised functional-based instrument to identify persons with disabilities without requiring medical documents or formal certificates. A complete explanation and instructions on how to use it are provided on the next slide.

II. WG-SS for Identifying Customers with Disabilities

Figure 1. WG-SS Usage Guide

WG-SS is an internationally recognised standard for identifying persons with disabilities based on difficulties in everyday functioning without the requirement of formal medical documentation or official certificates.

Area	Questions
Seeing	Do you have difficulty seeing, even with glasses?
Hearing	Do you have difficulty hearing, even with a hearing aid?
Walking	Do you have difficulty walking or climbing stairs?
Cognitive	Do you have difficulty remembering or concentrating?
Self-care	Do you have difficulty taking care of yourself, such as bathing or dressing?
Communicating	Do you have difficulty communicating, such as understanding others or being understood?
Answer scale: No difficulty / Slight difficulty / Moderate difficulty / Severe difficulty / Cannot do at all	
Threshold: Classified as a person with a disability if they answer "moderate difficulty" or "severe difficulty / cannot do at all" on at least one question.	

How to communicate the questions

Adapt the format to suit the customer's communication needs. For customers who communicate verbally, ask the questions aloud. For deaf or mute customers, use written format or an interpreter, if available.

For customers with intellectual disabilities, use simple language and allow sufficient time for understanding and response.

Explain the purpose of the questions at the beginning to ensure that the services provided are tailored to their actual needs.

How to use the data

Use WG-SS data to identify customers' accommodation needs throughout the service process, from application to collection, without influencing credit decisions. The goal is to ensure appropriate, tailored services and to support the development of more inclusive products.

Cross-analysis for more inclusive products

Once gender and disability data are collected, conduct cross-analysis with credit performance data, separating NPL, loan volume, and outstanding value by gender, disability, and green category.

This analysis helps FSIs identify where access gaps exist and serves as a basis for designing products and procedures that are more responsive to customers' real needs.

STEP 2

Build GEDSI Sensitivity

- Enhance internal understanding of GEDSI.
- Integrate GEDSI into credit policies and SOPs.
- Tailor services to be more inclusive.

I. Translate GEDSI Understanding into Practical Application

LJK staff are familiar with credit assessment procedures. However, it needs another review to determine if the existing procedures can accommodate customers with different types of challenges.

> The challenges faced by female customers and persons with disabilities at LJK are mostly not due to intentional discrimination. The existing procedures were not initially designed with their needs in mind.
>
> The OJK's SETARA Guidelines (2024) provide a minimum framework as a starting point.

A. At the Branch Level
Starting with staff and branch managers

- Recognise the six functional areas in WGSS: Vision, hearing, mobility, cognition, self-care, and communication. Staff need to understand this diversity to respond appropriately.
- Greet customers directly, not through their accompanying persons. Ask if they need any assistance during the service process before stepping in to help.
- For female customers who come with male family members, direct questions to the customer as the business owner, not the accompanying person.
- Assign one staff member per branch as the inclusive service focal point who knows what accommodations are available at the branch and where to escalate requests that exceed local capacity.

B. At the Central Management Level
Decisions and cross-unit coordination are required

- Integrate inclusivity elements into existing customer onboarding SOPs or develop a separate guideline document customised to different types of disabilities. Both approaches are valid depending on institutional capacity.
- Review credit assessment guidelines and ensure these accommodate joint asset ownership between spouses, women-led businesses with assets held under the husband's name, or customers unable to visit branches due to mobility limitations.
- Coordinate with the communications team to ensure all materials sent to branches are available in multiple accessible formats.
- Incorporate disability sensitivity training into regular staff onboarding, referencing the OJK's SETARA Guidelines (2024).
- Engage persons with disabilities as partners in product and service development and testing.

C. At the Digital Channel Level
Requires involvement from IT and product teams

- Liveness checks or facial verification for e-KYC often pose barriers for customers with physical disabilities. Thus, the teams should provide alternatives, such as guided video calls, in-branch visits with accompaniment, or controlled manual verification processes.
- Check whether the mobile banking application is compatible with screen readers, whether font sizes can be adjusted, and whether navigation does not rely solely on colour as a marker.
- Conduct a digital accessibility audit, using the Web Content Accessibility Guidelines (WCAG) 2.2 from the World Wide Web Consortium (W3C) as a benchmark reference.

II. Map Inclusive Steps Based on Roles and Readiness

Not all changes require significant budgets. This matrix helps map actions to the decision-maker and the speed at which they can be implemented.

Figure 2. Decision-making Matrix for Credit Application Processes

Immediate Actions	Require Planning
Staff and Branch Managers	
• Greet customers directly and inquire about their service accommodation needs at the beginning of the interaction. • Direct credit-related questions to female business owners, not to their accompanying persons. • Refer customers to the inclusive service focal point if their needs exceed staff capacity.	• Conduct training on disability sensitivity for frontline staff. • Appoint and train inclusive service focal points at each branch, including basic sign language skills. • Prepare concise disability diversity guides at service points.
Central Management	
• Integrate inclusivity elements into existing onboarding SOPs or develop a separate guideline document customised to different types of disabilities. • Review credit assessment guidelines to accommodate the contexts of joint asset ownership and informal businesses. • Instruct the communications team to prepare branch materials in multiple accessible formats. • Conduct a self-assessment of accessibility in physical branch buildings, in terms of ramps, priority pathways, and waiting areas, referencing the OJK's SETARA Guidelines (2024).	• Audit digital application accessibility using WCAG 2.2. • Design alternative liveness checks for customers with physical disabilities. • Integrate inclusivity indicators into branch service KPIs. • Establish a structured mechanism to periodically involve persons with disabilities in product testing and development.

STEP 3

Customer Segmentation

- Group customers based on data.
- Define segments (women, persons with disabilities, green initiatives).
- Use segmentation for credit analysis and decision-making.

I. Translate GEDSI Understanding into Practical Application

DID YOU KNOW?

Who are Women-owned MSMEs?

Although most LJKs have collected gender data, it has not yet been used optimally in decision-making regarding women-owned MSMEs. This means the available gender data is not fully used to measure the extent of LJK's portfolio of women-owned MSMEs.

International Finance Corporation (IFC) dan Women Entrepreneurs Finance Code (We-Fi) uses a combination of ownership and management indicators to define women-owned MSMEs. It classifies women-owned MSMEs as organisations with ≥51% ownership by women, or with lower ownership but with women as the primary decision-maker.

In practice, women-owned MSMEs can be identified through the following three dimensions to assist LJKs:

1. Ownership: Who is the Legal Owner or Main Shareholder of the Business?

Data can be obtained from official documents, such as business articles of incorporation, *Nomor Induk Berusaha* (NIB), business certificates, or through direct questioning.

