

10 Years of Green Inclusive Finance Assessment

What data says, how the sector evolved, where we stand, & where we want to go



Speakers:

Davide Forcella



Natalia Realpe Carrillo



Moderator:

Tula Ducasse Beltrán



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

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 actions** of inclusive finance actors on environmental issues
- **Enhance cooperation** among green inclusive finance actors
- **Increase international attention** on green inclusive finance
- **Develop dedicated tools**, recognized as “standard” by the inclusive finance sector, to support green inclusive finance
- **Publicize and disseminate its findings**
- **Enhance the interest and concrete commitment** of all actors (MFIs, investors, etc.) in green inclusive finance

Members

Launched in February 2013 in Berlin and hosted by the European Microfinance Platform (e-MFP), the GICSF-AG has **150+ members** with different levels of engagement, affiliated with **75+** institutions, including:

ADA, Advision Finance, Agora, Alterfin, Antwerp University- IOB, Babyloan, BBVAMF, BFC, BIO, BNP Paribas, Cerise, Clarmondial, COFIDES, Digital Frontiers Institute, 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, PAMIGA, reNature, 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



GICSF-AG Website: <https://e-mfp.eu/gicsf-ag>



**Green Index: Assessing
Environmental
Performance**



Trainings & Workshops



**Publications & Online
Library**



Ongoing Activities



Webinars



**Definitions, Tools &
Initiatives**



Events



Podcasts



<https://www.e-mfp.eu/green-index>

Developed by the
e-MFP GICSF-AG


Aligned with:

- International initiatives
- USSEPM Dim 7, co-developed with SPTF & CERISE

GREEN INDEX 3.0 Digital Solution



<https://www.e-mfp.eu/green-index>

- The GICSF-AG is pleased to provide an online digital solution for the Green Index 3.0! The tool is publicly available and free of charge for everyone, to be used for data collection or training
- The Green Index 3.0 digital tool has been developed by  HEDERA <https://hedera.online/> for the GICSF-AG

https://hedera.online/gicsf_ag_tools/green-index-digital.html

Powered by 

The digital tool for the Green Index 3.0 has been conceptualized by Davide Forcella, Natalia Realpe Carrillo, and Alfonso Caiazza and developed by Alfonso Caiazza (HEDERA) as a service for the GICSF-AG

Green Inclusive Finance Online Library

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



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

*Do you have a publication that should be there?
Send it to us to share with the sector!*

Green Inclusive and Smart Climate Finance
e-MFP AG

[AG Homepage](#)


ONLINE LIBRARY

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Search the database

The Green Inclusive and Climate Smart Finance Action Group is happy to provide the first online database dedicated to Green Inclusive Finance. The objective is to be both comprehensive and focused, and to be a useful repository for different types of actors with different levels of expertise and who are looking to answer a broad range of questions. Therefore, the publications collected include academic as well as policy- or practitioner-oriented publications, which can deal with concrete case studies or more abstract concepts. The search options are there to help the interested reader refine its quest.

The online library aims to support exchanges of experiences, results, and lesson learnt.

Start typing to search papers by title or author name

More filters

Found 857 other similar queries

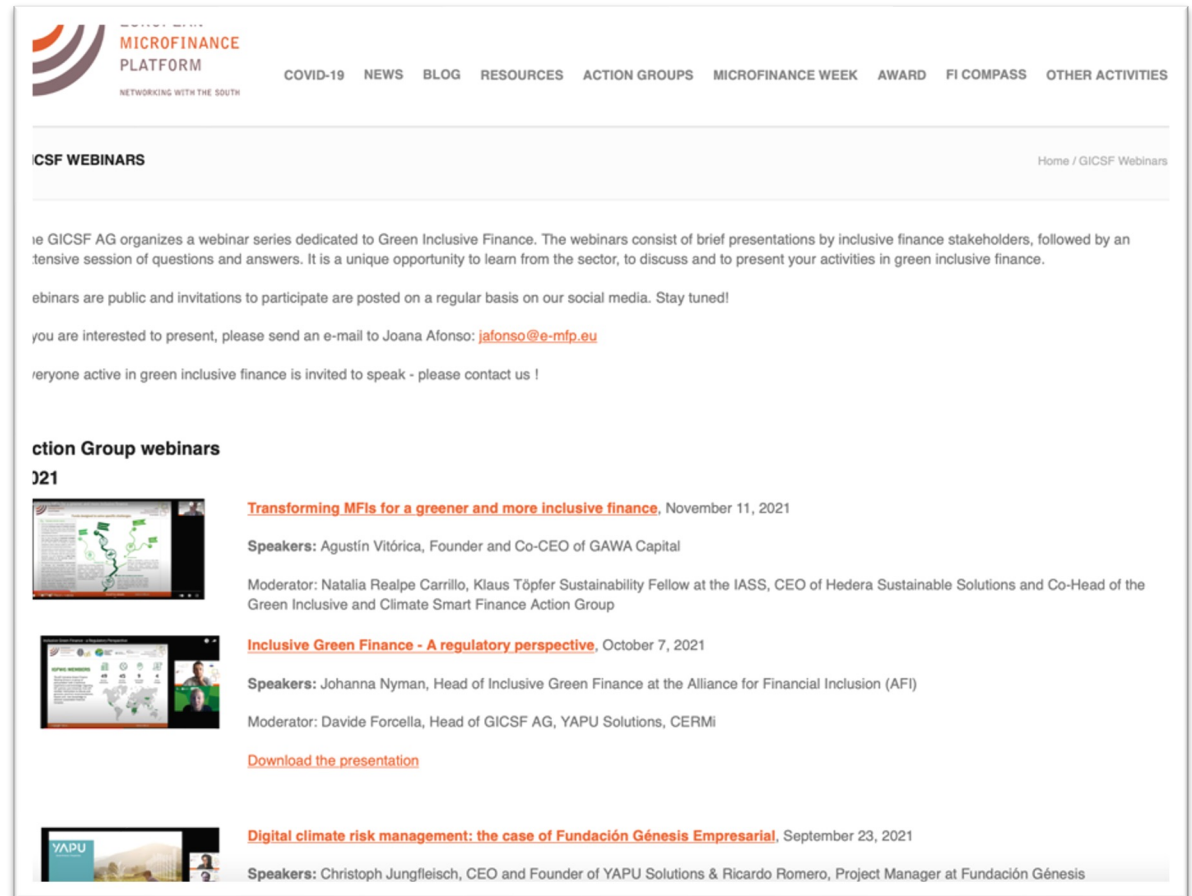
Id	Author	Title	Category	Topics	Region	Language	Document
750	(2011)	Using Microfinance to Ensure Sustainable Rural Livelihoods and Food Security While Mitigating Climate Change - PART II: CLIMATE	Report	Microfinance, Climate change adaptation, Energy poverty	World	English	View PDF

Monthly Webinar Series on Green Inclusive Finance



- Webinar videos and presentations available online
- Best practices in the sector
- 20+ webinars!
- Over 2000 attendees!

