

Inclusive Green Finance: A Regulatory Perspective



Johanna Nyman
Head, Inclusive Green Finance
Alliance for Financial Inclusion (AFI)

Part of the webinar series by the Green Inclusive and Climate Smart Finance Action Group (AG-GICSF)

The GICSF- Action Group

The Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) is a **Unique** multi-stakeholder think-tank for **environmentally responsible inclusive finance**

OBJECTIVES

- Discuss **current challenges and strategies** in green inclusive finance
- **Improve knowledge and action** of inclusive finance actors in environmental issues
- **Enhance cooperation** among green inclusive finance actors
- **Increase international attention** for green inclusive finance
- **Develop dedicated tools**, recognized as “standard” by the inclusive finance sector, to support green inclusive finance
- **Publicise and disseminate its findings**
- **Enhance the interest and concrete commitment** of all actors (MFIs, investors and others) in green inclusive finance

...since 2013...a long-term commitment!



Members

Launched in Feb. 2013 in Berlin and hosted by the European Microfinance Platform (e-MFP) it has **135+ members** with different level of engagement, affiliated to **75+** institutions and organized into activity sub-group, among which:

ADA, Advision Finance, Agora, Alterfin, Antwerp University- IOB, Babyloan, BBVAMF, BFC, BIO, BNP Paribas, Cerise, Clarmondial, COFIDES, Envest Microfinance, ESAF, European Microfinance Network, KIVA, FDL, GAWA Capital, Global Environment Facility, Grameen Crédit Agricole MF Foundation, HEDERA, IFAD, IFU, ILO, Inpulse, LMDF, MAIN, MFC, MFR, MicroEnergy International, Microfinanza Srl, M-CRIL, myclimate, Sparkassenstiftung, Nitlapan, Palladium Europe, CIDR PAMIGA, SIDI, SOS Faim Belgium, Triple Jump, Univ. Bergamo, Univ. Genève, Univ. Lux, Rabo Foundation, RFR, REDCAMIF, ULB-CERMi, UNCDF, SPTF, World Bank, YAPU Solutions

Coordinated by the GICSF-AG Heads:

- Natalia Realpe Carrillo, HEDERA & IASS Potsdam
- Davide Forcella, YAPU Solutions & CERMi



Impact & Traction, selection of (Estimation as of 30 June 2021)

Action Group members	Jan 2020 60	Jan 2021 90	June 2021 135	New requests to join the AG 50+
GICSF AG Newsletter	External subscribers (30 April 2021) +250		External subscribers (30 June 2021) +400	
Webinars & presentations – <small>(only GICSF-AG events, participation to external events is not included!)</small>	1400 Participations since Nov 2021	17 Public Events	83 participants av per event	176 participants av per month
Green Index 3.0 / Dim 7 US	+ 25 meetings with SPTF - CERISE	Reviewers engaged + 60	Stakeholders engaged + 300	Feedback already received + 3000
Others	Consultants 2	Strategic collaborations Regulators Networks FSPs	Invitation to External events 10+	Engaging Green Heroes FSPs 10+
	Intern students 6			Analysis of 1000+ Env assessments