2. Management: Who Makes the Day-to-day Operational and Financial Decisions?

Data can be obtained through direct questioning of the applicant.

3. Economic Benefit: Who Directly Receives and Manages the Business's Proceeds?

Data can be obtained through confirmation during field visits or interviews with branch staff.

II. Operational Definition of Green MSMEs

Figure 3. Facts, Challenges, and Classification of Green MSMEs.

Who are They

Based on definitions from Bappenas, Bank Indonesia, and OJK, green MSMEs are those that have integrated or are in the process of integrating ESG principles into their business models and value chains. This is seen in tangible contributions to at least one environmental goal, such as climate change mitigation or adaptation, ecosystem protection, or sustainable resource management, without compromising other objectives while meeting social standards.

Challenges Faced

- 88% of MSMEs in Indonesia have not yet adopted green business practices, primarily due to high initial investment costs, limited access to suitable financing, and insufficient mentoring and incentives.
- Many MSMEs have already implemented environmentally friendly practices informally. Yet, these efforts are poorly documented and not formally recognised within green MSME criteria. As a result, their positive contributions do not reflect in risk assessments or lending eligibility.
- Women-owned and disability-inclusive green MSMEs face layered barriers in terms of access to financing and support services.

Classifications (Adapted from Bank Indonesia)

We have introduced the following classification as a support tool to identify and accompany green MSMEs as per their development stage:

1. Eco-Adopter: Beginning to Adopt Green Practices

- **Production:** Sorts and reduces waste
- **Marketing:** Tracks revenue and reaches green markets
- **HR:** Has a basic understanding of cleanliness and material efficiency
- **Finance:** Uses simple record-keeping and allocates environmental costs

2. Eco-Entrepreneur: Integrating Green Practices into the Business Model

- **Production:** Uses environmentally friendly raw materials and digitises processes
- **Marketing:** Employs eco-friendly packaging and communication of sustainability values
- **HR:** Defines clearer roles and promotes active employee engagement
- **Finance:** Uses accurate reporting and accesses financing for efficiency improvements

3. Eco-Innovator: Green Innovation as a Competitive Advantage

- **Production:** Uses clean energy and develops innovative, high-value-added products
- **Marketing:** Targets green markets, both domestic and export-oriented
- **HR:** Promotes a culture of innovation and inclusive leadership
- **Finance:** Uses sustainability reporting and is ready for access to formal financing

Operational Definition of MSMEs with Disabilities

DID YOU KNOW?

Who are MSMEs with Disabilities?

MSMEs with disabilities are micro, small, or medium enterprises owned and/or managed by individuals with long-term physical, sensory, cognitive, or communication impairments. These are individuals for whom environmental and social barriers may impede participation in economic activities.

This definition refers to the **CRPD (ratified through Law No. 19/2011**) and aligns with **Law No. 8/2016.**

However, most LJKs have not systematically collected disability data.

The available disability data is typically limited to a simple yes-or-no indicator, without detailed information on the type of disability, which is needed to customise LJK services accordingly.

Formal documents, such as the Disability Person Card (KPD), cannot serve as the primary reference, as they risk excluding many individuals with disabilities who have not yet obtained one.

Field officers can address this issue and identify persons with disabilities through the six questions from the Washington Group Short Set (see Step 1) during the initial onboarding process or field visits.

Three key questions for internal discussion at LJKs:

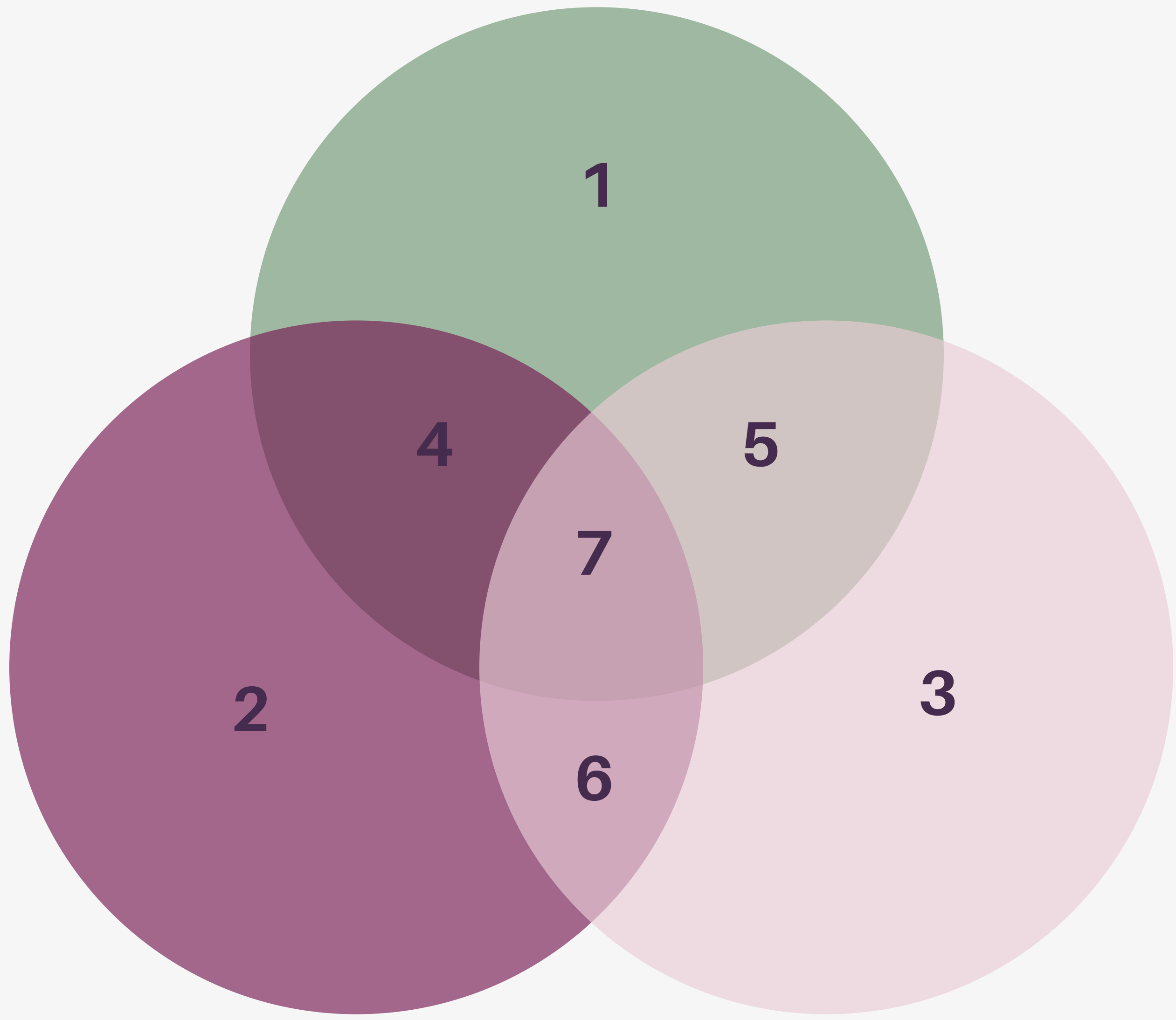
1. Has this definition been understood and effectively communicated to all staff who interact with clients?
2. How can we ensure staff do not use disability markers as a basis to reject credit?
3. Are SOPs adequately designed to accommodate the needs of clients with various types of disabilities?

