

GREEN ESSENTIAL PRACTICES REPORT

HIGHLIGHTS OF GOOD GREEN PRACTICES

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in collaboration with the heads and members of the e-MFP Green Inclusive and Climate Smart Finance Action Group.

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**EUROPEAN
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e-MFP GREEN INCLUSIVE AND CLIMATE SMART FINANCE ACTION GROUP

The e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) is a unique multi-stakeholder think tank that brings together inclusive finance practitioners and researchers to enhance cooperation, exchange experiences and find a common path to deal with environmental issues, improve knowledge and disseminate findings, seize green opportunities and co-create common standards for the inclusive finance sector and new practical tools to advance green inclusive and climate smart finance. Created in 2013, today it counts today more than 150 members affiliated to more than 75 institutions worldwide and represents the majority of sector stakeholders.

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CONTRIBUTE

We encourage you to take an active part in enriching the resources available on good environmental practices.

If you would like to contribute to the Green Essentials case study series or to 'Green Map', please contact Joana Afonso at the European Microfinance Platform (e-MFP) at jafonso@e-mfp.eu.

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INTRODUCTION

As an increasing number of Financial Service Providers (FSPs) are updating their practices and product offerings to improve sustainable outcomes, it is critical for them to benefit from the experience of the ones who have already embarked on the journey.

This report is targeted at FSPs engaged in – or looking to engage in – green practices, as well as the organizations that contribute to improving their green agenda (funders, technical partners, etc.). It is published as part of the Green Map project, a project of the e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) with the objective of highlighting green inclusive finance projects and inclusive finance actors' practices in both adaptation to and mitigation of climate change and more broadly coping with environmental degradation and promoting sustainable environmental practices. The project is based on the Green Index 3.0 framework¹ and provides illustrative examples of good practices published by the European Microfinance Platform (e-MFP) in September 2023 in the *Green Essential Practices Case Studies Series*.² The 15 case studies developed within the project celebrate FSPs that have demonstrated good practices in (at least) one the Green Index 3.0 standards:

- GI.0** → Definition and implementation of environmental strategy
- GI.1** → Identification of environmental risks and opportunities
- GI.2** → Management of environmental risks and opportunities
- GI.3** → Development of green products³ (financial and non-financial)

These four standards, and the corresponding 8 essential practices, are aligned with the Dimension 7 on Environmental Performance of the Cerise+SPTF's Universal Standards for Social and Environmental Performance Management (USSEPM).⁴

Our objectives are threefold:

Objective 1

Promote a clear understanding of the four Green Index 3.0 standards and the specific 8 essential practices FSPs can implement and should aim to improve.

Objective 2

Illustrate the current good practices status of green inclusive finance through new examples highlighted in qualitative case studies that can be contrasted to past documented experiences.

Objective 3

Motivate institutions to engage in pilots, innovate, replicate, and share good practices.

The report structure follows the above four Green Index 3.0 standards and explains what each key dimension is about and how FSPs are putting it in practice. We invite you to refer to the individual case studies to learn more about the examples referred to herewith.

¹ For more details about the Green Index 3.0, refer to these links: https://www.e-mfp.eu/sites/default/files/resources/2022/11/Green%20Index%203.0_final.pdf and https://hedera.online/gicsf_ag_tools/green-index-digital.html.

² <https://e-mfp-green-map.hedera.online/report/greenindex>

³ Products refers to products and services throughout the document.

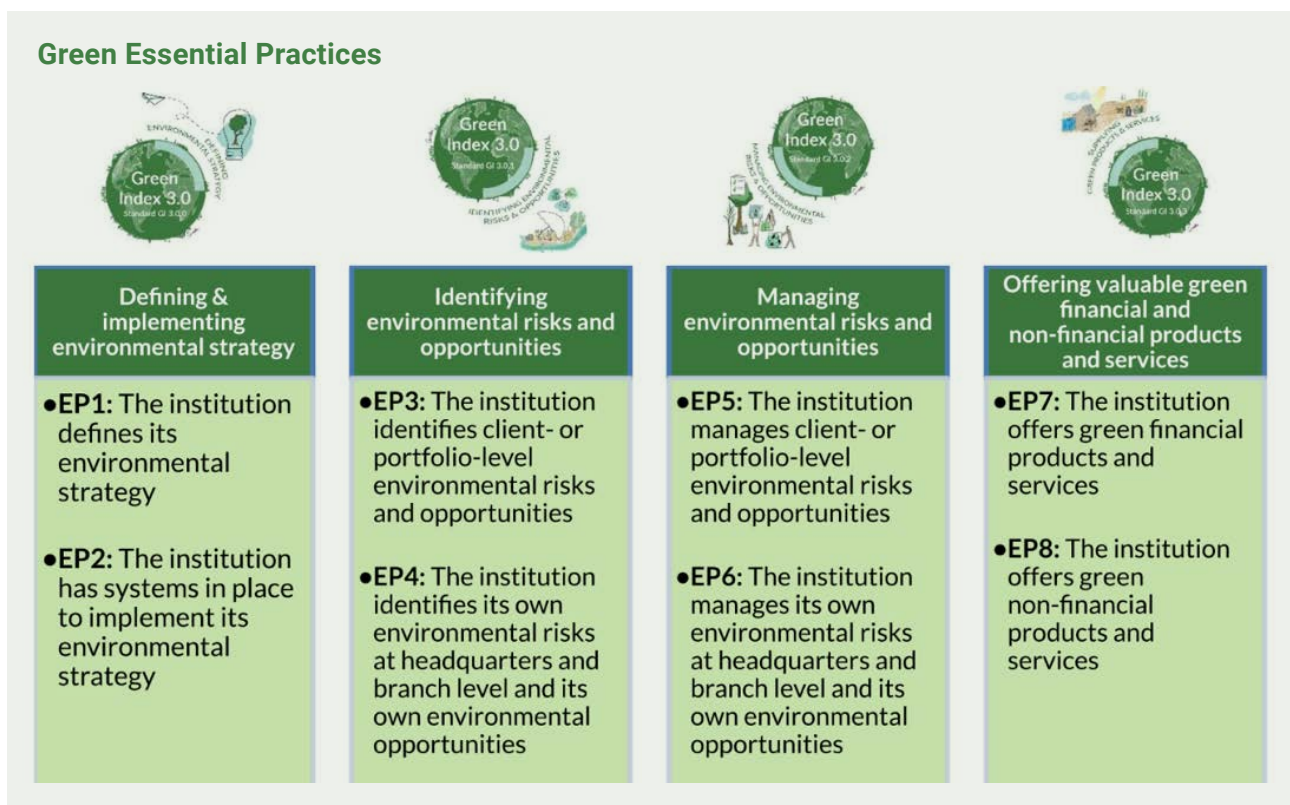
⁴ The contents of Dimension 7 of the Cerise+SPTF's USSEPM and the e-MFP GICSF-AG's Green Index 3.0 are fully aligned at the concept level of the standards and essential practices. The Green Index 3.0 provides an in-depth analysis and helps establish a detailed improvement action plan on green inclusive finance. Dimension 7, co-developed by Cerise+SPTF and the e-MFP GICSF-AG, helps establish a detailed improvement action plan in the framework of the Universal Standards.