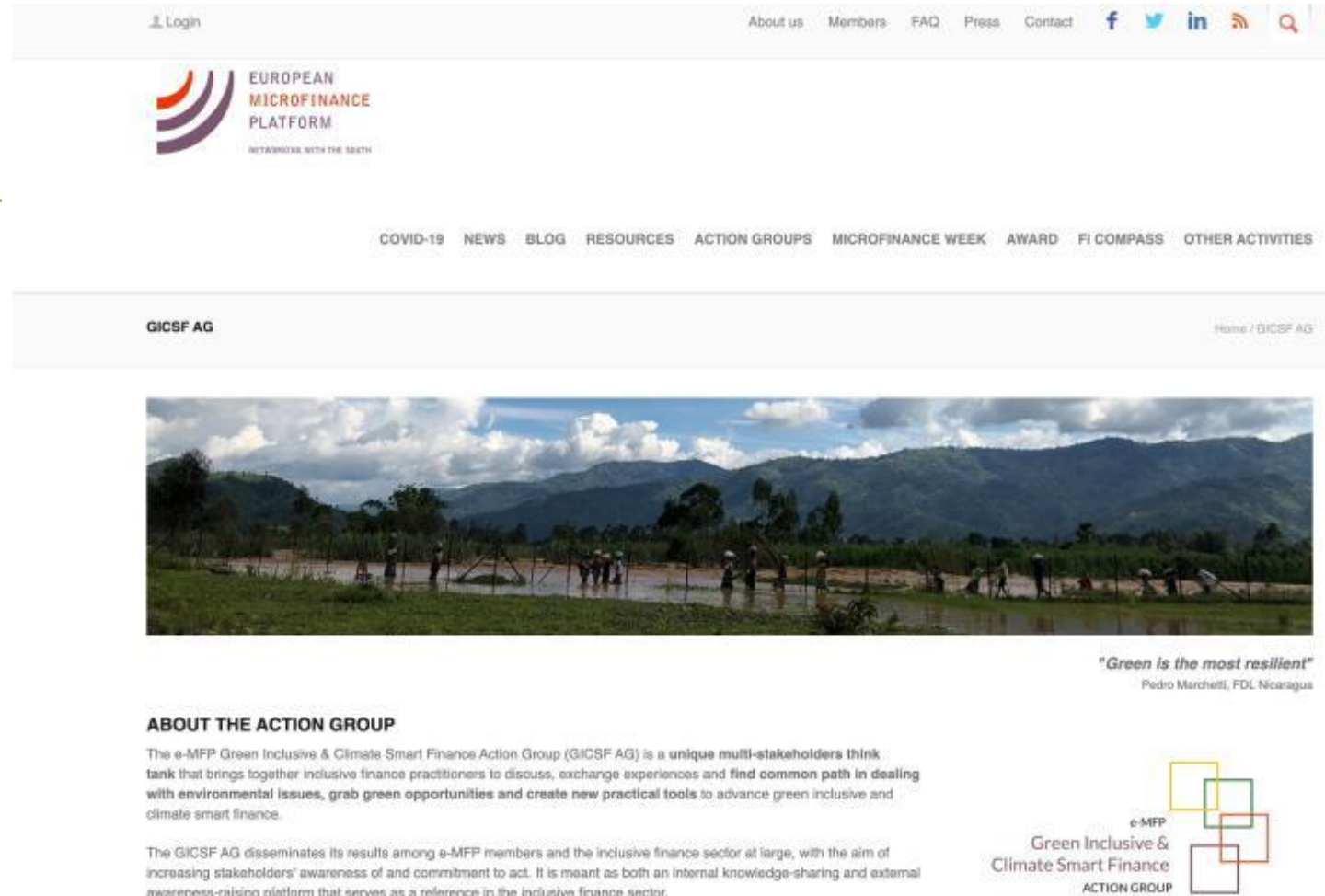
Ongoing activities 2021


- Finalisation of Green Index 3.0
- Finalisation of Universal standards for environmental performance: joint work with SPTF & CERISE
- Training Preparation on Green Index 3.0
- Preparation of the “State of the Art of Green Inclusive Finance”
- Regulation & Green Inclusive Finance, Digital & Green Inclusive Finance, Green Inclusive Finance in Europe (in collaboration with EMN)
- Guidelines for green products development/disbursement, “working with green heroes” FSPs
- Webinars, newsletters, preparation of two-pagers and discussion papers
- Digital tool Green Index 3.0

We are working to increase the sector understanding and action in green inclusive finance

- New website!