III. Understanding the Intersectionality of the Three Segments

The introduction has explained how various identity dimensions, such as gender, disability, geographic location, business scale, and caregiving responsibilities, interact and shape distinct experiences for each client.

In this section, we discuss how the three defined segments, that is, women-led MSMEs, green MSMEs, and MSMEs with disabilities, do not always exist in isolation. A single client may belong to more than one category simultaneously, and the combination of these identities determines the most suitable services, products, and support that can be customised to their unique needs.

Figure 4. **Intersectionality of the Segments and Service Implications**



Segment Profile	Implications for Services
Women-led MSMEs	The main challenges are in legal compliance and risk assessment.
Green MSMEs	They can access green financing with relative ease, depending on their business stage (eco-adopter, eco-entrepreneur, or eco-innovator).
MSMEs with Disabilities	The main barrier lies in accessibility to services.
Women-owned MSMEs + green MSMEs	They require gender-responsive green products.
Women-owned MSMES and MSMEs with Disabilities	They face layered challenges in service accessibility, legal recognition, and risk assessment.
Green MSMEs and MSMEs with Disabilities	These MSMEs typically have already implemented green practices but are not yet fully recognized. Therefore, they need further support to access green financing.
Women-owned MSMEs, green MSMEs, and MSMEs with Disabilities	These face the most complex layered challenges, particularly in service accessibility, legal recognition, and risk assessment, and need intensified support to access green financing.

IV. Steps to Establish the LJK Portfolio Baseline and Segment Tagging (Segmentation Flag)

Review of the Available MSME Database
Identify the initial number of MSME clients held by the LJK.

Identification of Women-owned MSMEs
From the existing MSME database, identify the ones that meet the operational definition of women-owned MSMEs to calculate the percentage of women-owned MSME clients.

Identification of Green MSMEs
Follow the same process to identify green MSMEs based on the operational definition, then calculate their percentage.

Identification of MSMEs with Disabilities
Apply the same method to identify MSMEs owned by persons with disabilities, using the operational definition of MSMEs with disabilities, to determine their percentage.

Identification of MSMEs in the Intersection of the Three Segments
From the three previous results, identify clients who fall into more than one category simultaneously. The outcome is the percentage of MSMEs that fall within the overlapping categories.

After the baseline has been established, the LJK must ensure that these evaluation results are recorded in the system as a segmentation flag. This permanent marker on each MSME client's profile indicates the relevant segment(s).

Some Evaluation Questions that can be used include:

Women-owned Segment
Is ownership or management data recorded in the system, rather than just the client's gender?

If not, conduct follow-up outreach to clients or use proxy data from transaction patterns to verify.

Green Segment
Does the system explicitly flag green practices, or are they only reflected indirectly through the business type?

If "not yet", field officers should conduct phased assessments of green practices among the sampled portfolio of MSMEs.

Segment of MSMEs with Disabilities
Has disability data been collected? Is it sufficiently specific (e.g., type of disability), or is it only binary (yes or no)?

If "not yet", the LJK should start to collect data on Women, Gender, and Social Status (WGSS) for new clients and consider phased outreach to existing clients.

Intersection Segment
Is the system capable of cross-tabulation (cross-analysis) across the three segments?

If "not yet", the LJK should consider integrating data systems before it calculates the proportion of MSMEs in overlapping categories.

STEP 4

Use the Assessment Tool

- Apply the provided tools (glossary, cheat sheet, SOP).
- Standardize the credit assessment process.
- Help credit officers work in a more systematic way.

I. A Concise Guide Sheet as a Practical Reference for Credit Officers

This guide sheet is used as a pre-screening aid, not as a substitute for credit analysis. Its purpose is to help officers identify potential green business practices that standard forms often overlook and reduce unconscious bias that may emerge during initial customer interaction.

A. Recognising Green Businesses

Many MSMEs, especially those at micro and small scales, are already implementing environmentally friendly practices without realising it. Here are some questions that can be used during site visits or initial interviews:

Production Process	• Does this business already sort or manage its production waste? • Does it use recyclable raw materials or locally sourced materials? • Does it make efforts to reduce the use of water, electricity, or fuel?
Products or Services	• Does the product or service help reduce environmental impact? (e.g., recycled crafts, organic farming, waste management, renewable energy) • Does the business have key customers who require environmental standards?
Business Orientation.	• Is this business currently transitioning to more environmentally friendly practices or planning to adopt them? • Has it ever participated in training or programmes related to green business?

If **two or more answers are "yes"**, the MSME can be categorised as an eco-adopter or assigned a higher category. Further assessment can then proceed by considering green financing or transition financing options.

B. Identifying Women-Owned MSMEs

LJK officers must go beyond merely checking the applicant's gender to understand MSME ownership. They can ask the following questions during site visits or initial interviews:

Who runs and makes daily operational decisions?
Who manages the business cash flow, including income and expenses?
Is the business mainly managed by women, even if legally registered under another name?

If the primary manager is a woman, even if the business is legally registered under someone else's name, the business can still be categorised as a women-owned MSME as per the definition in Step 3.

C. Identifying Persons with Disabilities and Accommodation Needs

Officers can help customers to voluntarily complete the WGSS questionnaire. If the results indicate that the customer has a disability, or if the customer identifies as such, officers may ask:

- Are communication formats available that would be more suitable or easier for the customer's needs?
- Do customers face any challenges when they visit the branch office?
- Does the document signing process have specific requirements?

Officers can then prepare suitable accommodations based on the customer's needs:

Blind or Low-vision Customers	Offer alternative signature options (e.g., thumbprint or electronic signature/e-sign). Officers can read the document aloud before the customer signs.
Deaf Customers	Use written communication, confirm understanding in writing, and consider involving a sign language interpreter if available.
Customers with Physical or Mobility Disabilities	Consider offering a pick-up service or home visits. If the customer visits the branch, ensure accessible parking and fully accessible premises.
Customers with Cognitive or Mental Disabilities	Use simple language, allow extra time for understanding, and permit a companion's presence if needed. However, officers must not allow the companion to make decisions on the customer's behalf.

