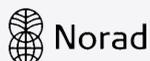


# Derisking financial inclusion with Mama Bank in Papua New Guinea

Mobilizing finance for women-owned enterprises and laying the foundations for market building



## Background

Access to finance remains one of the most pressing barriers for micro, small, and medium-sized enterprises (MSMEs) in Papua New Guinea.

This challenge is particularly acute for women-led businesses and youth entrepreneurs, who often lack collateral, credit history, or access to affordable financial products. Many of these enterprises are excluded from formal finance, limiting their growth and contribution to economic development.

[Women's Micro Bank Limited \(WMBL\)](#), also known as Mama Bank, is the only women-focused financial institution in Papua New Guinea. UNCDF began supporting Mama Bank when it was still a small grassroots institution at the start of an organizational turnaround focused on pursuing financial sustainability. By taking early-stage risk on the bank, UNCDF helped build it up over time, laying the groundwork for scaled innovation that could be replicated in other markets.

## Development finance solution

UNCDF's support for Mama Bank has combined grants, loans, guarantees, and advisory services to derisk lending and extend financial inclusion.

In 2018, UNCDF provided a \$413,000 grant and advisory package to pilot biometric technology and establish Mama Access Points, extending outreach to rural women. In 2019, UNCDF extended a \$244,000 loan with support from the [Norwegian Agency for Development Cooperation \(Norad\)](#), to strengthen Mama Bank's liquidity for on-lending to women entrepreneurs. This loan was fully repaid.

In 2021, UNCDF introduced a \$225,000 portfolio guarantee co-financed by the [UN Women](#). The guarantee covered 25 percent of portfolio risk, with the possibility to leverage four times its value to unlock up to \$800,000 in loans. The mechanism reduced collateral requirements substantially, waived minimum deposit requirements, and lowered interest rates for women-led MSMEs.

In 2024, a separate \$1 million Blue Economy Guarantee was launched to catalyse investment in ocean-positive MSMEs.





## Outcome

As of December 2024, the portfolio guarantee had enabled Mama Bank to issue 293 loans to women-owned and women-led enterprises with a total value of \$265 000. It also supported 29 loans to youth-owned enterprises valued at \$30,000. The average loan size was \$902, with maturities ranging from three to fifteen months.

The guarantee has successfully addressed long-standing structural barriers in Papua New Guinea's financial system. By introducing collateral substitution mechanisms, it enabled financial institutions to lend to previously excluded clients. Additionally, it reduced borrowing costs and demonstrated the commercial viability of lending to women-owned MSMEs, paving the way for greater financial inclusion and market participation.

Institutional processes were established to ensure outreach continues beyond the guarantee period. By showcasing this new lending segment, the intervention has encouraged other financial institutions to consider similar approaches, contributing to systemic market development.

This long-term early-stage investment has paid off: Mama Bank has now achieved financial sustainability, expanded its services, and is acting as a platform for innovative interventions such as the [Blue Economy Guarantee](#).

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Watch the full story

## At a glance

### Derisking financial inclusion with Mama Bank in Papua New Guinea

Blue economy guarantee

**\$1,000,000** (2024)  
UNDP, GFCR

Portfolio guarantee

**\$225,000** (2021)  
UNCDF, UN Women, UNDP, Papua New Guinea and Australian Governments

Loan facility

**\$243,785** (2019)  
UNCDF, Norad

Grant & technical assistance

**\$413,000** (2018)  
UNCDF

Implementing partner

Women's Micro Bank Limited (Mama Bank)

Partners

UNCDF, UN Women, UNDP, Norad, Papua New Guinea Government, Australian Government

Target beneficiaries

Women entrepreneurs, women-owned MSMEs

Timeline

**2017 – 2025**

## About

### UN Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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