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



The screenshot shows the GICSF Webinars webpage. At the top, there is a navigation menu with links for COVID-19, NEWS, BLOG, RESOURCES, ACTION GROUPS, MICROFINANCE WEEK, AWARD, FI COMPASS, and OTHER ACTIVITIES. Below the navigation, the page is titled "GICSF WEBINARS" and includes a breadcrumb trail "Home / GICSF Webinars". The main content area contains an introductory paragraph about the webinar series, followed by a list of upcoming webinars. Each webinar entry includes a thumbnail image, a title, a date, and a list of speakers and moderators. The webinars listed are:

- Transforming MFIs for a greener and more inclusive finance**, November 11, 2021. Speakers: Agustín Vitórica, Founder and Co-CEO of GAWA Capital. Moderator: Natalia Realpe Carrillo, Klaus Töpfer Sustainability Fellow at the IASS, CEO of Hedera Sustainable Solutions and Co-Head of the Green Inclusive and Climate Smart Finance Action Group.
- Inclusive Green Finance - A regulatory perspective**, October 7, 2021. Speakers: Johanna Nyman, Head of Inclusive Green Finance at the Alliance for Financial Inclusion (AFI). Moderator: Davide Forcella, Head of GICSF AG, YAPU Solutions, CERMI. A link to "Download the presentation" is provided.
- Digital climate risk management: the case of Fundación Génesis Empresarial**, September 23, 2021. Speakers: Christoph Jungfleisch, CEO and Founder of YAPU Solutions & Ricardo Romero, Project Manager at Fundación Génesis.

Training on Green Inclusive Finance



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

*Interested
in attending
a training?
Contact us!*

1. Green Inclusive Finance

2. Green Strategy

3. Assessment & Management of
Vulnerabilities

4. Assessment & Management of Negative
Environmental Impacts

5. Green Financial and Non-Financial
Products and Services

6. Green Inclusive Finance and Gender

7. Green Inclusive Finance and Digitization



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NETWORKING WITH THE SOUTH



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Climate Smart Finance
ACTION GROUP

10 Years of Green Inclusive Finance Assessment

Motivation

Question:

What drives the evolution of green inclusive finance performance?

Steps toward solutions:

- ***Use the Green Index framework as a common language to translate available assessments into a consistent database***
- ***Analyze trends***

In this webinar:

Steps for data collection & structuring and results of the ongoing analysis
→ Looking for collaboration with sector stakeholders to generate common learnings

Methodology: Data Collection I

The GICSF-AG, its members, and sector stakeholders built a unique dataset:

- 13 different databases aggregated
- **1233 environmental assessments**
- **866 individual FSPs worldwide**
- Timeframe: 2011-19

Methodology: Data Collection II

The 13 databases were previously used for research and consultancy work. All data underwent detailed quality control and cleaning, including triangulation of information, consistency checks, and auditing of answers for certain databases.

Data sources:

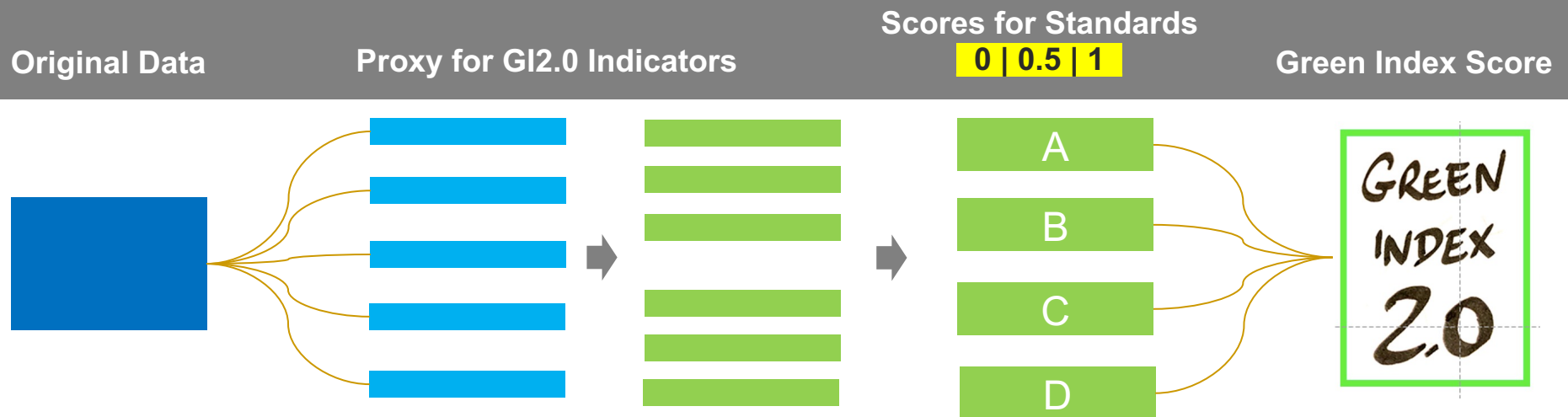


- Assessment, analysis, & publication done by the GICSF-AG
- Data visualization provided by  HEDERA

Methodology: Data Aggregation

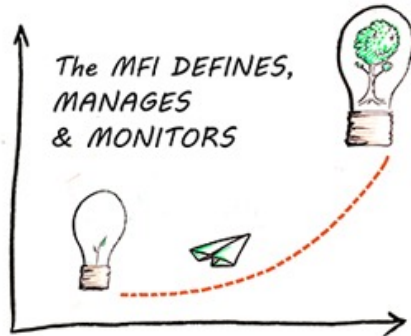
Using the **Green Index** as a common framework, despite the heterogeneity of the various datasets, we implemented:

- A robust aggregation process with the goal to obtain a unique dataset containing data linked to Green Index 2.0 indicators from each environmental assessment
- This process included the development of **common proxies** in each survey for the **Green Index 2.0** indicators





1



its ENVIRONMENTAL STRATEGIES

2

The MFI manages its



INTERNAL
ENVIRONMENTAL
RISKS

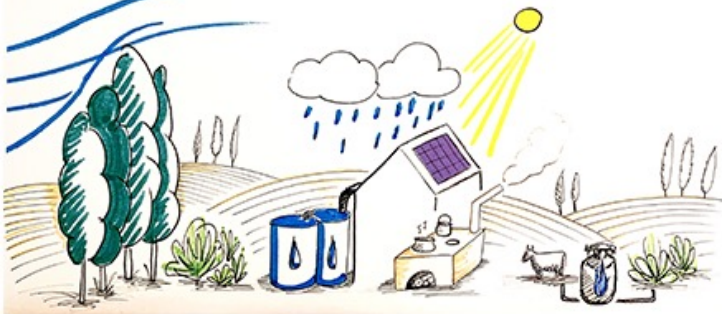


GREEN INDEX 2.0

4

The MFI
FOSTERS /

GREEN
OPPORTUNITIES



3

The MFI manages its
EXTERNAL



ENVIRONMENTAL
RISKS



Methodology: Data Cleaning

Consistency check: To check the consistency of the resulting database, we compared the average scores of Green Index 2.0 standards, essential practices, and indicators to those reported in two other independent databases that contained environmental assessments:

- 2014-2019 with the Green Index in the SPI4
(29 environmental assessments with the Green Index 1.0 in the period 2014-2016; 69 environmental assessments with the Green Index 2.0 in the period 2016-2019)
- Environmental information covered in the 245 social ratings done by MicroFinanza Rating (MFR) in the period 2007-2022

In order to complete the information related to environmental performance, the resulting database was merged with social and financial data provided by ATLAS



EUROPEAN
MICROFINANCE
PLATFORM

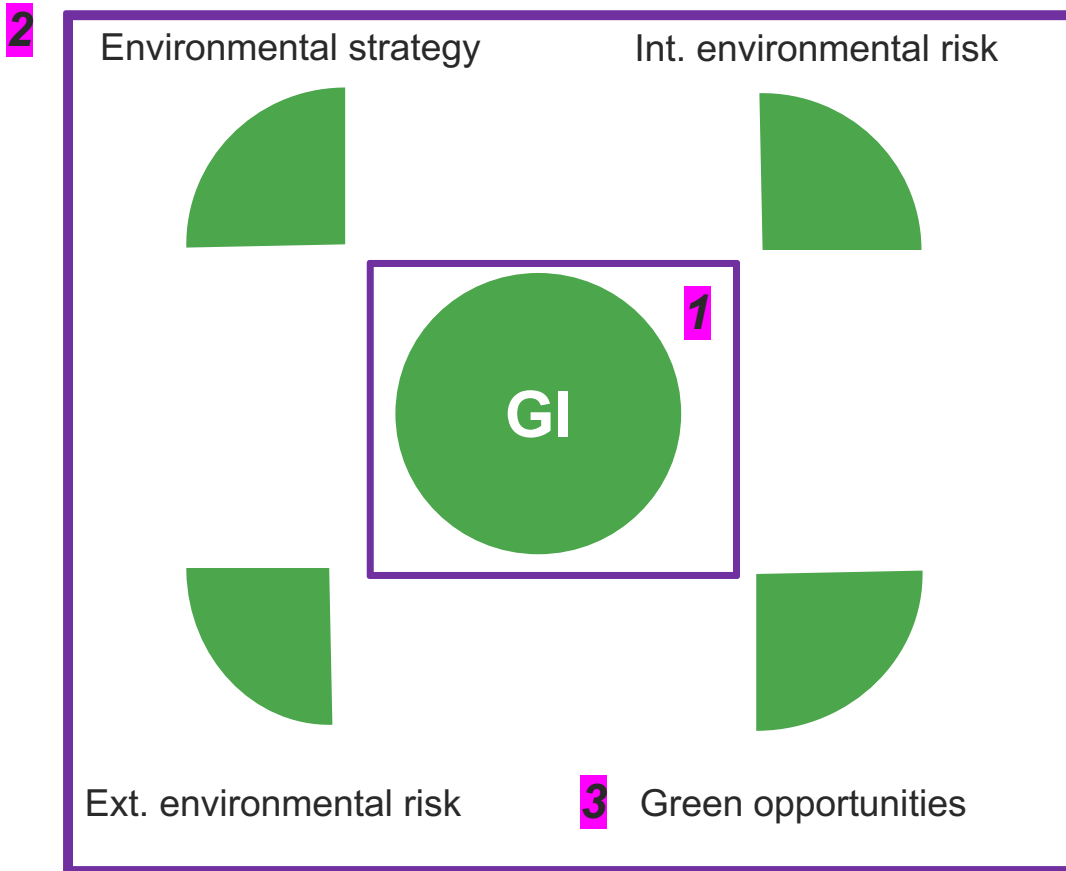
NETWORKING WITH THE SOUTH



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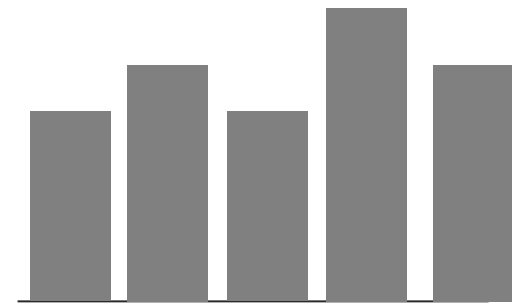
Results

Methodology

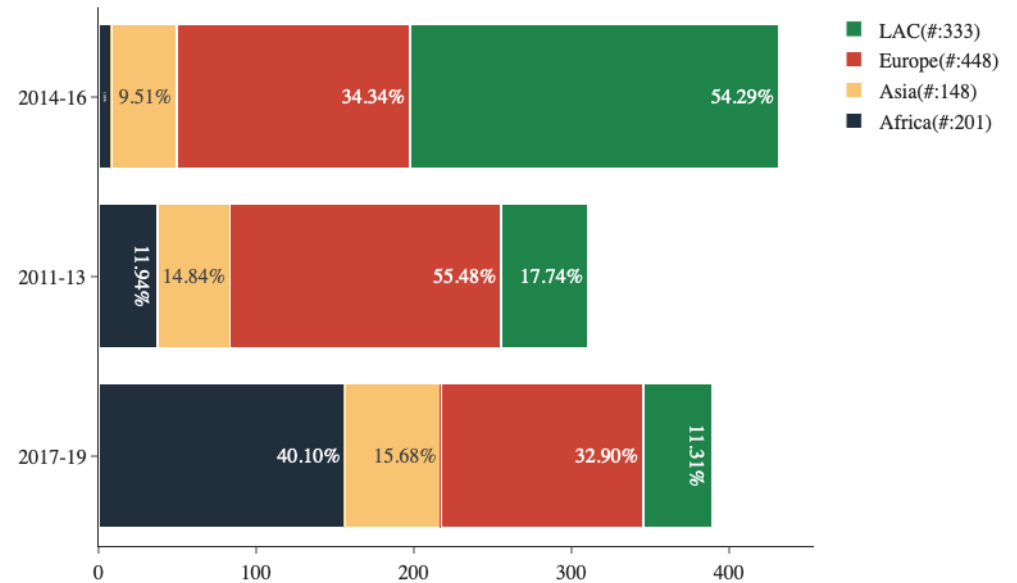
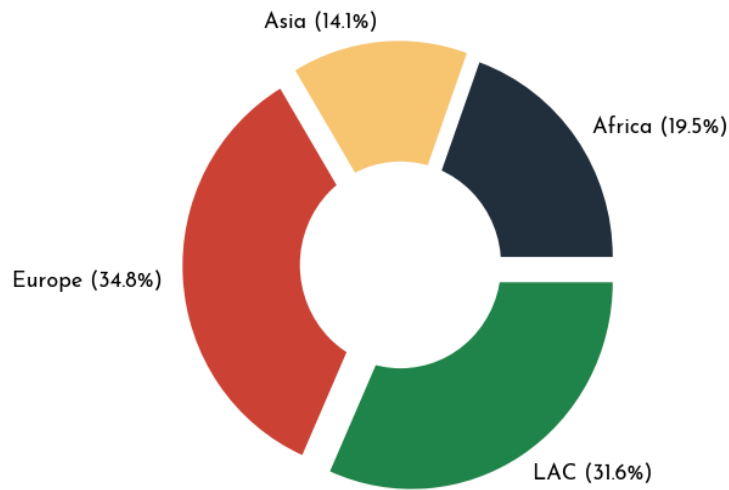