D. Alternative Assessment of Repayment Capacity

For customers who lack formal collateral or whose formal documentation is incomplete, officers may use the following approach as a supplement to the conventional 5C analysis. They can balance the identified limitations in traditional assessment by the strengths of MSMEs that formal systems do not yet fully reflect.

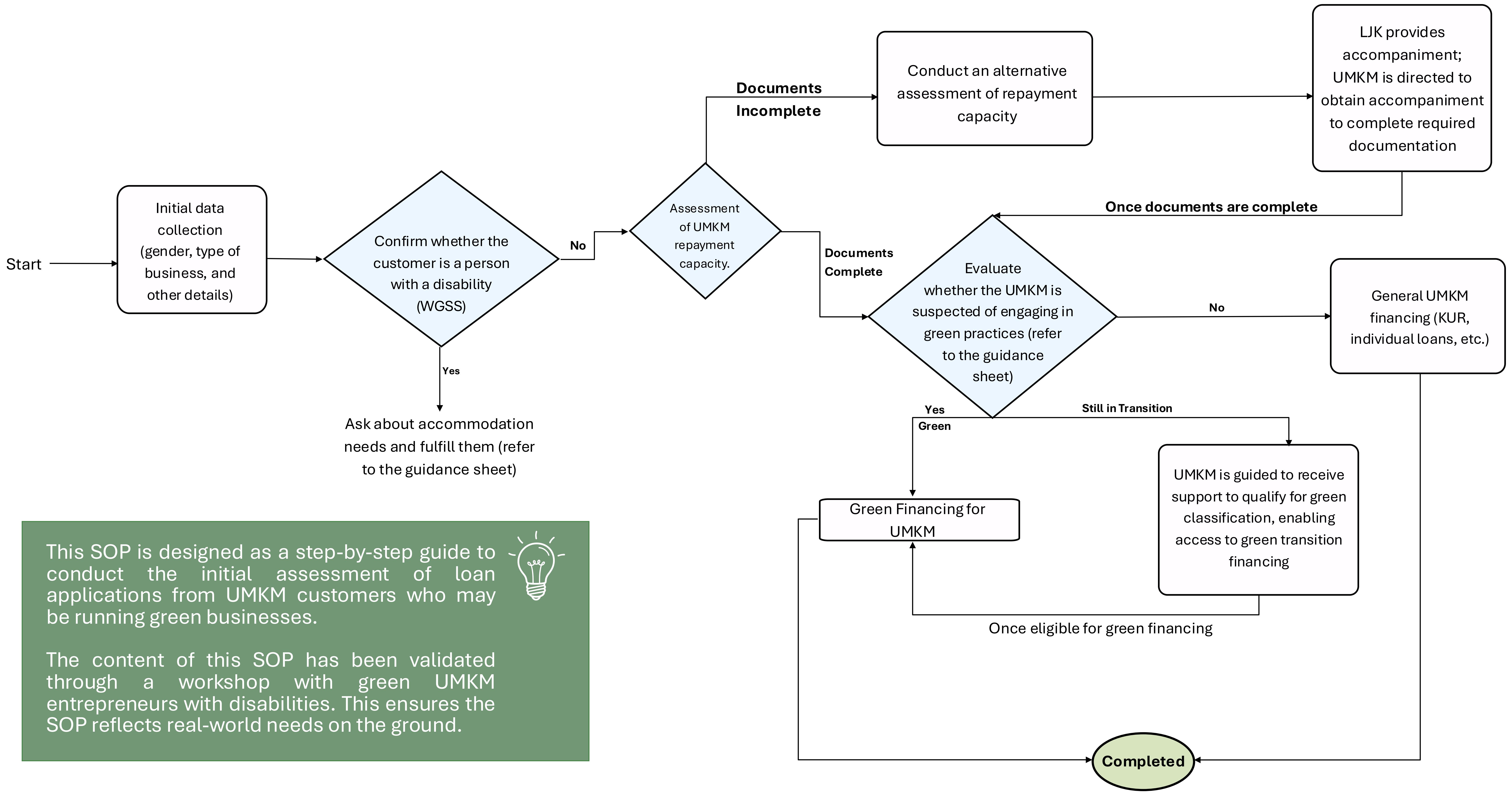
The following are examples of customer conditions along with alternative data sources that can be used:

Customer Condition	Alternative Assessment of Repayment Capacity
No Collateral in the Customer's Own Name	• **For LKM or group models:** Use group collateral (joint liability). • **For conventional banks or financial institutions:** Use a joint asset declaration letter; collateral in the form of inventory; references from regular suppliers or customers as proof of business capacity; active support from the community or business network as social collateral.
SLIK is Empty (No Formal Credit History	Use payment records for utilities (electricity, water, BPJS); records of cooperative or *arisan* payments; frequency of digital transactions.
No Formal Bookkeeping	Use cash flow estimates based on interviews; evaluation of transaction patterns in existing bank accounts.
Informal Business Without NIB	Use evidence of business activity, such as photographs, receipts, and customer testimonials. LJK officers can also assist with parallel legalization processes as part of the ongoing support.
Seasonal or Fluctuating Income Patterns	Consider loan tenor and repayment schedules tailored to the business cycle, rather than fixed monthly repayment dates.

All the above approaches are already regulated under POJK No. 29/2024 on Alternative Credit Rating. Each alternative is not a "replacement" for unavailable data, but rather a complement to identify existing customer strengths.

I. Initial Loan Assessment Process for Green Loan Applications

Figure 5. **Proposed Initial Assessment Process for Green Loan Applications**



This SOP is designed as a step-by-step guide to conduct the initial assessment of loan applications from UMKM customers who may be running green businesses.

The content of this SOP has been validated through a workshop with green UMKM entrepreneurs with disabilities. This ensures the SOP reflects real-world needs on the ground.

STEP 5

Apply Credit Assessment

- Use a data- and context-based approach.
- Integrate GEDSI factors into credit analysis.
- Generate more accurate and inclusive decisions.