ABOUT THE GREEN ESSENTIAL PRACTICES CASE STUDIES SERIES

The *“Green Essential Practices Case Studies Series”* highlights the experience of FSPs with good practices in the 8 key areas identified in the Green Index 3.0. The Case Studies under this series offer practical examples of how an FSP developed its practices and aim to inspire and facilitate the journey of others.

The **8 Green Essential Practices (EPs)** provide a roadmap for FSPs to maximize their green impact:

- **GI.0:** Defining and implementing environmental strategy
 - GI.0.1 (EP1): Define the environmental strategy
 - GI.0.2 (EP2): Implement the environmental strategy
- **GI.1:** Identifying environmental risks and opportunities
- **GI.2:** Managing environmental risks and opportunities
 - GI.2.1 (EP5): Manage environmental risks and opportunities at the customer or portfolio level
 - GI.2.2 (EP6): Manage environmental risks and opportunities at the institutional level
- **GI.3:** Offering valuable financial and non-financial green products and services
 - GI.3.1 (EP7): Offer green financial products and services
 - GI.3.2 (EP8): Offer green non-financial products and services



METHODOLOGY

From January to March 2023, the e-MFP GICSF-AG Green Map team conducted structured interviews with 28 FSPs and 7 projects with current green financing activities. The interviews covered the 4 Green Index 3.0 standards and were completed with desk research. Results are presented in the [Green Map](#), a common place for information FSPs' on green inclusive finance projects, and FSP green practices and products.

Of the 32 initial Green Map participant institutions, 15 FSPs were selected for follow-up unstructured interviews and their experience implementing a specific Essential Practice is highlighted in the *Green Essential Practices Case Study Series (list of FSPs available in the Annex)*.

Each Case Study in the series follows the same structure:

- **Background** of the FSP and the context in which it operates.
- **Evidence** of how the FSP is demonstrating a good example of the Essential Practice that is being highlighted. This is the main section of the Case Study and offers, as relevant, a review of what has enabled the FSP to reach its results, and what these results are:
 - *Capacity*: how did the FSP acquire the capacity to implement the activities needed? (e.g., internal training, training through external partnerships, technical assistance, financial support, etc.)

- *Tools*: which tools did the FSP use to implement the needed activities? (e.g., indicators, documents, materials, IT solutions, etc.)
- *Outreach*: what were the FSPs' quantitative results? (e.g., outreach, implementation status, etc.)
- The FSP's **journey** to implement the essential practice, and lessons learned.
- The FSP's **next steps** – if any – to continue to improve in this area.

The following sections of the report take a closer look at each of the Essential Practices and what we can learn from the experience of FSPs that participated in the case studies.

BACKGROUND KNOWLEDGE ON THE GREEN INDEX 3.0 ESSENTIAL PRACTICES

The Green Map and its associated *Green Essential Practices Case Studies Series* complement a wide body of knowledge about green practices, technologies and financial and non-financial products and services curated since 2011 by the e-MFP Green Inclusive & Climate Smart Finance Action Group (GICSF-AG). The resources have been disseminated through trainings, workshops, publications, webinars, and other means over the years and are available on the Action Group's [web page](#).

These resources cover in various ways the Green Index 3.0 Essential Practices. Some are targeted to specific Green Essential Practices, such as the [module on green non-financial services](#), which is part of an introductory course to green inclusive finance offered by the GICSF-AG. Others may not call out the Green Index 3.0 Essential Practices specifically, either because they were created before the Green Index 3.0 was released, or because they do not focus on a specific Essential Practice.