For each aspect:

- Disaggregation per continent
- Trends over time



Sample: The Database



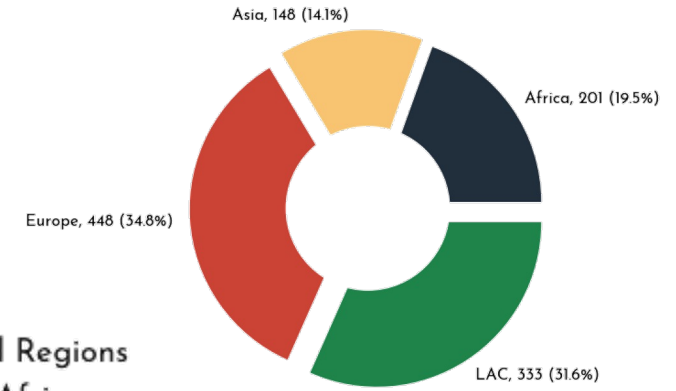
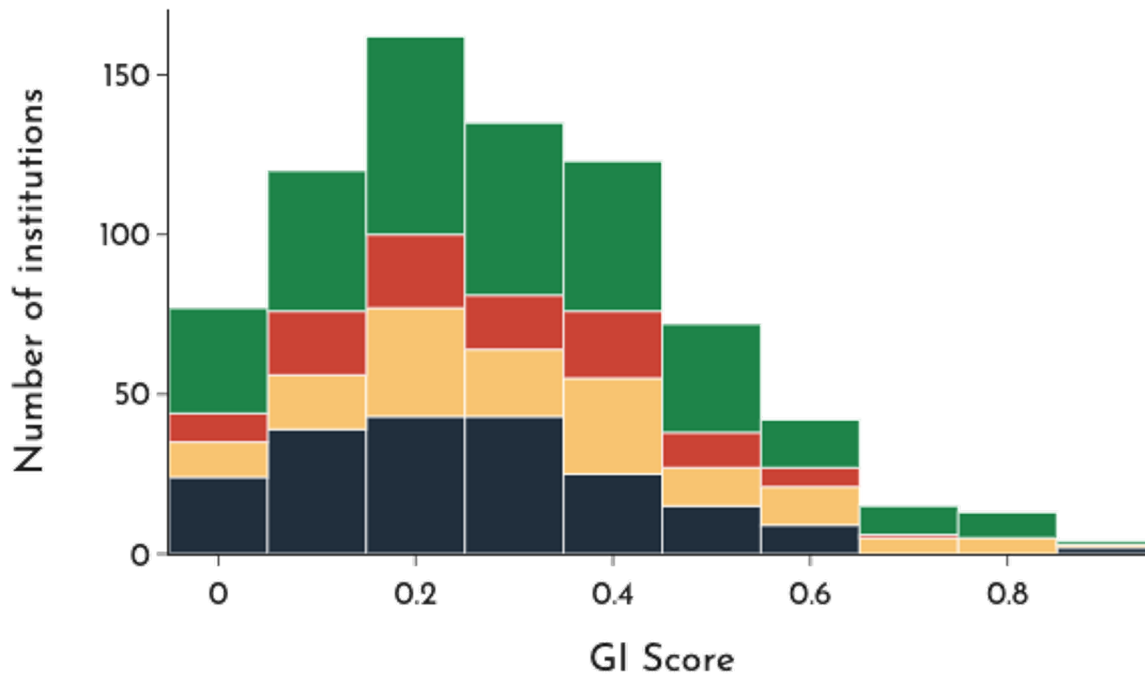
Total environmental assessments : 1130

Number of FSPs: 866

FSPs that repeated assessments (at least 2): 112

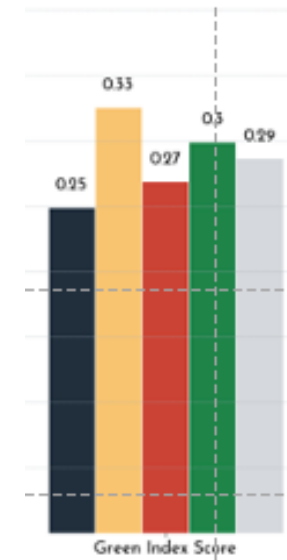
1 Overall Score Distribution

GI Score

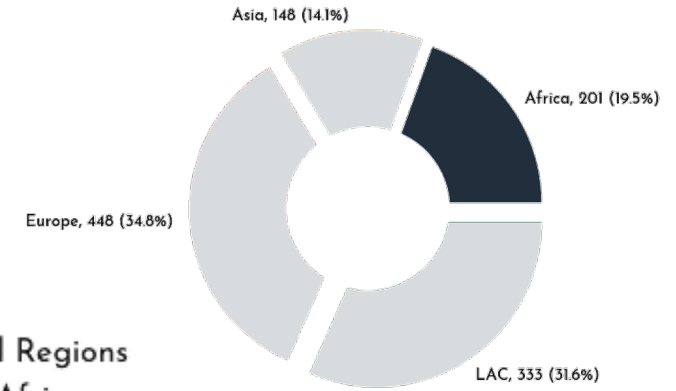
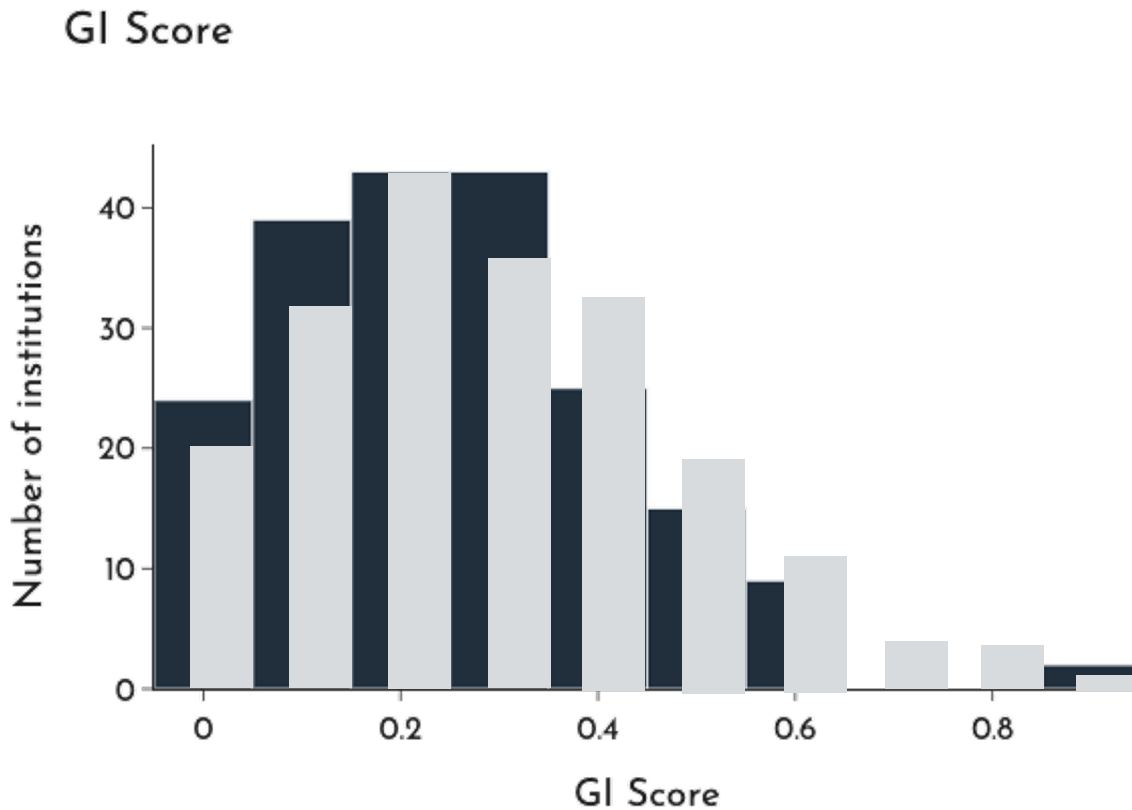