I. Implementation of Credit Assessment Adapted to GEDSI and Green Aspects

Part A. Risk-based scoring

- This assessment sheet is used by credit officers to evaluate the creditworthiness of prospective customers. The assessment uses general indicators, such as financial strength, business stability, credit behaviour, and operational risk.
- Each sub-indicator has a maximum score of 10, with the following explanations:

Financial strength (variable)	**(Weight: 30)**
Cash flow stability (variable)	
Revenue growth	
Cost structure efficiency	
Subtotal → Average = (Score1 + Score2 + Score3) / 3 **Value = (Average / 10) × 30**	
Business stability	**(Weight 20)**
Length of time the business has been operating	
Presence of repeat and regular customers	
Subtotal → Average = (Score1 + Score2) / 2 **Value = (Average / 10) × 20**	
Credit behaviour	**(Weight 10)**
Payment repayment history	
Informal credit discipline	
Subtotal → Average = (Score1 + Score2) / 2 **Value = (Average / 10) × 10**	
Operational risk	**(Weight 10)**
Business legality	
Business location risk	
Subtotal → Average = (Score1 + Score2 + Score3) / 3 **Value = (Average / 10) × 20**	
Total risk-based score **(Total Component Value / 70) × 100%**	

Scale Explanation (1-10)

Score	Level	Meaning of Risk
1-2	Very Low	Very high risk or no evidence available
3-4	Low	Limited evidence or unstable indicators
5-6	Moderate	Sufficient indications, but inconsistent
7-8	High	Stable and verifiable
9-10	Very High	Extremely strong, resilient, and sustainable

Part B. GEDSI and green practice adjustments

- This layer of adjustment is used to consider indicators that reflect green practices, correct structural biases, and assess the resilience and growth potential of the prospective customer's business.
- This layer does not intend to discount risk, but to generate a more contextual risk assessment by integrating gender and disability inclusion perspectives.

The purpose of the GEDSI score, which is embedded within the contextual risk assessment, is to indicate the extent to which gender-related structural barriers affect access to financing. Alternatively, the score highlights the resilience that was previously unrecognised in conventional credit evaluations.

Here, we assess risk context, not gender identity itself.

I. Gender context	(10)
Asset ownership	0 – No barriers to asset ownership 1 – Limited assets but alternative options available 2 – No formal assets, but business is stable 3 – No fixed assets, but strong cash flow and business network
Care responsibilities that affect business structure	0 – No visible impact on the business 1 – Care responsibilities present but not significant 2 – Business structure clearly adjusted to accommodate care responsibilities
Autonomy in decision-making	0 – Main decisions not made by the owner 1 – Limited influence 2 – Majority of decisions made by the owner 3 – Full and strategic autonomy
2 Barriers which affect access to formal financing	0 – No barriers to access 1 – Minor barriers 2 – Clear barriers that affect access to formal financing
Subtotal	

Explanation of each score

Score 0 – No barriers or no impact on the business

Risk interpretation	Risk interpretation	Risk interpretation
No evidence of gender-related factors that affect business structure or credit access The business operates in a relatively gender-neutral context	The business owner has access to formal assets, and business decisions are not influenced by specific social norms	A score of 0 is not negative. It simply indicates that gender does not influence the risk profile in this case

Score 1 – Initial or limited barriers

There are indications of gender-based barriers, but their impact remains minor or unclear	High domestic and care responsibilities exist, but the business continues without specific adaptation Access to financing is slightly more difficult due to social norms, but the impact is not significant	Gender factors are beginning to emerge, but not enough to substantially alter the risk assessment

Score 2 – Significant yet manageable barriers

Gender factors clearly influence how the business operates, but the business owner has demonstrated adaptive strategies	No formal assets in their own name, but cash flow remains stable Conventional risk indicators may appear high, but the gender context explains that the business remains viable	Conventional risk may appear high, but the gender context confirms the business is still sustainable and operational

Score 3 – Strong gender context that highlights resilience

Gender factors heavily shape business structure, yet this reflects strength and resilience in the business model	The woman is the primary decision-maker, despite lacking formal assets Women's community networks support production stability and market access	UStrong social capital and community-based business networks offset the absence of formal collateral, indicating lower default risk than conventional indicators suggest

Bias-free assessment

- Scoring is not based solely on the fact that the business owner is a woman.
- At least three operational indicators must be present, for example: (1) flexible work structure, (2) independent decision-making, and (3) adaptive strategies for care or responsibility burdens.

In disability inclusion assessment, risk is not determined by an individual's condition, but by the extent to which the business has effectively adapted.

The purpose of the score is to evaluate how functionally the business has adapted to disability, ensuring stable operations. This assessment focuses on the business's adaptive capacity, not the disability itself.

Additionally, this evaluation seeks to identify factors that may increase or decrease operational risk.

II. Disability inclusion adjustment	(5)
Use of assistive technology	0 – No assistive technology used 1 – Simple adaptations in place 2 – Assistive technology used consistently
Accessible workflow adaptation	0 – Workflow not yet accessible 1 – Clear work adaptations present
Community support structure	0 – No community support 1 – Informal support limited 2 – Active and sustainable support
Subtotal	

Explanation of each score

Score 0 – No adaptation

Risk interpretation	Risk interpretation	Risk interpretation
The business has not yet demonstrated any adjustments to meet disability needs, and operational disruption is possible.	No assistive tools are used, even when required. Work processes remain unadapted. The business does not receive any support from the environment or the community.	The business faces potential disruptions in production, work consistency, or business capacity. However, it is important to investigate whether this reflects a limitation (constraint) or is due to restricted access, and to compare with other indicators, such as cash flow and customer base

Score 1 – Initial or limited barriers

Some adaptation is present, but it remains limited or inconsistent	Simple assistive tools are available (manual). Flexible work patterns exist, but are not yet structured Family support is limited	While operational risk is categorized as moderate, the business remains operational but still vulnerable to disruptions This indicates early adaptation efforts (a positive signal), and it should be assessed whether the business maintains stability over time

Score 2 – Strong adaptation

Clear, consistent adaptations that support smooth business operations	Assistive technology is used routinely Workflows are adapted, which is evident from production steps and work locations	Operational risk is low because the business's adaptability enhances stability and resilience

Bias-free assessment

- This score does not evaluate the level of disability, but rather **the quality of the business's adaptation**.
- A high score indicates greater business stability. Conversely, a low score suggests the need for deeper contextual understanding and further exploration and does not automatically mean a penalty.

The purpose of the score is to assess the business's ability to withstand risks, adapt to market changes, and maintain cash flow stability in the long term. This is a crucial indicator of business resilience, not merely the current condition.

III. Adaptive capacity and resilience	(5)
Product diversification	0 – Single product with no variation 1 – Minor variations or additional products 2 – Clear diversification that supports cash flow
Community network or cooperative membership	0 – No network 1 – Limited and informal network 2 – Active and functional network
Participation in entrepreneurship training	0 – Never attended entrepreneurship training 1 – Has attended relevant training in the past
Subtotal	

Bias-free assessment

- Focus on whether diversification, networking, or learning truly contribute to business stability (cash flow, customers, operations)
- Adjust evaluations according to business size and access to training or networks. Avoid penalising small enterprises for limited access or informal structures.
- A seemingly simple business can be highly resilient if it is consistent, adaptive, and capable of enduring change. Do not assume that a more complex business is automatically stronger.