The recent publication: *State of the Art of Green Inclusive Finance 2011-2019* is based on the analysis of 1,130 environmental assessments conducted across 866 diverse FSPs along the Green

Index 2.0 framework and highlights the evolution of some Essential Practices, including those related to green financial products across geographies. The offer of green financial products increased over the period in all geographies and for all types of FSPs, with loans to implement or maintain renewable energy and energy efficient equipment and technologies becoming the most common green products offered worldwide, while the provision of loans for nature-based solutions (NbS) were the green product with the strongest growth in the period 2011-2019. In the most recent period studied (2017-2019), the loans for renewable energy and energy efficient equipment and technologies remained the most common green product for the African FSPs included in the study, but for the Asian and Latin American & Caribbean institutions, the provision of loans for NbS had become the most common green product.

The Green Map and its associated *Green Essential Practices Case Studies Series* represent the first sector-wide structured data collection using the Green Index 3.0 framework.

THE GREEN ESSENTIAL PRACTICES

→ EP1: DEFINING THE ENVIRONMENTAL STRATEGY (GI.O.1)

In **Green Essential Practice No. 1 (EP1)**, the FSP focuses on defining its environmental strategy. EP1 focuses on having clear environmental goals, complying with standards and regulations, and having a comprehensive strategy that covers all the minimum key strategic components:

- Environmental aspirations
 - What are the FSP's environmental goals?
 - Who are the FSP's target clients or sectors?
 - Are the FSP's environmental aspirations well documented in a comprehensive strategy?
- Standards and regulation
 - What are applicable national or international environmental laws and regulations?
 - What are applicable national or international environmental taxonomies (i.e., EU taxonomy)?



- What are environment or climate frameworks relevant to the FSP?
- What is the FSP's compliance with all the above?
- Environmental partners
 - What are partnership guidelines (with suppliers, technical assistance providers, other local or international parties)
 - What types of green organizations will the FSP partner with?

The FSPs highlighted in Case Studies on **Green Essential Practice No.1 (EP1)** demonstrate good practices in defining their environmental strategy and setting the stage for its successful implementation.

IN PRACTICE

ASSILASSIMÉ SOLIDARITÉ and **CHAMROEUN**, highlighted in the *Green Essential Practices Case Studies Series* for EP1, demonstrate good practices in defining their environmental strategy and setting the stage for implementation.

ASSILASSIMÉ SOLIDARITÉ

ASSILASSIMÉ SOLIDARITÉ, a microfinance institution in Togo, has defined very specific objectives, including specific goals and targets, which anchor the strategy into very tangible, targeted, and focused goals. Each high-level objective is accompanied by detailed sub-level objectives. For example, one of ASSILASSIMÉ SOLIDARITÉ's objectives is to "Manage external environmental risks", and more specifically under this objective, to "convert customers using chemical products to adopt organic storage solutions". The strategy formulation includes information on strategic actions needed to reach the goal.

These include:

1. Identifying customers who are already using organic storage so that they can train others and share their experience;
2. Raising awareness about organic storage among customers of storage credits, based on existing training modules;
3. Setting up partnerships with suppliers of organic preservatives;
4. Setting up a mechanism for the distribution of biofertilizers and biopesticides manufactured in the production units initiated by Assilassimé Solidarité in rural areas.

This level of specificity enables ASSILASSIMÉ SOLIDARITÉ to anchor aspirational goals into reality and set the stage for success.

CHAMROEUN

CHAMROEUN, a microfinance institution in Cambodia, provides another example of an institution that has invested time to develop a strategy that fits its needs. It has established numerous local partnerships with a range of organizations, including technology providers (Agrosolar⁵, and NRG Solar⁶) as well as a value chain management platform that aims to integrate all actors in the rice value chain (AgriBee⁷). To monitor the implementation of its environmental strategy, CHAMROEUN monitors a set of key indicators at institutional and client levels. These enable the FSP to stay on top of its own consumption of resources, and to evaluate client needs and respond accordingly.

Having a solid strategy is an essential but not sufficient step. Once the strategy is developed, the FSP needs to identify what resources (both financial and human), systems and procedures need to be in place for a successful implementation.

⁵ Citicore Agro-Solar Projects | CPI (citicorepower.com.ph)

⁶ Solar Panel Installation Philippines | SolarNRG

⁷ AgriBee (Cambodia)Plc

→ EP2: IMPLEMENTING THE ENVIRONMENTAL STRATEGY (GI.O.2)

In **Green Essential Practice No. 2 (EP2)**, the FSP focuses on implementing the FSP's environmental strategy. EP2 focuses on having adequate systems and processes in place necessary to implement the environmental strategy. EP2 evaluates the following:

- Responsibilities and processes
 - What are staff responsibilities?

- What processes are in place to achieve the goals? Do they include feedback loops and integrate lessons?
- Management and governance.
- Monitoring and evaluation
 - Vulnerability
 - Adverse environmental impacts
 - Economic impact

The FSPs highlighted in Case Studies on **Green Essential Practice No. 2 (EP2)** demonstrate good practices in implementing their environmental strategy.

IN PRACTICE

FORTUNE CREDIT and **FUNDACIÓN GÉNESIS EMPRESARIAL (FGE)**, highlighted in the *Green Essential Practices Case Studies Series* for EP2, demonstrate good practices in implementing their environmental strategy.