World Regions

- Africa
- Asia
- Europe
- LAC

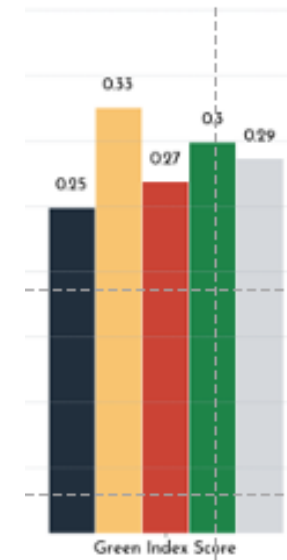


Overall Score Distribution: Africa



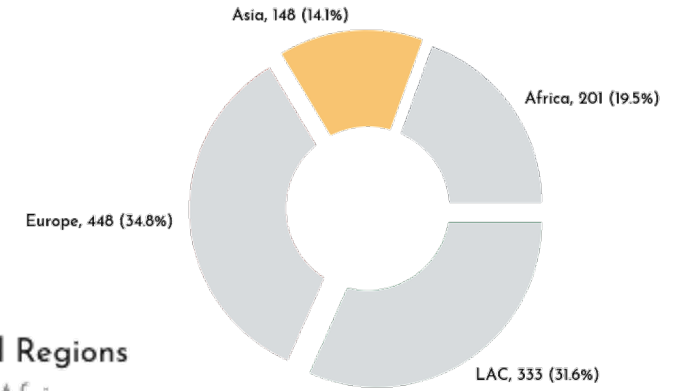
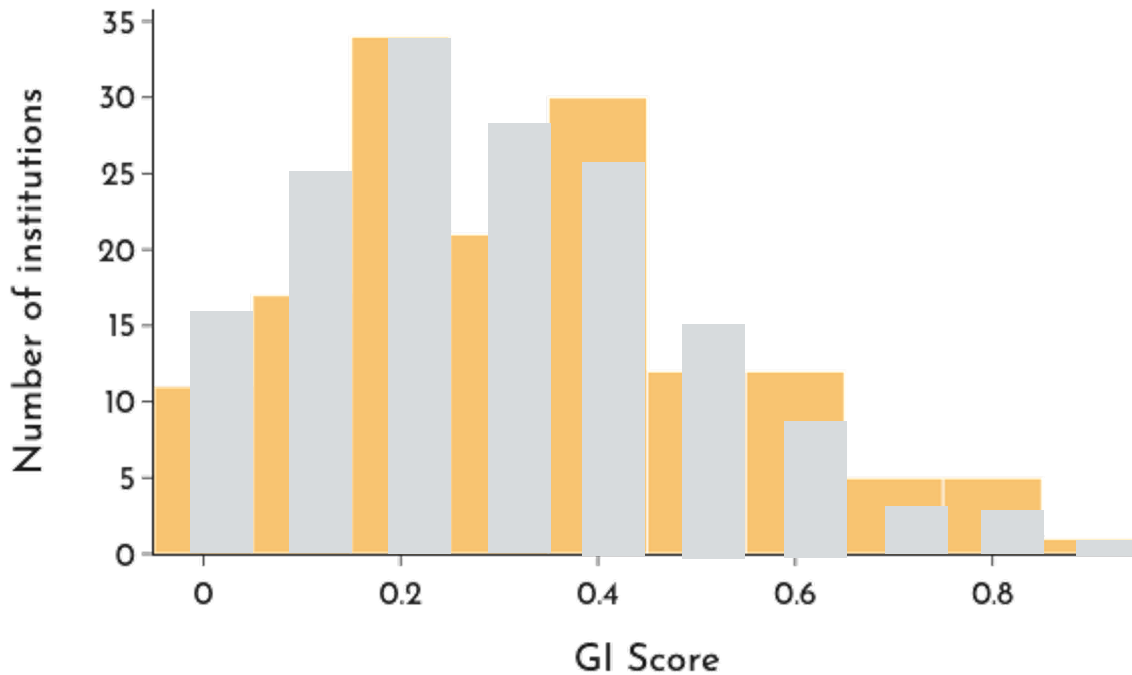
World Regions