Explanation of each score

Score 0 – No diversification, network , or training participation

Risk interpretation	Risk interpretation	Risk interpretation
Product diversification: The business offers only a single main product with no variations Community network: The business operates independently without external support Training participation: No exposure to capacity-building opportunities	Selling only one product type with no variation in design or size Not part of any community or network Never attended business, digital, or production training	High risk – highly vulnerable to changes in market demand Minimal support during shocks, which poses a high risk for microenterprises due to a lack of information or additional market access Moderate risk: Potential for stagnation or innovation limitations, but consider whether the business remains stable despite no training participation

Score 1 – Limited variation, network, or has attended the training

Product diversification: Minor variations or additional products exist, but not significantly impactful Community network: There is a network, but it remains informal or inactive. Training participation: The business owner has had exposure to capacity-building opportunities.	Sell one main product type with variations in size or colour Participate in WhatsApp groups for microenterprises, small associations, or local communities. Attended UMKM training, digital marketing, or production workshops	Moderate risk: Some buffer exists, but is limited Evaluate whether these variations actually generate income; support is present, but not yet optimal Lower risk: More open to innovation and adaptation

Score 2 – Strong diversification or active and functional network

Product diversification: Clear diversification that significantly contributes to business stability Community network: The business is connected to an active network that delivers tangible benefits	Diverse products that reach multiple market segments Active membership in associations, business networks, and community groups	Low risk: More resilient to market shocks Strong social and economic buffers that serve as a clear indicator of business resilience and indirectly reduce the risk of default

The purpose of the score is to assess the extent to which green practices have been genuinely implemented by each applicant, truly carried out (not merely claimed), integrated into operations, and contributing to business resilience and efficiency.

This indicator reflects the quality of the business model, not just compliance

IV. Recognition of Green Practices	(10)
Energy efficiency – using low-waste processes	1 – No green practices 2 – Green practices are occasional or irregular 3 – Green practices are consistent and well-established
Local sourcing / adopting circular practices	1 – No green practices 2 – Green practices are occasional or irregular 3 – Green practices are consistent and well-established
Climate adaptation practices	1 – No green practices 2 – Green practices are occasional or irregular 3 – Green practices are consistent and well-established 4 – Green practices are central to the business model
Subtotal	

Bias-free assessment

- Evaluators must focus on actual green practices, not just the label "green." They need operational evidence, such as processes, materials, and outputs, to verify authenticity.
- They need to prioritise consistency of green practices over one-off actions.
- The standards must be contextualised to the scale of the microenterprise and should not compare microbusinesses to corporate benchmarks.
- Green practices are evaluated based on their real impact on business performance. For instance, cost reduction results in higher margins, material diversification improves supply chain resilience, and circular models lead to more stable production.

Explanation of each score

Score 1 – No green practices

Risk interpretation	Risk interpretation	Risk interpretation
Energy efficiency or low-waste processes: No efforts made towards efficiency or waste reduction	Conventional products and business processes with no waste management	Moderate to high risk: Inefficient costs and vulnerable to price increases
Local sourcing or circular practices: No attempts to source sustainably	Dependent on external supply chains	Vulnerable to price fluctuations
Climate adaptation practices: No adaptation to climate risks	No mitigation measures against extreme weather changes	Susceptible to external disruptions

Score 2 – Sporadic green practices

Energy efficiency or low-waste processes: Green practices exist, but are inconsistent	Energy savings are unstructured	Moderate risk: Some efficiency gains, but not sustained
Local sourcing or circular practices: Occasionally using local or recycled materials	Occasional use of waste materials	Some flexibility, but not yet stable; need to assess supply consistency
Climate adaptation practices: Limited adaptation measures in place	Product adjustments made during specific seasons	Awareness is present, but not systematic; not sufficient for long-term risk mitigation

Score 3 – Consistent green practices

Energy efficiency or low-waste processes: Efficiency practices are routine and integrated into daily operations	Production systems are already low-waste	Lower risk: Cost structure is more efficient and stable
Local sourcing is a regular part of business operations	Consistent reuse of materials; recycled textile waste used as a primary material or to repurposed into new products	Supply chain is better controlled, which enables cost efficiency that shows a strong indicator of supply chain resilience
Climate adaptation practices: Adaptations are carried out consistently	Adjustments to materials, processes, or distribution channels	More resilient to external shocks; strong indicator of operational resilience

Score 4 – Core of the business model (specific to climate adaptation indicator)

Green practices have become central to the business model	Upcycle business	Very low risk: Business model is solution-based, with a stable and growing demand potential

Let us carry out the assessment

	Subtotal skor
Section 1 – Risk-based scoring	(____/70)
Section 2 – GEDSI adjustments and green practices	
2.1 – Contextual gender	(____/10)
2.2 – Disability inclusion adaptation	(____/5)
2.3 – Adaptive capacity and resilience	(____/5)
2.3 – Recognition of green practices	(____/10)
Total score (Section 1 + 2)	(____/100)

Assessment outcome – decision tree result

Score range	LOS (loan origination system) level
≥80	Automatic approval (auto-approve)
65-79	Approval with conditions
50 -64	Limited financing scheme (small ticket pilot)
< 50	Non-loan alternatives (non-loan pathway)

Proceed to the next page to test the framework with a case study!

Note for credit officers

In current practice, most financial institutions still rely primarily on Section 1 (risk-based scoring) as the core basis for creditworthiness assessment. This approach is effective to evaluate financial and operational aspects, but it does not fully capture the context of small and microenterprises (UMKM), particularly for:

- Women-owned businesses;
- Businesses run by persons with disabilities;
- Enterprises with green practices.

As a result, many applicants who actually have stable operations and strong potential are being classified as high-risk due to limitations in:

- Formal asset ownership;
- Formal credit history;
- Informal or home-based business structures.

Section 1 highlights visible risks, while Section 2 helps uncover hidden risks and strengths.

Practical instructions

1. Conduct Layer 1 assessment as usual
2. Complete Layer 2 evaluation for all UMKM applicants
3. Use the total score (Layer 1 + Layer 2) as the final decision-making basis

These instructions ensure that the assessment process remains prudent, while also being inclusive and grounded in the real-world UMKM context.