FORTUNE CREDIT

FORTUNE CREDIT, a microfinance institution in Kenya, has considerably evolved its monitoring system, allowing it to increase outreach and raise funding for its green activities. Its extensive monitoring system is a core part of the organization and trickles from the Board to the front-end staff. Board and management track and use environmental data for each environmental specific objective and correct course as needed. In addition, key performance indicators corresponding to FORTUNE CREDIT's main objectives - 1) transition to clean energy; 2) creating resilience among customers and 3) managing climate risks, are tracked daily, and are integrated into its Management and Information System.

FUNDACIÓN GÉNESIS EMPRESARIAL (FGE)

FUNDACIÓN GÉNESIS EMPRESARIAL, a foundation focused on microfinance in Guatemala, is another example of an organization that demonstrates good practices in implementing its green strategy. FGE sees its consolidated experience and focus on ensuring good social performance and complying with international standards as an advantage in terms of implementing an environmental strategy, as the organization's operating system can adapt in a more agile and comprehensive manner to clients' vulnerability to the impacts of climate change, as well as to the challenges of identifying and managing environmental risks and opportunities.

FGE has in place an elaborate segmentation system that allows it to prioritize clients that are more vulnerable and in need of attention, including indigenous population. The segmentation flags different levels of vulnerability and monitors evolution, allowing FGE to intervene more rapidly and increase its impact.

→ EP3: IDENTIFYING ENVIRONMENTAL RISKS AND OPPORTUNITIES AT THE CLIENT OR PORTFOLIO LEVEL (GI.1.1)

In **Green Essential Practice No. 3 (EP3)**, the FSP focuses on identifying client or portfolio level environmental risks and opportunities.

FSP Environmental Risks (clients/portfolio):

- The FSP identifies vulnerability of clients/ portfolio to environmental risks and adverse environmental impacts of clients/portfolio as factors of risks to achieve its social mission or environmental objectives.
- The FSP trains its loan officers and back-office staff on how to identify, evaluate and categorize vulnerability of clients/ portfolio to environmental risks and adverse environmental impacts of clients/portfolio through its own internal human resources or through local or international experts.
- The FSP partners with technical or technologies providers to evaluate client or portfolio vulnerability of clients/portfolio to environmental risks and adverse environmental impacts of clients/portfolio as through Informal partnerships or formal agreements.

FSP Environmental Opportunities (clients/portfolio):

- The FSP conducts market research, and it identifies demand for/supply of green support.
- The FSP identifies the needs or demand of each client for green products and other objectives that can be supported with green activities.



- The FSP trains its loan officers and back-office staff on how to identify, evaluate and categorize client/clusters of clients' needs and the demand for green products and other objectives that can be supported with green activities through local or international experts.
- The FSP has partnerships with technical or technologies providers to evaluate client needs or demand for green products and other objectives that can be supported with green activities through Informal partnerships or formal agreements.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 3 (EP3)** demonstrate good practices in identifying risks and opportunities at the client and portfolio level.

IN PRACTICE

BANCAMÍA S.A. and COMUBA, highlighted in the *Green Essential Practices Case Studies Series* for EP3, demonstrate good practices in identifying vulnerabilities, adverse impacts, and opportunities linked to environmental issues at the client and portfolio level.

BANCAMÍA S.A.

BANCAMÍA S.A. is a microfinance bank in Colombia and part of the BBVA Microfinance Foundation. To identify vulnerabilities linked to environmental issues at the client or portfolio level, BANCAMÍA S.A. has implemented a “geo-referenced” climate and vulnerability information management system. The system leverages data from the National Modeling Center of the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) and enables BANCAMÍA S.A. to identify vulnerable areas exposed to droughts, floods and landslides or avalanches and create maps that show the climate vulnerability of its clients.

These vulnerability maps are a fundamental tool to identify and manage climate risk in the institution, and are complemented with BANCAMÍA S.A.’s data on past-due loans to produce an index of past-due loans linked to climate change effects by department. They are also complemented with a geolocation system for clients and offices that uses ArcGIS Online interactive maps and allows BANCAMÍA S.A. cross-referencing with the location information of the bank’s clients and offices in the riskiest departments. This data provides invaluable information to BANCAMÍA S.A. to identify its exposure to phenomena such as landslides, drought, and floods more objectively and help focus its efforts to design mitigation and/or adaptation strategies tailored to the needs of those clients. Key elements of success include having reliable sources of data and ensuring coordination amongst the relevant internal departments as well as management.

COMUBA

COMUBA - Coopérative des Membres Unis Bethel Actions is a cooperative in Benin. Through its participation in the MEbA project (Microfinance pour l’adaptation basée sur les écosystèmes), COMUBA has since 2019 progressively been able to identify and integrate vulnerabilities linked to environmental issues in its credit underwriting process. Using tailored indicators, COMUBA can assess the vulnerability of its clients to risks linked to climate change, water scarcity, or other environmental issues, such as the handling and storage of hazardous chemicals, including pesticides and fertilizers. This is fully integrated into COMUBA’s risk matrix.

The main vulnerabilities and adverse impacts linked to environmental issues at the client and portfolio level identified by COMUBA are those linked to low rainfall levels and inadequate handling of pesticides. Through this process, COMUBA has identified crops that it is willing to finance, given their exposure to climate and other environmental issues. Each credit request is now analyzed through the lens of social and environmental risks, and the due diligence process is more extensive for agricultural loans.