<https://www.e-mfp.eu/gicsf-ag>



Login About us Members FAQ Press Contact 

EUROPEAN
MICROFINANCE
PLATFORM
NETWORKING WITH THE SOUTH

COVID-19 NEWS BLOG RESOURCES ACTION GROUPS MICROFINANCE WEEK AWARD FI COMPASS OTHER ACTIVITIES

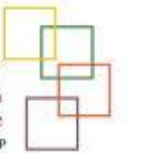
GICSF AG Home / GICSF AG

"Green is the most resilient"
Pedro Marchetti, FDI Nicaragua

ABOUT THE ACTION GROUP

The e-MFP Green Inclusive & Climate Smart Finance Action Group (GICSF AG) is a unique multi-stakeholders think tank that brings together inclusive finance practitioners to discuss, exchange experiences and find common path in dealing with environmental issues, grab green opportunities and create new practical tools to advance green inclusive and climate smart finance.

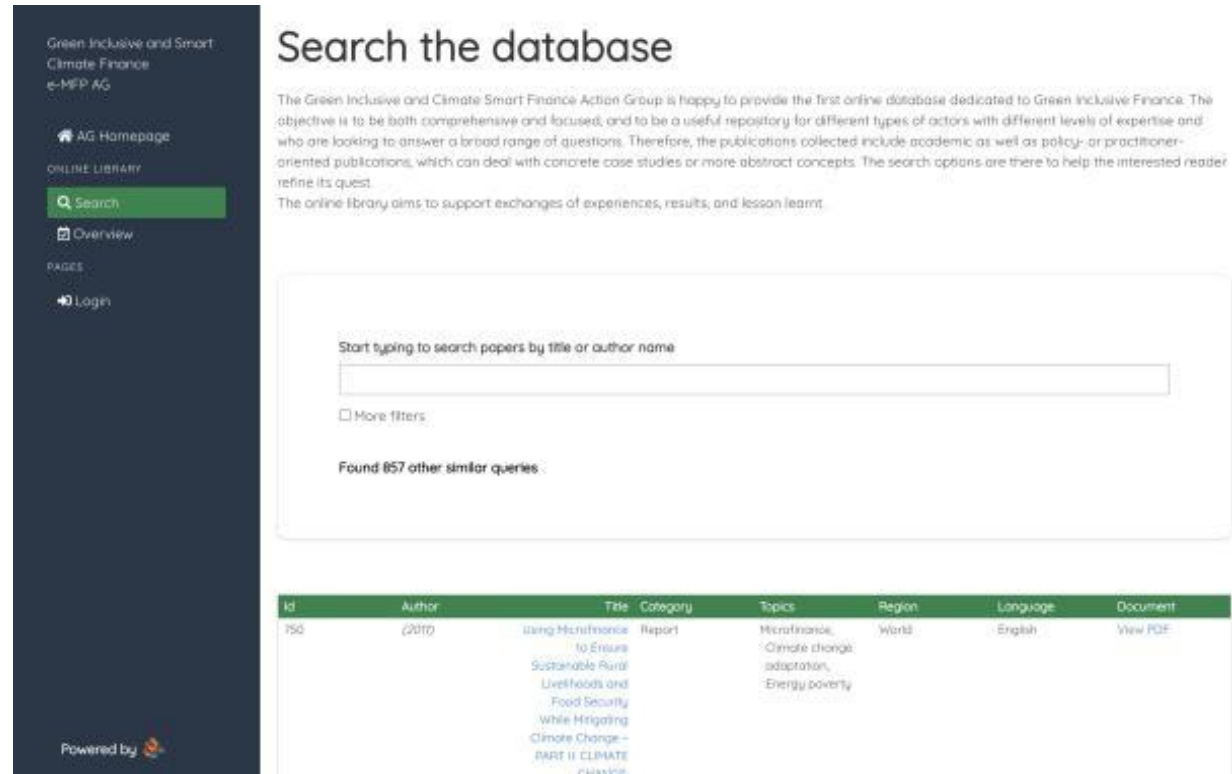
The GICSF AG disseminates its results among e-MFP members and the inclusive finance sector at large, with the aim of increasing stakeholders' awareness of and commitment to act. It is meant as both an internal knowledge-sharing and external awareness-raising platform that serves as a reference in the inclusive finance sector.

e-MFP
Green Inclusive &
Climate Smart Finance
ACTION GROUP 

We are working to increase the sector understanding and action in green inclusive finance

- Online library dedicated to green inclusive finance only, publicly available, containing + 500 documents and growing!