Case Study Illustration

Business Owner Profile	
Name	Mrs Rani Sari
Age	35 years old
Disability Type	Physical Disability
Business Ownership Status	Female owner and primary decision-maker
Business Location	Suburban area (with adequate logistics access)
Education Leve	High school

Business Profile	
Business Name	Perca Lestari
Business Type	Upcycling patchwork fabric into doormats and household products
Years in Operation	3 years
Monthly Revenue	Approximately 30 million IDR
Number of Employees	5 people (3 women, 1 man, 1 man with mild physical disability)
Production Model	Home-based workshop
Family Status	Married (2 children, ages 7 and 10)

Green Practices	
	• Uses fabric waste from local garment factories • Does not use additional chemical dyes • Implements a simple zero-waste system (fabric scraps used as product filling) • Reduces textile waste by around 50 kg per month

Financial Structure	
Product Price	Average price of doormats 18,000–25,000 IDR per unit
Sales Channels	60% through resellers on marketplaces, 40% through local cooperatives and offline stores
Estimated Net Margin	18–22%
Bookkeeping	Manual records

Legal and Asset Status	
NIB (Business Identification Number)	Available
NPWP (Tax ID)	Available
Production Assets	4 sewing machines (2 owned, 2 borrowed from cooperative
	No land certificate in own name
	production site is in family home

Digital Access and Operations	
Marketplace	Shopee and TikTok Shop (managed by sales staff)
Payment Method	Bank transfer

Adaptive Capacity and Resilience	
	• Member of local disability group • Participated in entrepreneurship training from local government office • Has stable fabric suppliers from two garment factories • Exploring export markets but still needs additional capital for initial production

Please proceed to conduct an initial credit assessment simulation using the two-layer approach!

Case Study Illustration

Initial Credit Assessment Form
(Aligned with GEDSI and green practices)

Assessment date	4th April 2026
Assessor name	John Doe
Client name	Ibu Rani Sari
Business type	Upcycling fabric scraps into mats
Address	

SECTION A. Risk bases (score 1–10)

1.Financial strength (variable)		
Cash flow stability (sub-variable)	8	Regular sales from resellers
Revenue growth	7	Stable, moderate growth
Cost structure efficiency	8	Raw materials from waste (low-cost)
Component subtotal	23	Average = (8 + 7 + 8) / 3 = **7.67** **Component subtotal** = (7.67 / 10) × 30 = 23.0
2. Business stability		
Business duration	8	> 3 years
Having repeat and loyal customers	7	Repeat buyers present
Component subtotal	15	Rata-rata = (8 + 7) / 2 = **7.5** **Component subtotal** = (7.5 / 10) × 20 = 15.0
3. Credit behaviour		
Payment history	3	No formal credit history
Informal credit discipline	3	Member of a cooperative and has borrowed before
Component subtotal	3	Average = (3 + 3) / 2 = **3.0** **Component subtotal** = (3 / 10) × 10 = 3.0
4. Operational risk		
Business legality	5	Has NIB (Business Identity Number)
Business location risk	2	Still operating from home
Component subtotal	3.5	Average = (5 + 2) / 2 = **3.5** **Component subtotal** = (3.5 / 10) × 10 = 3
Total risk base (Total component score / 70) × 100	**63.6**	(44.5 / 70) × 100 = 63.6

Section B. GEDSI and green adjustments

1.Gender contextualisation		
Asset ownership	0 No barriers to asset ownership 1 Limited assets but alternatives still available 2 No formal assets but business is stable 3 No fixed assets but strong cash flow and business network	3 No formal assets
Care responsibilities that affect business structure	0 No visible impact on business 1 Some care responsibilities but not significant 2 Business structure clearly adapted to care responsibilities	2 Business adapts to domestic roles
Autonomy in decision-making	0 Main decisions not held by owner 1 Limited influence 2 Majority of decisions held by owner 3 Full and strategic autonomy	3 Full ownership
Barriers to financing access	0 No access barriers 1 Minor barriers 2 Clear barriers affecting access to formal financing	1 Minor barriers
Subtotal 1		**9**

2. Disability inclusion adjustment		
Use of assistive technology	0 No assistive technology 1 Simple adaptations in place 2 Assistive technology consistently used	2 Simple adaptations in place
Accessible workflow adaptations	0 Workflow not yet accessible 1 Clear work process adaptations	1 Adaptations in place
Community support structure	0 No community support 1 Limited informal support 2 Active and sustained support	2 Strong support
Subtotal 2		**5**

Assessor's notes

Mrs. Rani Sari's business demonstrates stable cash flow, strong cost efficiency, and a strong upcycling-based business model, despite lacking formal credit history and currently operating from home.

Therefore, financing is recommended on a phased basis, starting with an initial amount of IDR 25–30 million (USD 1400-1600) to build a credit track record. The most suitable scheme is the KUR Mikro (Microenterprise Guarantee Loan), with a cash flow-based approach and more intensive initial monitoring.

Adaptive capacity and resilience		
Product diversification	0 Single product with no variation 1 Minor variation or additional products 2 Clear diversification helping cash flow	2 Product Variation
Community or cooperative network	0 No network 1 Limited and informal network 2 Active and functioning network	2 Active network
Participation in entrepreneurship training	0 Never attended entrepreneurship training 1 Has attended relevant training	1 Has attended training
Subtotal 3		**5**

Green practice recognition		
Energy efficiency practices using low-waste processes	1 No green practices 2 Sporadic green practices 3 Consistent green practices	3 Low-waste
Local sourcing or adopting circular practices	1 No green practices 2 Sporadic green practices 3 Consistent green practices	3 Upcycling as core business
Climate adaptation practices	1 No green practices 2 Sporadic green practices 3 Consistent green practices 4 Green practices integral to business model	4 Core business model
Subtotal 4		**10**

SECTION A – Risk base	(63.6/70)
SECTION B – GEDSI and green adjustments B.1 – Gender contextualisation B.2 – Disability inclusion adjustment B.3 – Adaptive capacity and resilience B.4 – Green practice recognition	 (9/10) (5/5) (5/5) (10/10)
Total Score (Layer 1 + 2)	(92.6/100)

Score range	Loan origination system (LOS) level
≥80	Auto approve
65 - 79	Approval with notes
50 -64	Small ticket pilot
< 50	Non-loan pathway

Initial Credit Assessment Form

(Aligned with GEDSI and Green Practices)

Assessment date	
Assessor name	
Client name	
Business type	
Address	

SECTION A. RISK BASES (Score 1–10)

1. Financial strength (variable)		
Cash flow stability (sub-variable)		
Revenue growth		
Cost structure efficiency		
Component subtotal		Average = (Total Score) / 3 **Component Subtotal Score** = (Average of sub-indicator scores / 10) × Component Weight
2. Business stability		
Business duration		
Having repeat and loyal customers		
Component subtotal		Average = (Total Score) / 2 **Component Subtotal Score** = (Average of sub-indicator scores / 10) × Component Weight
3. Credit behaviour		
Payment history		
Informal credit discipline		
Component subtotal		Average = (Total Score) / 2 **Component Subtotal Score** = (Average of sub-indicator scores / 10) × Component Weight
4. Operational risk		
Business legality		
Business location risk		
Component subtotal		
Total risk base (Total Component Score / 70) × 100		