- Africa
- Asia
- Europe
- LAC



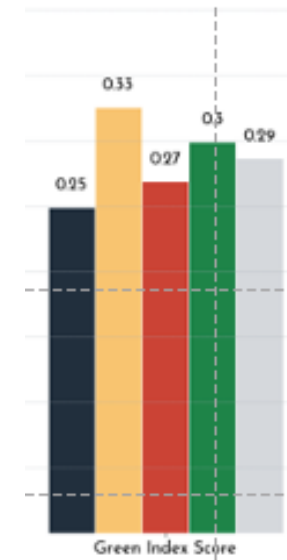
Overall Score Distribution: Asia

GI Score

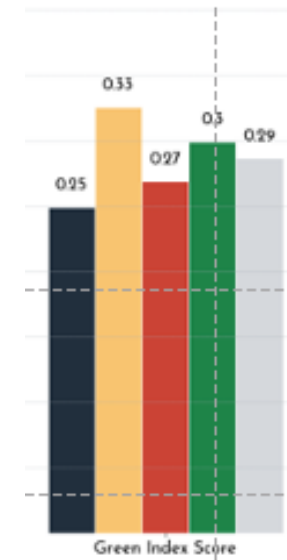
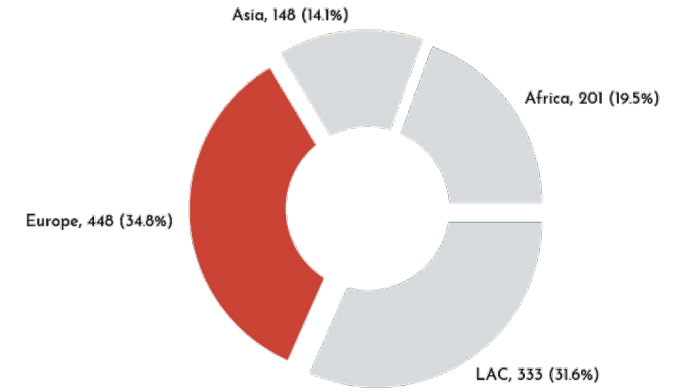
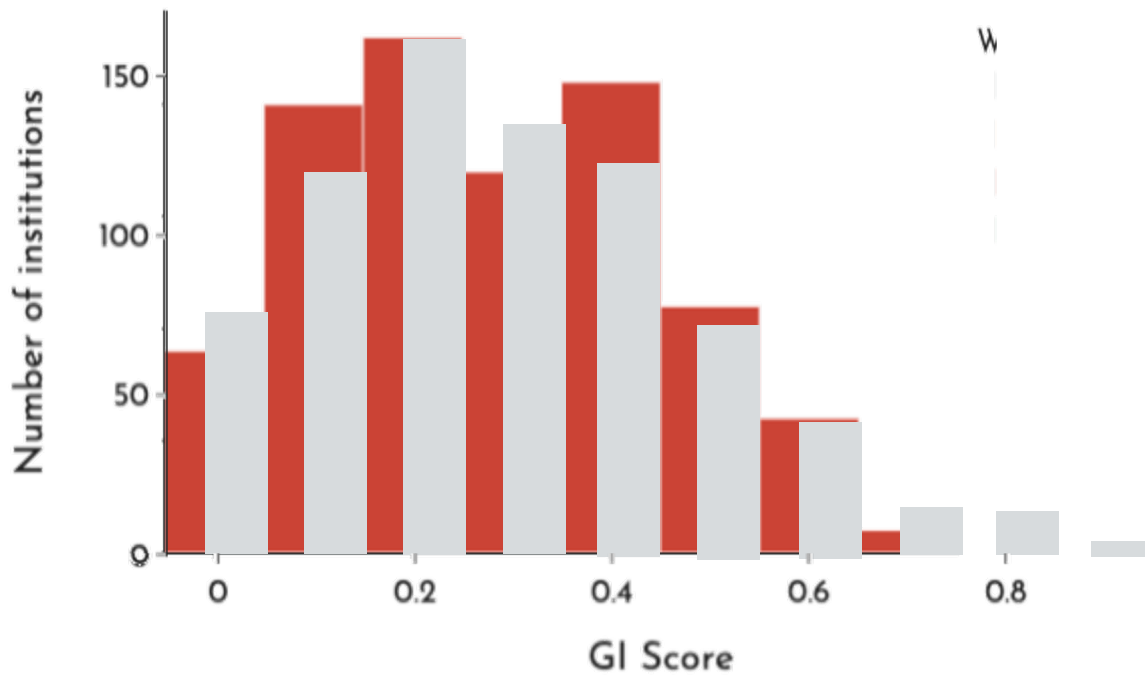


World Regions

- Africa
- Asia
- Europe
- LAC

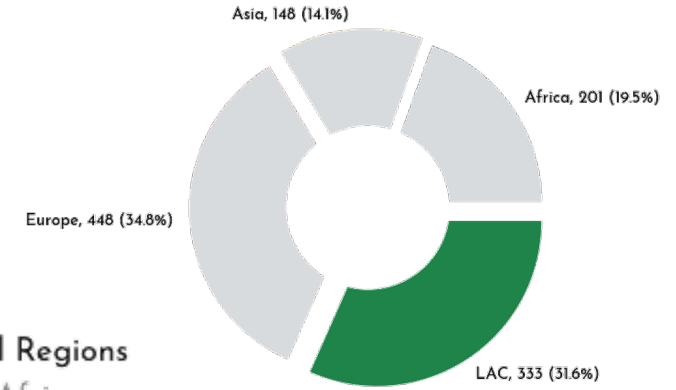
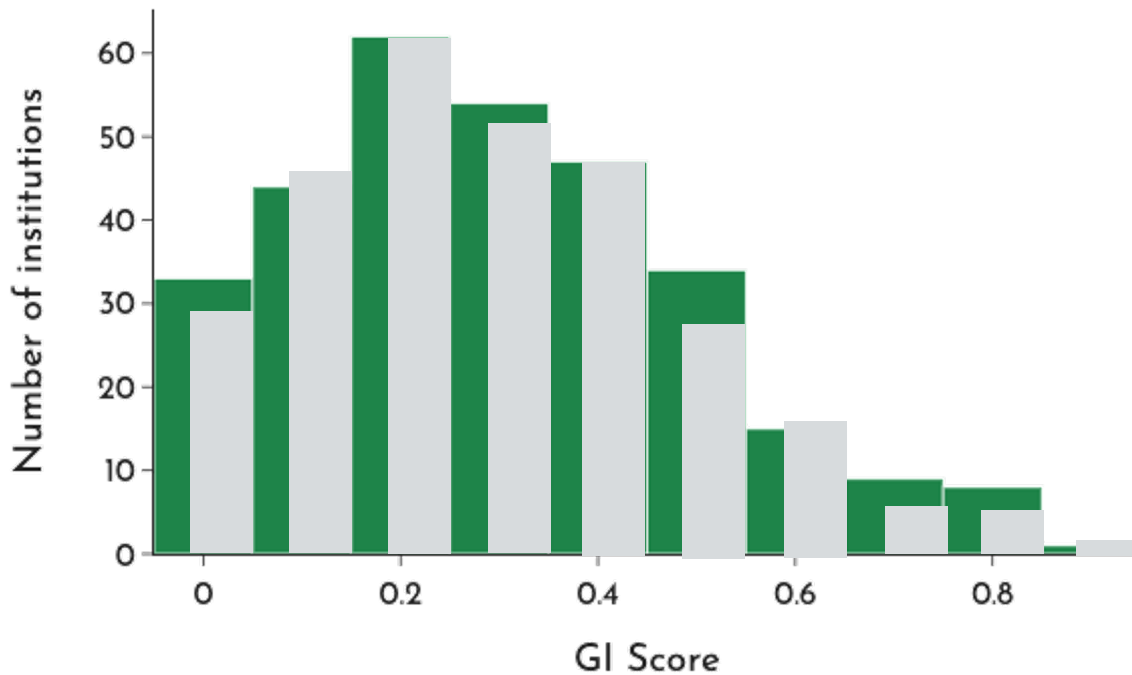