<https://gicsf-ag.hedera.online>



The screenshot shows the search interface of the Green Inclusive and Climate Smart Finance Action Group (GICSF AG) online library. The interface is dark-themed with a sidebar on the left containing navigation links: AG Homepage, ONLINE LIBRARY (with a Search button), Overview, PAGES, and Login. The main content area is titled "Search the database" and includes a search box with the placeholder text "Start typing to search papers by title or author name". Below the search box, there is a "More filters" option and a message "Found 857 other similar queries". A table of search results is displayed at the bottom, with columns for Id, Author, Title, Category, Topics, Region, Language, and Document. The first result is a report by GICFD titled "Using Microfinance to Ensure Sustainable Rural Livelihoods and Food Security while Mitigating Climate Change - PART II CLIMATE CHANGE".

Id	Author	Title	Category	Topics	Region	Language	Document
150	GICFD	Using Microfinance to Ensure Sustainable Rural Livelihoods and Food Security while Mitigating Climate Change - PART II CLIMATE CHANGE	Report	Microfinance, Climate change, adaptation, Energy poverty	World	English	View PDF

GREEN INDEX 3.0

It is based on extensive experience

- **6+ years of environmental assessments** by the e-MFP GICSF AG + SPI4 + partners of the AG, among others:
SIDI, Foundation Grameen Credit Agricole, CERISE, BNPP, HEDERA, YAPU Solutions, Enclude / Palladium, CERMi, MIX, ADA, MicroEnergy International, EMN, etc.
with 1000+ environmental assessments
- 2 “**Green**” e-MFP Microfinance Awards (Environment (2014) & Climate Change Adaptation (2019))
- 10+ years of **green inclusive finance projects** implementation and Key Projects:
 - EcoMicro (IDB since 2012, 30+ FSPs)
 - MEbA (since 2012, 40+ FSPs)
 - P CAMBio (2008-2013, 28 FSPs)
 - GPA (HIVOS, 2005)
 - C&ESG (IFAD, 2019)
 - FMO e-tool (2009)
 - MEPI (2012)
 - Energy & MF – CleanStart
 - Green Energy – ADA
 - ...
- Mapping and alignment to international initiatives
- In-depth interviews with MF stakeholders including MFIs and Investors
- Surveys to Investors and MFIs
- Establishment of steering committee with STFP and CERISE and alignment with USSPM
- Assessment of needs for environmental performance from **250+** stakeholders
- Two rounds of reviews, 1st rev: **40+** reviewers, **300+** feedbacks; 2nd rev: **100+** participants

Green Index evolution

2014

Green Index 1.0

- The most accepted tool to assess MFIs' environmental performance
- Publication available online on e-MFP AG webpage
- Green Index available in SPI4 (optional Dim 7)

2016

Green Index 2.0

- Incorporates lessons learnt from MFI's use, ability, and willingness to track environmental management
- Quantitative components for green products
- Integrated into SPI4 (only qualitative)

2021

Green Index 3.0

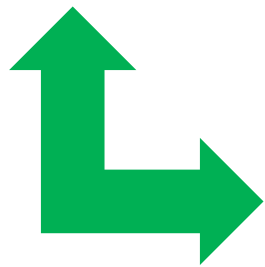
- Inclusion of (climate) vulnerability
- lessons learnt from 1000+ assessments & 6 years of use, 300+ stakeholders inputs
- Alignment to international initiatives
- Aligned with Universal Standards Env. Performance "Dim 7" developed with SPTF & CERISE, new mandatory dimension of US

Aligning standards and enhancing value

GREEN INDEX 3.0



Detailed view



Global view

DIM 7 of USSPM



Webinar Series

- Series of webinars on topics related to green inclusive finance
- Brief presentations by practitioners & academics
- Opportunity for discussion and networking
- Material and video available online

1 webinar every 2 weeks

Opt 1: 45 mins - Opt 2: 15 mins

Everyone active in green inclusive finance is invited to speak - please contact us !