Section B. GEDSI and Green Adjustments

1.Gender contextualisation		
Asset Ownership	0 No barriers to asset ownership 1 Limited assets but alternatives still available 2 No formal assets but business is stable 3 No fixed assets but strong cash flow and business network	
Care Responsibilities Affecting Business Structure	0 No visible impact on business 1 Some care responsibilities but not significant 2 Business structure clearly adapted to care responsibilities	
Autonomy in Decision-Making	0 Main decisions not held by owner 1 Limited influence 2 Majority of decisions held by owner 3 Full and strategic autonomy	
Barriers to Financing Access	0 No access barriers 1 Minor barriers 2 Clear barriers affecting access to formal financing	
Subtotal 1		

2. Disability inclusion adjustment		
Use of Assistive Technology	0 No assistive technology 1 Simple adaptations in place 2 Assistive technology consistently used	
Accessible Workflow Adaptations	0 Workflow not yet accessible 1 Clear work process adaptations	
Community Support Structure	0 No community support 1 Limited informal support 2 Active and sustained support	
Subtotal 2		

ASSESSOR NOTES

Adaptive capacity and resilience		
Product Diversification	0 Single product with no variation 1 Minor variation or additional products 2 Clear diversification helping cash flow	
Community or Cooperative Network	0 No network 1 Limited and informal network 2 Active and functioning network	
Participation in Entrepreneurship Training	0 Never attended entrepreneurship training 1 Has attended relevant training	
Subtotal 3		

Green practice recognition		
Energy Efficiency Practices – Using Low-Waste Processes	1 No green practices 2 Sporadic green practices 3 Consistent green practices	
Local Sourcing / Adopting Circular Practices	1 No green practices 2 Sporadic green practices 3 Consistent green practices	
Climate Adaptation Practices	1 No green practices 2 Sporadic green practices 3 Consistent green practices 4 Green practices integral to business model	
Subtotal 4		

SECTION A – Risk base	(____/70)
SECTION B – GEDSI and green adjustments B.1 – Gender Contextualisation B.2 – Disability Inclusion Adjustment B.3 – Adaptive Capacity and Resilience B.4 – Green Practice Recognition	 (____/10) (____/5) (____/5) (____/10)
Total Score (Layer 1 + 2)	(____/100)

Score Range	Loan origination system (LOS) level
≥80	Auto approve
65 - 79	Approval with notes
50 -64	Small ticket pilot
< 50	Non-loan pathway

Simple Steps for Big Impact

This guide is intended to serve as a practical starting point for financial institutions. It seeks to build a more inclusive financing system. Financial institutions that integrate existing risk-based approaches with GEDSI adjustments and green-practice recognition can view business potential in a more holistic and contextually grounded way.

Moving forward, this guide is expected to function as an assessment tool and as a foundation to drive broader changes in financing practices. It will enable greater access to finance for more MSMEs, particularly those led by women, persons with disabilities, and green entrepreneurs, on a fair and sustainable basis.

Future Opportunities

Strengthening inclusive financing requires better, more granular data, especially on gender, disability, and green practices. Closing the gender gap in financial inclusion will work to reduce poverty and inequality, and drive more inclusive economic growth.

Financial institutions and stakeholders need a comprehensive understanding of existing gaps to achieve this. Data plays a crucial role in building that insight. With stronger, more relevant data, financial institutions can develop clear case studies to serve women as a high-potential market segment. These institutions can also support governments to design more inclusive and responsive financial policies for historically underserved groups.

About Us

This document is the outcome of the FinClude Green program, a collaboration between Terala Foundation and MicroSave Consulting (MSC), fully supported by KINETIK. The development of this document has undergone a co-design process with multiple stakeholders to ensure its relevance and alignment with actual needs.

Terala Foundation

Yayasan Terala Mulia Indonesia (Terala Foundation) is an Indonesian non-profit organization established in 2022, dedicated to economic empowerment, inclusion, and equal opportunity for persons with disabilities and female-headed households. Terala has extensive experience in building market-relevant skills, improving employment opportunities, and promoting entrepreneurship among vulnerable groups to achieve financial independence.

Aligned with the goal of advancing an inclusive climate finance ecosystem and green economic growth in Indonesia, Terala brings expertise in inclusive skills training (technical, soft skills, and digital), inclusive financial advisory (basic bookkeeping, financial reporting, access to green and gender-responsive financing), GEDSI mainstreaming, and building multi-sectoral partnerships with government ministries, financial institutions, donors, and grassroots communities.

To date, Terala has provided scholarships to 49 beneficiaries (98% with disabilities), conducted 15 soft skills training sessions for over 500 participants, carried out inclusive business assessments for 40 enterprises, and supported graduates in transitioning to formal employment or self-employment.

MicroSave Consulting (MSC)

MSC (MicroSave Consulting) Indonesia is a global consulting and development firm with more than 25 years of experience advancing financial inclusion, social, and economic development across 68 developing markets. With more than 315 experts, MSC delivers solutions in women's economic empowerment, financial access, digital services, financial regulation, agriculture, MSMEs, climate resilience, WASH, and health. We collaborate with major donors, such as the Gates Foundation, ADB, the UNCDF, and the World Bank.

In Indonesia, MSC maintains strong partnerships with the Financial Services Authority (OJK), Bank Indonesia, commercial banks, and FinTech companies. We also support key ministries, which include Bappenas, the Coordinating Ministry for Economic Affairs, the Ministry of MSMEs, the Ministry of Women's Empowerment and Child Protection, and the National Energy Council. Our core competencies include climate-smart financing, catalytic financing, impact evaluation, and policy advisory. As a founding member of the CIFAR Alliance, MSC promotes technology-driven climate solutions. MSC's GEDSI practices prioritize gender-responsive and inclusive programs to strengthen resilience, drive innovation, and open pathways for equitable, climate-responsive economic growth.

KINETIK

KINETIK is an Australia-Indonesia partnership focused on climate, renewable energy, and infrastructure. It seeks to accelerate Indonesia's green economic growth and support the clean energy transition. The program carries AUD 200 million in Australian investment. It helps Indonesia improve access to climate finance, strengthen climate-resilient infrastructure, and accelerate the development of renewable energy. The program is supported by the Australian Government and implemented by DT Global.

KINETIK aligns with Indonesia's long-term development priorities, which include emission reduction, expansion of renewable energy, and policy reform to support a low-carbon economy. The partnership emphasizes a just transition to ensure that women, MSMEs, and remote communities benefit from green economic opportunities. It also advances Indonesia's target to reach net zero by 2060 or sooner.