→ EP4: IDENTIFYING ENVIRONMENTAL RISKS AND OPPORTUNITIES AT THE INSTITUTIONAL LEVEL (GI.1.2)

In **Green Essential Practice No. 4 (EP4)**, the FSP focuses on identifying the institutional level environmental risks and opportunities:

- The FSP assesses the environmental risks and the adverse environmental impact of its activities on its staff and property – both at the headquarters and branch levels – using a methodology and indicators specified in an international regulation or standards.

- The institution trains its loan officers and back-office staff on the assessment of the institution adverse environmental impact of its activities through its own internal human resources or experts (local or international).
- The institution assesses its own opportunities to develop and implement an environmental strategy, an environmental and/or climate risks management system, and green products and services - in relation to its objectives.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 4 (EP4)** demonstrate good practices in identifying institutional level risks and opportunities.

IN PRACTICE

CACMU, and TAMWEELCOM, highlighted in the *Green Essential Practices Case Studies Series* for EP4, demonstrate good practices in identifying vulnerabilities, adverse impacts, and opportunities linked to environmental issues at the institutional level.

CACMU

CACMU's renovation of a building to house its headquarters provides a good example of identifying adverse environmental impacts and managing environmental risks at the institutional level. The sustainable building, financed by Triodos Bank and the Hivos Foundation, is located at the center of the city of Ibarra, in the north of Ecuador. The new building provides inspiration to other branches as well as to the cooperative's clients and the community for greening their daily activities. The building is part of the "Casa Verde" project, a sustainable and multifunctional space that also operates a coworking area and offers rooms for events and training.

The building was restored by implementing the "EDGE" system, which integrates eco-efficient construction parameters and aims to reduce energy consumption and greenhouse emissions. The optimized use of recycled materials to reduce energy and water consumption has, according to the experts of the EDGE certification, which was granted to the CACMU "Green House" in 2019, allowed for significant savings for CACMU: 32% energy savings, 23% reduction in water consumption and 74% less embodied energy in building materials.

TAMWEELCOM

TAMWEELCOM is a microfinance company in Jordan committed to reduce its own adverse impact on the environment. As a starting point, the FSP needed to identify its adverse environmental impacts to understand where it could have the most impact. TAMWEELCOM decided to focus on reducing its level of fuel and paper consumption and switch to clean energy in its buildings.

As a result of this identification and prioritization process, TAMWEELCOM was able to focus its efforts, resulting in positive outcomes:

- To minimize emissions, TAMWEELCOM switched to the use of electric transport, and adopted measures to minimize electricity consumption. Fuel consumption at headquarters and branches also dropped 55% in 2019, going from 28,800 liters to 12,800 liters.
- TAMWEELCOM printing of paper files dropped more than 85%, from 6,900 to 900 files in the same period.
- TAMWEELCOM implemented energy-saving measures in its buildings, and since 2019 has been using solar energy to power its headquarters and branches. Through the “Wheeling project”, it reduced electricity consumption (not renewable energy) at headquarters and branches on a yearly basis and saved 587,000 KW/hr.

→ EP5: MANAGING ENVIRONMENTAL RISK AND OPPORTUNITIES AT THE CLIENT OR PORTFOLIO LEVEL (GI.2.1)

In **Green Essential Practice No. 5 (EP5)**, the FSP focuses on managing environmental risks and opportunities at the client or portfolio level:

- The FSP recognizes identified vulnerabilities of clients or portfolio to environmental risks as well as adverse environmental impacts of clients or portfolio as factors of risks to achieve its social mission or environmental objectives,
 - The FSP incorporates them into its financial risk management policies and processes using a variety of methods to assess vulnerability and adverse impacts, and
 - The FSP has processes in place to manage them.
- The FSP identifies green practices and technologies that create benefits for clients.
- The FSP ensures that the practices or technologies identified are recognized as “green” by an environmental taxonomy and/or comply with clear environmental criteria.



- The FSP recognizes the identified demand and need for green practices and technologies as economic opportunities, and it incorporates them into its credit processes and manuals and its client segmentation.
- The FSP has in place processes to select and propose specific financial or non-financial products and services aiming to address identified needs or demand of each client.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 5 (EP5)** demonstrate good practices in managing risks and opportunities at the client and portfolio level.

IN PRACTICE

CAURIE-MF, and **MUKTINATH BIKAS BANK LIMITED**, highlighted in the *Green Essential Practices Case Studies Series* for EP5, demonstrate good practices in managing environmental risks and opportunities at the client and portfolio level.

CAURIE-MF

CAURIE-MF, the Coopérative Autonome pour le Renforcement des Initiatives Économiques par la Microfinance, is a cooperative in Senegal. It represents a good example of an FSP that considers its clients' vulnerability to climate change and environmental risks in general, through the management of environmental risks and opportunities.

Through its participation in the MEbA project (Microfinance pour l'adaptation basée sur les écosystèmes), CAURIE-MF has gradually integrated the assessment of its customers' vulnerability into its credit processes and its range of financial and non-financial services since 2021, particularly for customers involved in agricultural activities who face more drastic environmental threats, such as meteorological threats, climate change, environmental degradation, loss of biodiversity, or difficulties accessing energy.

Having identified these risks, CAURIE-MF has updated its risk mapping accordingly, and has integrated their probability of occurrence, as well as the degree of exposure of its customers. This analysis is made in such a way as to distinguish the situation of each customer (e.g., type of crop, variety of seeds, geographical location, and soil conditions, etc.).