Next Webinar

Inclusive Green Finance: A Regulatory Perspective



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Alliance for Financial Inclusion (AFI)



What is the AFI Global Network?

 afi **What is the AFI
Global Network?**



“ AFI has matured... it's institutional identity is marked by a real sense of member ownership and peer exchange, which has never been done before on this scale. ”

Prof. Benno N'dulu, former Governor of the Central Bank of Tanzania and AFI Chair



102 financial sector policymaker and regulators from **90** emerging and developing countries working together to advance financial inclusion



Representing about **85%** of global unbanked population

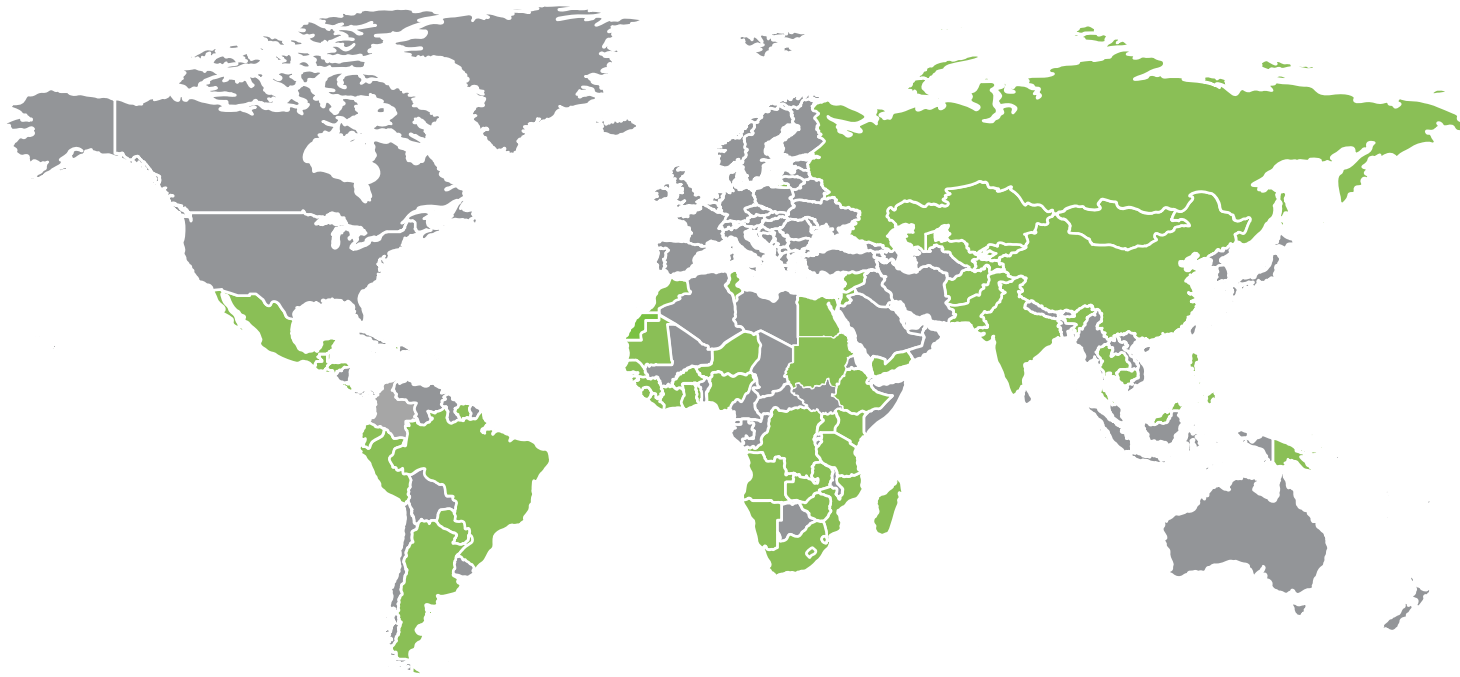


AFI's goal is to support members to develop and implement successful financial inclusion policies that address country specific challenges



AFI is a non-political, non-profit organization, owned, governed and sustained by members through annual membership fees