Overall Score Distribution: Europe



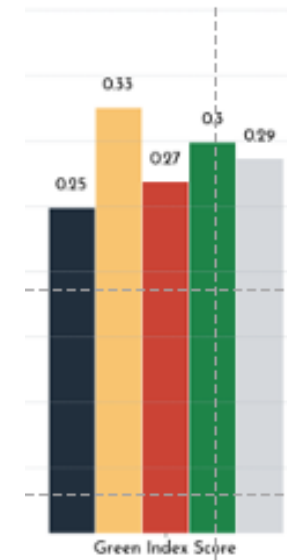
Overall Score Distribution: LAC

GI Score

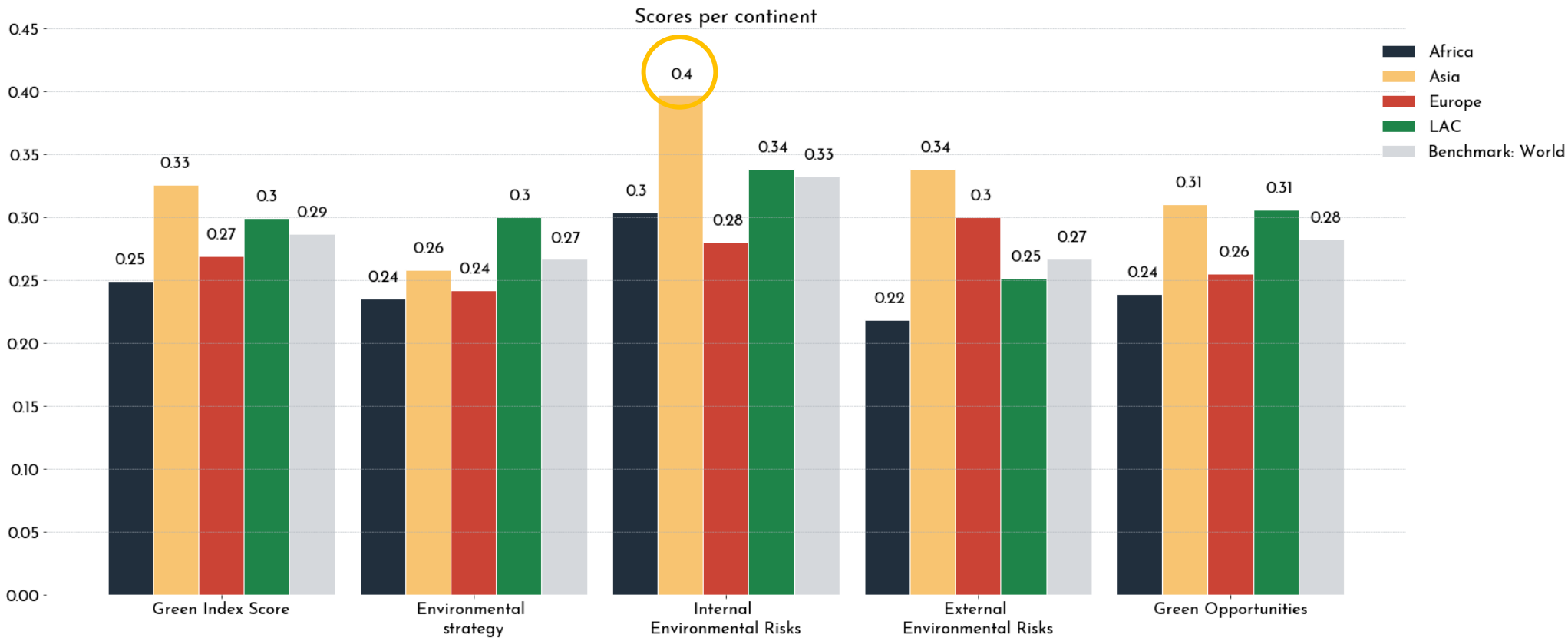


World Regions

- Africa
- Asia
- Europe
- LAC

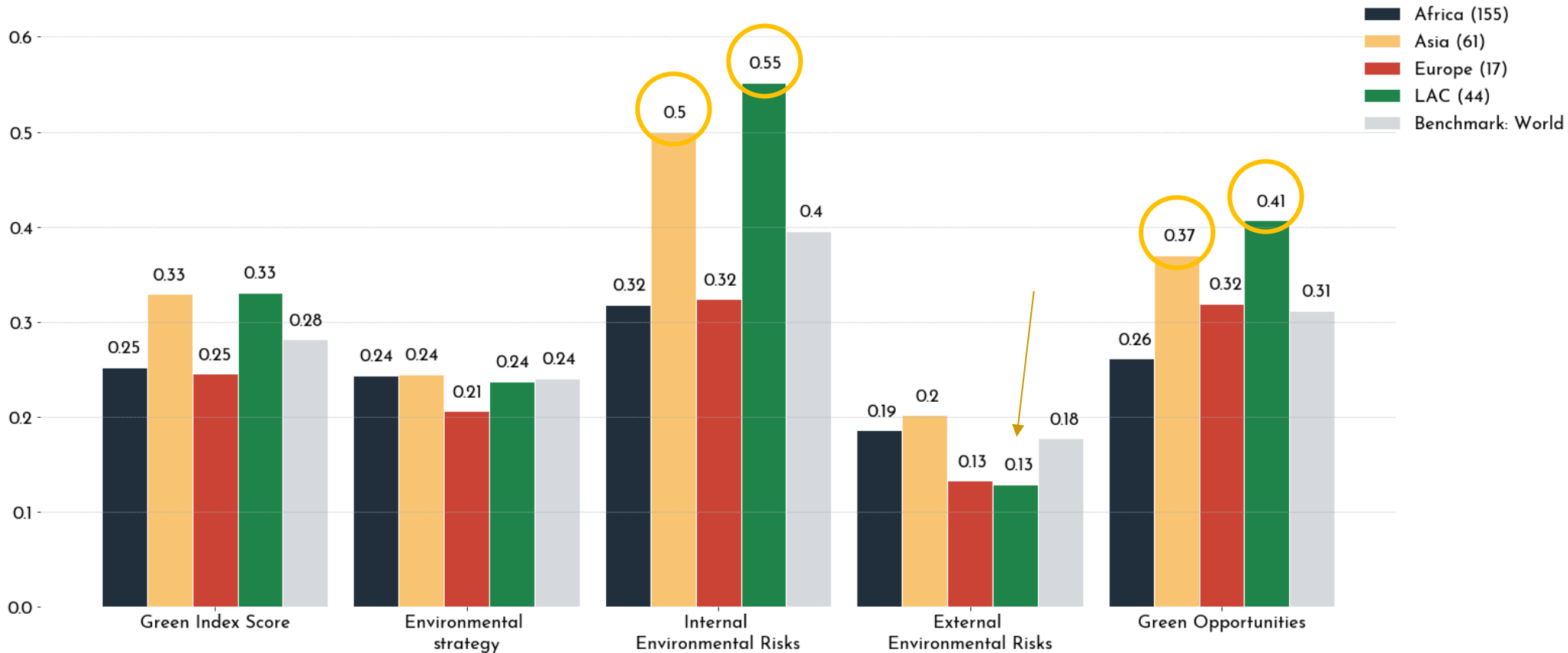