CAURIE-MF uses various tools to manage climate change and ecosystem risks: exposure limits by sector, loss provisions, adapting maturities according to the product cycle, and introducing loan products aimed at helping farmers adapt using nature-based solutions (i.e., drip irrigation or crop diversification and rotation), and supports the implementation of these solutions through a combination of financial and non-financial services.

MUKTINATH BIKAS BANK LIMITED

MUKTINATH BIKAS BANK LIMITED is a bank in Nepal which manages the risks linked to adverse environmental impacts on their agricultural clients by complying with the Environmental & Social Risk Management (ESRM) guidelines, approved by the organization's Board of Directors in 2022. Currently, MUKTINATH BANK's risk management staff is partially involved in the process of compliance with those guidelines.

The ESRM guidelines provide the policies, procedures, and tools needed to monitor and manage its exposure to the risks of agricultural clients. The guidelines describe the procedures to screen transactions, conduct a more in-depth analysis through due diligence when needed, and categorize transactions based on their environmental and social risk. MUKTINATH BANK can monitor prospective client activities against environmental performance criteria at the loan approval stage and manage non-compliance at the level of headquarters and branches through a clear definition of roles and responsibilities of those involved in the credit process.

MUKTINATH BANK is partnering with HEDERA Sustainable Solutions to identify green opportunities at the client or portfolio level (e.g., developing and implementing green products and services), using the framework of the IMPACT-R project and specific assessment questionnaires based on the following methodologies: the ESMAP Multi-tier Framework (MTF) for energy access, WHO/UNICEF Joint Monitoring Program for WASH, and FAO Food Insecurity Experience Scale (FIES) for food security.

→ EP6: MANAGING ENVIRONMENTAL RISK AND OPPORTUNITIES AT THE INSTITUTIONAL LEVEL (GI.2.2)

In **Green Essential Practice No. 6 (EP6)**, the FSP focuses on managing the institutional level environmental risks and opportunities:

- The FSP mitigates environmental risk to its staff and property, both at the headquarters and branch levels.
- The FSP has a contingency plan (and budget) in place to mitigate risks resulting from the effects of climate change.
- The FSP avoids, minimizes and/or offsets the adverse environmental impact of its activities.

- The FSP raises staff awareness of environmental risks to its staff and property.
- The FSP trains its staff on good practices to mitigate environmental risks through various engagement methods.

In addition:

- The FSP is certified to meet the requirements of an accredited green building program or is certified under an environmental standard such as ISO 14000.
- The FSP has purchased certified carbon credits in the reporting period.
- The FSP is resourcing and planning for its climate strategy and implementation.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 6 (EP6)** demonstrate good practices in identifying institutional level risks and opportunities.

IN PRACTICE

BANFONDESA and **RENACA**, highlighted in the *Green Essential Practices Case Studies Series* for EP6, demonstrate good practices in managing environmental risks and opportunities at the institutional level.

BANFONDESA

BANFONDESA is a bank in the Dominican Republic. To reduce its adverse impact on the environment, the bank has identified the opportunity to reduce energy consumption in its branch network and planned to invest over USD 230,000 in 2023 to convert most of its branches to use more efficient and clean energy. BANFONDESA's branches practice the "3Rs" methodology: Reuse, Reduce, and Recycle, a policy to reduce or diminish the negative environmental impact of the bank's operations and promote new consumption habits among its staff.

To manage its environmental risks and opportunities, BANFONDESA has certified 149 collaborators, including members of the credit committee on a range of topics related to sustainable finance. BANFONDESA leverages partnerships to offer trainings to build the capacity of its staff. An example is an alliance with ENESTAR, S.R.L., a Dominican electromechanical and photovoltaic solutions company, to train 400 business officers.

RENACA

RENACA, the Réseau National des Caisses Villageoises d'Épargne et de Crédit Autogérée du Bénin, is a network of 8 savings and credit cooperatives in Benin. One of RENACA's environmental strategy focus is on reducing its own environmental footprint, namely its consumption of fossil fuels and paper.

From 2016 to 2022, RENACA equipped its headquarters and 5 of its rural agencies with solar panels. In addition to positively contributing to environmental outcomes, this measure also generated savings of 15-20% on RENACA's electricity bills. Solar panels also make RENACA less prone to risks of electricity failures or power cuts. The regular supply of energy through solar power has made it possible for RENACA to digitize its back office and offer digital savings.

Several partners have supported RENACA's green efforts over the years, including YAPU Solutions, the Grameen Crédit Agricole Foundation (FGCA), and the ADAPAMI-Benin sectoral project supported by Global Affairs Canada and Développement international Desjardins.

→ EP7: EXPANDING THE OFFER OF GREEN FINANCIAL PRODUCTS AND SERVICES (GI.3.1)



In **Green Essential Practice No. 7 (EP7)**, the FSP focuses on offering green financial products and services:

- The FSP offers (alone or in partnership) a range of financial products that allow its clients to address environmental risks and leverage green opportunities:
 - Loans for renewable or efficient energy, nature-based solutions, or water and sanitation
 - Loans for sudden climate change events
 - Financing for targeted SME activities: SMEs loans (non-dedicated or dedicated) to finance SMEs involved in making green practices or technologies available to clients
 - Climatic micro-insurance products to help clients or the portfolio becoming more resilient to environmental shocks or climate risks
 - Financing to help clients to become more resilient to environmental shocks or climate threats
- Financing for the implementation of green practices and technologies that generate positive environmental impact
- The FSP develops its specific capacities and applies specific procedures in regard to the above-mentioned loans and other financing mechanisms.
- The green practices or technologies financed are specified by a recognized taxonomy.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 7 (EP7)** demonstrate good practices in offering green financial products and services.