Impact of AFI's Network



90

Developing countries

71

Countries with institutional Maya
Declaration Commitments

500+

Policy changes

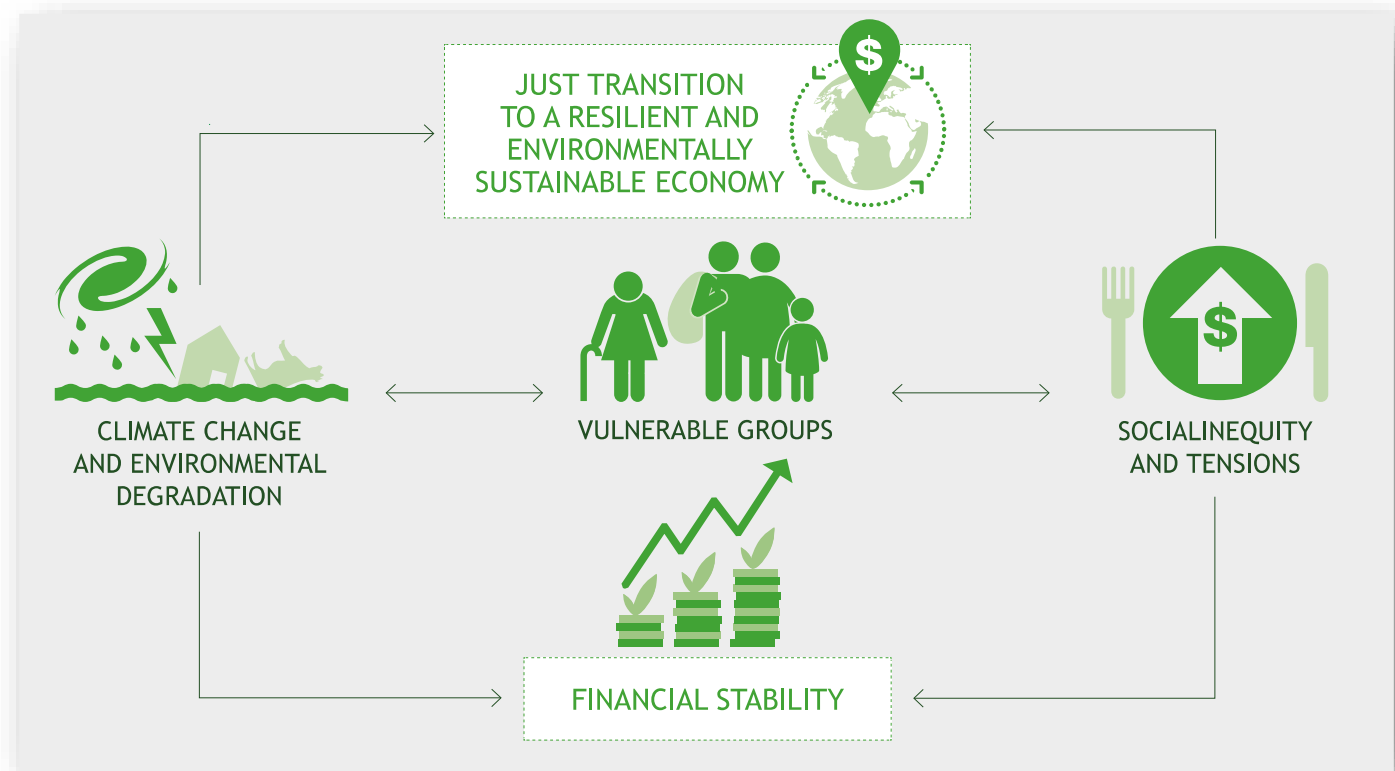
Over
600 Mil

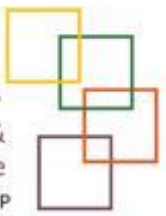
Unbanked people brought into the
formal financial system



INCLUSIVE GREEN FINANCE: LINKING GREEN FINANCE AND FINANCIAL INCLUSION

The links between climate change and environmental degradation, vulnerable groups, social inequity and tensions, and financial stability





INCLUSIVE GREEN FINANCE:

Policies and regulation
that aim at enabling
mitigation and building
resilience to the
negative impacts of
climate change
through financial
inclusion



SUPPORTING CLIMATE ACTION THROUGH FINANCIAL INCLUSION

INCLUSIVE GREEN FINANCE:
 POLICIES AND REGULATION THAT AIM AT ENABLING MITIGATION AND BUILDING RESILIENCE
 TO THE NEGATIVE IMPACTS OF CLIMATE CHANGE THROUGH FINANCIAL INCLUSION



SAVINGS (ESPECIALLY FORMAL)

Buffer against cost increases, diversifying risks, assist in accessing credit, accelerate recovery and reconstruction



CREDIT

Investment in e.g. low-carbon technologies, rebuilding and reconstruction, investments into e.g. more resilient housing and agriculture



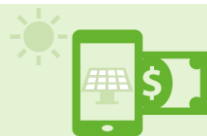
INSURANCE

Safeguard against the effects of extreme weather events and gradual climate change



PAYMENT SYSTEMS

Resilience in times of crisis, reconstruction and recovery, investments and buffer



DIGITAL FINANCIAL SERVICES

Enabling the spread and use of savings, credit and insurance, as well as humanitarian assistance after extreme weather events



THE 4P FRAMEWORK OF INCLUSIVE GREEN FINANCE

PROMOTION policies allow a government to create incentives for the private sector to offer financial services to qualified beneficiaries.



PROVISION policies help a government ensure that financial services are provided to qualified beneficiaries, either directly by the government itself or by private sector fulfilling government mandate.



PREVENTION policies aim to avoid undesirable outcomes rather than addressing them after the fact.

PROTECTION policies reduce financial risk by “socializing” potential losses through insurance or social payments, or by giving exceptional access to one’s own assets.



PROMOTION



MORAL SUASION



AWARENESS RAISING
& CAPACITY BUILDING



DATA COLLECTION

PROVISION



LENDING QUOTAS



REFINANCING RECOVERY
& RECONSTRUCTION



INNOVATION
INVESTMENT FUNDS

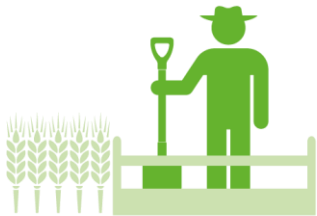


REFINANCING GREEN LENDING



OTHER FINANCING
SCHEMES

PROTECTION



CLIMATE RISK INSURANCE



CREDIT GUARANTEES



EARLY WITHDRAWAL
FROM PENSION FUNDS

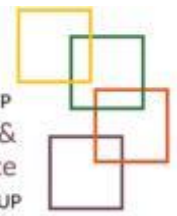


MOBILE MONEY FOR
G2P PAYMENTS

PREVENTION

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT (ESRM) GUIDELINES ADDRESS THE SOCIAL AND ENVIRONMENTAL EXTERNALITIES AND RISKS OF A FINANCIAL INSTITUTION'S ACTIVITIES





AFI's INCLUSIVE GREEN FINANCE JOURNEY



INCLUSIVE GREEN FINANCE: POLICIES AND REGULATION THAT AIM AT ENABLING MITIGATION AND BUILDING RESILIENCE TO THE NEGATIVE IMPACTS OF CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION THROUGH FINANCIAL INCLUSION

HOW HAVE AFI MEMBERS RISEN TO THE CHALLENGE OF CLIMATE CHANGE?

									
2015 Financial inclusion first linked with climate change and SDG 13	2015 AFI GFP in Maputo. First discussions on how financial inclusion can build resilience and enable mitigation.	2017 AFI members endorse Sharm el Sheikh Accord on Financial Inclusion, Climate Change & Green Finance	2018 Nadi Action Agenda endorsed at first international green financial inclusion conference	2018 First Maya Declaration on inclusive green finance	2018-19 Financial inclusion and climate change linked in national financial sector strategies	2019 4Ps of inclusive green finance inform national and global climate efforts	2019 Launch of the Inclusive Green Finance (IGF) Working Group	2020 Development of 8 additional IGF knowledge products	2021 IGF policy changes and in-country trainings

IGFWG MEMBERS

The AFI Inclusive Green Finance Working Group is a group of policymakers with a technical experience and knowledge regarding IGF policies and initiatives from AFI member institutions to discuss and generate practical recommendations, lessons and new knowledge to advance sustainable financial inclusion.