IN PRACTICE

ANNAPURNA and **PULA**, highlighted in the *Green Essential Practices Case Studies Series* for EP7, demonstrate good practices in offering green financial products and services.

ANNAPURNA

ANNAPURNA is a microfinance institution in India. After identifying the need to urgently address water quality and poor hygiene of its rural clients, ANNAPURNA partnered with Water.org in 2013 to develop an adequate solution. The SWASTH loan, launched in 2014, provides financial assistance to enable access to safe water and sanitation facilities at the household level and finances a range of water and sanitation products, including water pipe connections, hand bore wells, new toilets, and septic tanks. It has advantageous terms compared to non-green specific loans

(i.e., longer loan terms and a lower interest) and the repayment schedules are adapted to the technology financed.

To support the growth of its green portfolio, ANNAPURNA trains its staff on a regular basis, ensuring that they are well-equipped to propose and disburse green loans. ANNAPURNA also provides specialized grant programs with the support of Water.org to promote the implementation and maintenance of clean drinking water and sanitation technologies. Green non-financial services (i.e., training on use of clean drinking water and sanitation technologies with the Indian not-for-profit organization Peoples Forum) complement the offer of financial services and sensitize clients on sustainability practices.

PULA

PULA is an insurance and technology company, with registered entities in Switzerland, Kenya, Zambia, Uganda, Tanzania, Malawi, Mozambique, and Nigeria that operates in 18 countries. The Insurtech company designs, prices, and builds a model of agricultural index insurance products targeting smallholder farmers and pastoralists to increase their resilience to environmental shocks and climate risks. The average farmer insured has a one-hectare farm and pays about EUR 9 as an annual premium.

PULA's flagship product, called the Area Yield Index (AYI), is a parametric insurance based on an area's historical crop yields and covers multiple perils, not limited to excessive rainfalls and droughts. PULA, its insurance partners, and its clients agree on a yield threshold that serves as a basis for the insurance contract. The pre-set threshold is calculated at a granular level and differentiated across areas and based on PULA's large yield database (the largest in Africa) and regular visits from PULA's staff to the field to capture new measurements. PULA Insurance Engine (PIE) (its proprietary technology on a web-based platform) allows for automated pricing of the insurance products based on several variables including historical weather data, data on agroecological zones, historical yields, farm sizes, crops planted, etc.

PULA's field staff coordinate with local partners and execute digitized yield measurements at the time of harvest, and compensation payouts are triggered when the farmers' yield falls below the pre-set yield threshold. The insurance partner then processes the payout (in some cases, through a digital wallet). The success of the AYI lies in the fact that it is attractive for both the client (i.e., easier to understand, lower costs, quick claims reimbursement) and sustainable for the insurer (i.e., reduced administrative burden and mutualized risks).

PULA uses several approaches to ease the uptake of insurance, including (to name a few) bundling insurance with existing products such as loans at small additional costs, or entering in partnerships.

→ EP8: EXPANDING THE OFFER OF GREEN NON-FINANCIAL PRODUCTS AND SERVICES (GI.3.2)

In **Green Essential Practice No. 8 (EP8)**, the FSP focuses on offering green non-financial products and services:

- The FSP helps clients identify environmental risks and opportunities that affect them.
- The FSP helps its clients manage their environmental risks and leverage green opportunities.

- In order to do that, the FSP uses a variety of methods to raise awareness and diverse delivery models and activities to help clients manage risks.
- The FSP has developed the capacities of its staff so that it can support clients as mentioned above. It engages in a range of staff capacity building activities.
- The institution (alone or through its partners) applies specific green support procedures or tools when providing green support to clients.

The FSPs highlighted in Case Studies on **Green Essential Practice No. 8 (EP8)** demonstrate good practices in offering green non-financial products and services.

IN PRACTICE

ASKI, highlighted in the *Green Essential Practices Case Studies Series* for EP8, demonstrates good practices in offering green non-financial products and services.

ASKI

ASKI is a not-for-profit organization in The Philippines. ASKI's experience demonstrates the link between green financial and non-financial products and services. Indeed, ASKI's comprehensive suite of green financial products is complemented by non-financial services including technical assistance, trainings, and awareness events. These are critical to the deployment and uptake of its green financial services and its environmental efforts, and target both staff and clients.

The green non-financial activities implemented by ASKI include diverse initiatives as described below.

The Energy Inclusion Initiative, a joint project of MCPI, ADA, the Frankfurt School and MicroEnergy International which provided ASKI's staff technical assistance and expertise to build the infrastructure needed to sustainably offer loans for renewable/clean energy solutions to its clients.

The expansion of ASKI's green non-financial offer includes communicating on Disaster Risk Reduction and Management (DRRM) to vulnerable clients and groups. The main goal of this initiative is to empower the community to take an active role in reducing and managing risk, and to reduce their vulnerability and to increase their resilience to deal with extreme climate events.

ASKI also implements several other programs to build capacity of staff and clients, such as the Water Program or the Sanitation Project, both at a technical level (e.g., creation of a new water system) and at the operational level (e.g., how to organize themselves and act to ensure their welfare). The ASKI Skills and Knowledge Institute Inc., one of the ASKI Group organizations, demonstrates ASKI's commitment to continuous learning. It has been conducting different training programs, including environmental, feeding, health and hygiene training, as well as livelihood training programs for parents.