49

Member
Institutions



45

Member
Countries



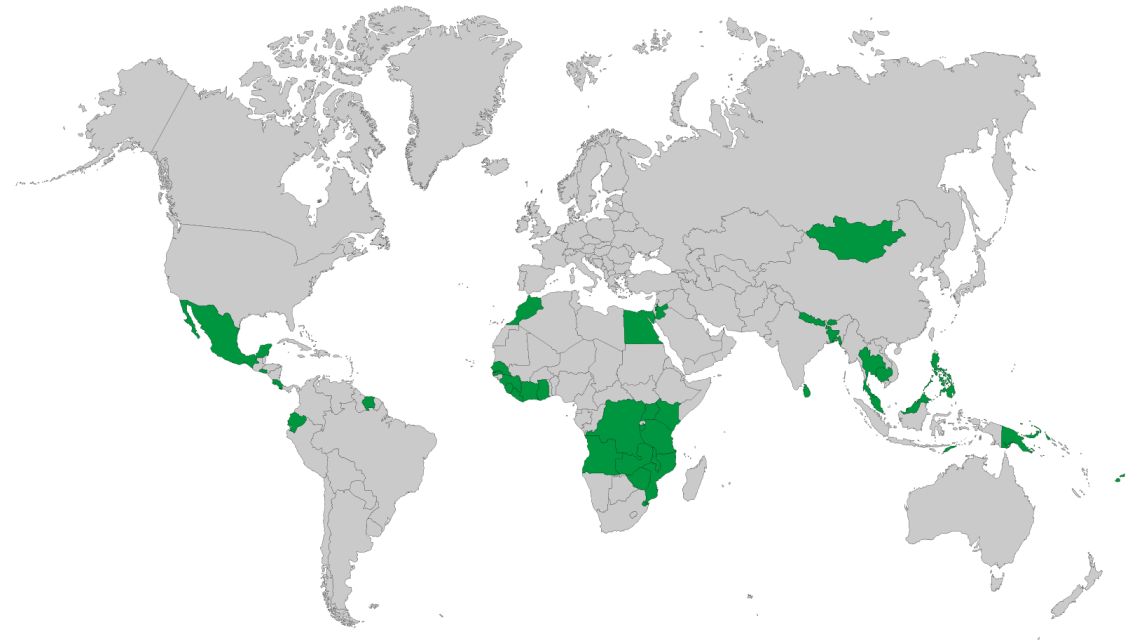
9

Knowledge
Products



4

Policy
Changes



SELECT PROGRAMS UNDER IMPLEMENTATION



Development of
policy guidance



Capacity
building



In-country
implementation

CURRENT TRENDS AND CONSIDERATIONS

A shift of mind-set within the institution

Climate vulnerability assessments and mapping environment related risks as well as existing policies and frameworks

Development of taxonomies and definitions of green finance and IGF

Consider developing Environmental and Social Risk Management (ESRM) Framework

Awareness-raising amongst and capacity building of staff in both financial regulators and financial institutions

National level dialogue and collaboration around inclusive green finance development

Adapt existing policies and regulation or develop new policies to advance IGF



Incorporate gender considerations in inclusive green finance policies



Better understand and leverage digital financial services to advance and enhance IGF



Foster data gathering and develop a country measurement & monitoring framework to track progress



Elevate the importance of the inclusive green finance to standard setting bodies



Consider integrating IGF policies into the recovery during and after the economic crisis following the pandemic



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An event organized by the Green Inclusive and Climate Smart Finance Action Group (AG-GICSF)
Do you want to speak at the webinar series? Please contact us:

Heads of the AG-GICSF

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e-MFP contact

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