CONCLUSION

The *Green Essential Practices Case Study Series* highlight examples of good practices for each of the 8 Essential Practices. At the strategy level, we see a range of good practices, from FSPs setting the stage for success by defining strategies that are ambitious, yet also specific and anchored in reality (ASSILASSIMÉ SOLIDARITÉ or CHAMROEUN) to others keen on ensuring that strong monitoring systems (FORTUNE CREDIT) or segmentation systems are in place to help support the implementation of the strategy and prioritize clients that are more vulnerable and in need of attention, including indigenous populations (FUNDACIÓN GÉNESIS EMPRESARIAL).

FSPs identify vulnerabilities and adverse impacts linked to environmental issues at the client level, and manage associated risks and opportunities through creative means, such as BANCAMÍA S.A.'s "geo-referenced" climate and vulnerability information management system, COMUBA and CAURIE-MF's integration of a range of indicators measuring clients' vulnerability to environmental issues in their credit underwriting processes, CAURIE-MF's use of various tools to manage climate change and ecosystem risks, or MUKTI-NATH BIKAS BANK LIMITED's compliance with Board approved Environmental & Social Risk Management (ESRM) guidelines.

We also see good practices by FSPs to identify vulnerabilities and adverse impacts linked to environmental issues and manage associated risks and opportunities at their own level, with CACMU generating significant reductions in energy and water consumption through the restoration of its headquarters, TAMWEELCOM seeing a drop in fuel and energy consumption after switching to electric transport and solar power, RENACA reducing its consumption of fossil fuels and paper and adopting solar technology, or BANFONDESA enforcing a "3Rs" methodology: Reuse, Reduce, and Recycle policy to promote new consumption habits among its staff.

FSPs are also quite diverse and creative in terms of their green product offering, partnering with others to offer specialized loans, such as AN-NAPURNA's partnership with Water.org to enable access to safe water and sanitation facilities, PULA's automated pricing of parametric insurance based on historical crop yields and field visits, or ASKI's comprehensive suite of green financial and non-financial products including technical assistance, trainings, and awareness events.

The Green Index 3.0 Essential Practices offer a logical framework for FSPs that are looking to develop or improve their green practices and product offering. The *Green Essential Practices Case Study Series* helps to bring the Essential Practices to life, and we would like to encourage FSPs to send their submissions for new Essential Practices Case Studies to the e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) to help expand the pool of examples and resources that FSPs and other sector stakeholders, including investors, consultants, and researchers can consult and learn from.

While the Green Map project and its associated *Green Essential Practices Case Studies Series* reflect a more recent updated snapshot of the green experiences of financial institutions around the globe, they are examples of recent practice rather than an illustration of how the sector is evolving globally. As the Green Map effort expands and the data include more institutions, and as more *Green Essential Practices Case Studies* are published, it will be possible to use the information to assess the state of the sector and complement existing databases.

ANNEX: GREEN ESSENTIAL PRACTICES CASE STUDY SERIES PARTICIPANTS

FSP	Country	Essential Practice	
Annapurna	India	GI.3.1 – EP7	Offer green financial products and services
ASKI	The Philippines	GI.3.2 – EP8	Offer green non-financial products and services
Assilassimé Solidarité	Togo	GI.0.1 – EP1	Define the environmental strategy
Bancamía S.a.	Colombia	GI.1.1 – EP3	Identify environmental risks and opportunities at the customer or portfolio level
Banfondesa	Dominican Republic	GI.2.2 – EP6	Manage environmental risks and opportunities at the institutional level
CACMU	Ecuador	GI.1.2 – EP4	Identify environmental risks and opportunities at the institutional level
Caurie-Mf	Senegal	GI.2.1 – EP5	Manage environmental risks and opportunities at the customer or portfolio level
Chamroeun	Cambodia	GI.0.1 – EP1	Define the environmental strategy
Comuba	Benin	GI.1.1 – EP3	Identify environmental risks and opportunities at the customer or portfolio level
Fortune Credit	Kenya	GI.0.2 – EP2	Implement the environmental strategy
Fundación Génesis Empresarial	Guatemala	GI.0.2 – EP2	Implement the environmental strategy
Muktinath Bikas Bank Limited	Nepal	GI.2.1 – EP5	Manage environmental risks and opportunities at the customer or portfolio level
Pula	Global	GI.3.1 – EP7	Offer green financial products and services
RENACA	Benin	GI.2.2 – EP6	Manage environmental risks and opportunities at the institutional level
Tamweelcom	Jordan	GI.1.2 - EP4	Identify environmental risks and opportunities at the institutional level

EUROPEAN MICROFINANCE PLATFORM (e-MFP)

The European Microfinance Platform (e-MFP) is the leading network of organizations and individuals active in the financial inclusion sector in developing countries. The network numbers over 120 members from all geographic regions and specializations of the microfinance community, including consultants & support service providers, investors, FSPs, multilateral & national development agencies, NGOs, and researchers. Up to two billion people remain financially excluded. To address this, the Platform seeks to promote co-operation, dialogue and innovation among these diverse stakeholders working in developing countries. e-MFP fosters activities which increase global access to affordable, quality sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation. The Platform achieves this through its numerous year-round expert Action Groups, the annual European Microfinance Week which attracts over 500 top stakeholders representing dozens of countries from the sector, the prestigious annual European Microfinance Award, and its many and regular publications.

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