2 Overall & Standard Score Distribution Across Continents (2011-2019)

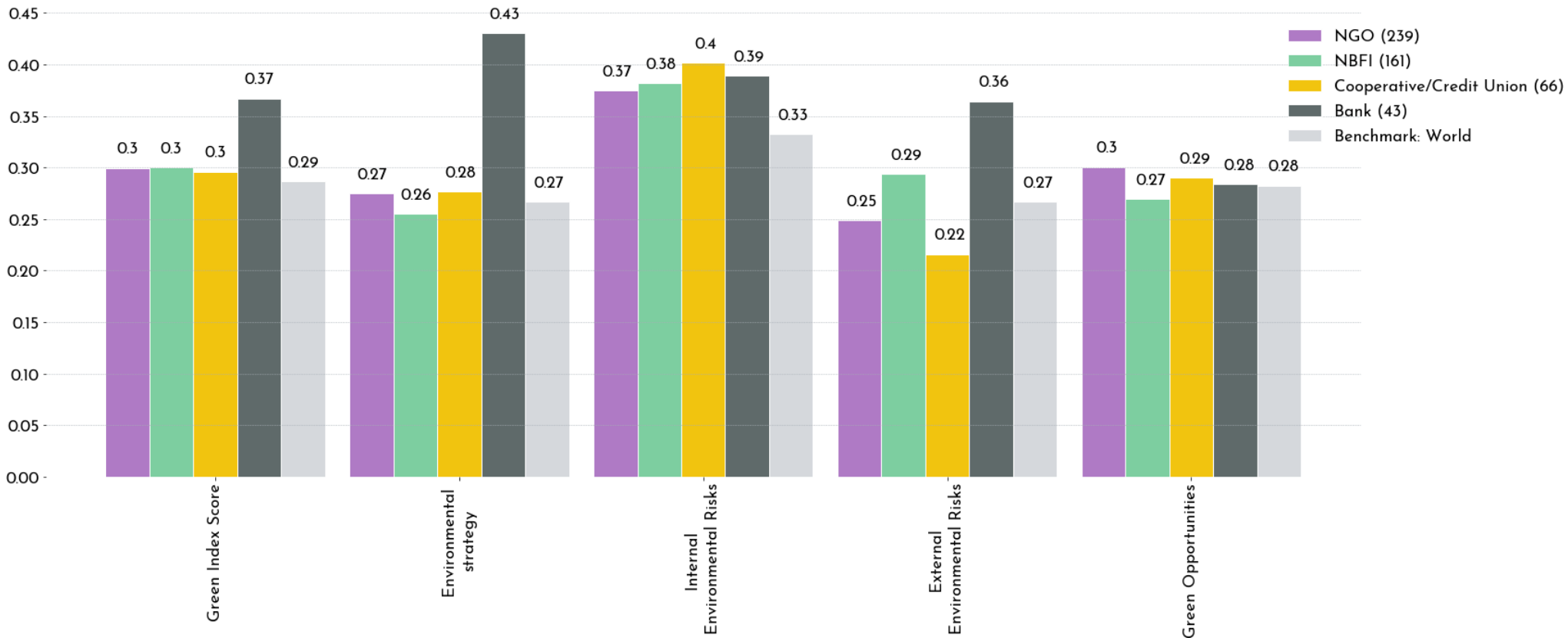


Overall & Standard Score Distribution Across Continents (2017-19)

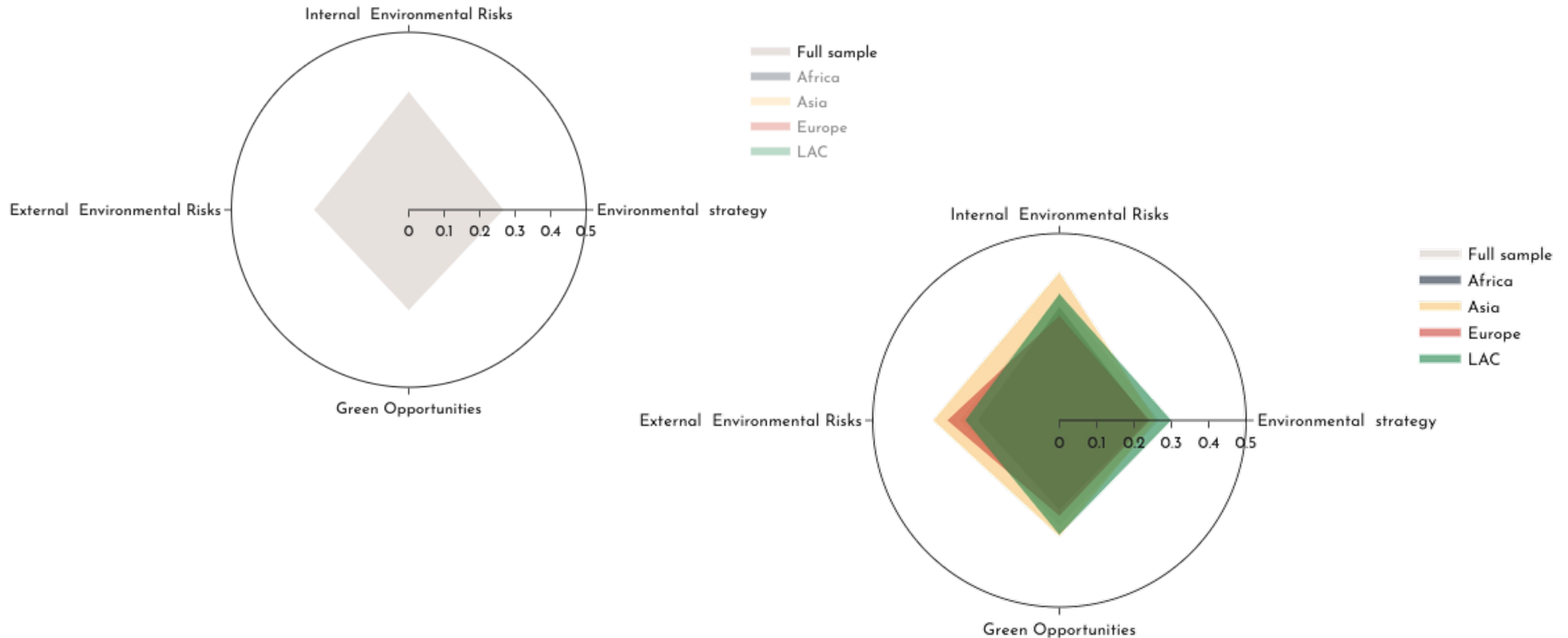
Scores per continent



Overall & Standard Score Distribution per FSP Type



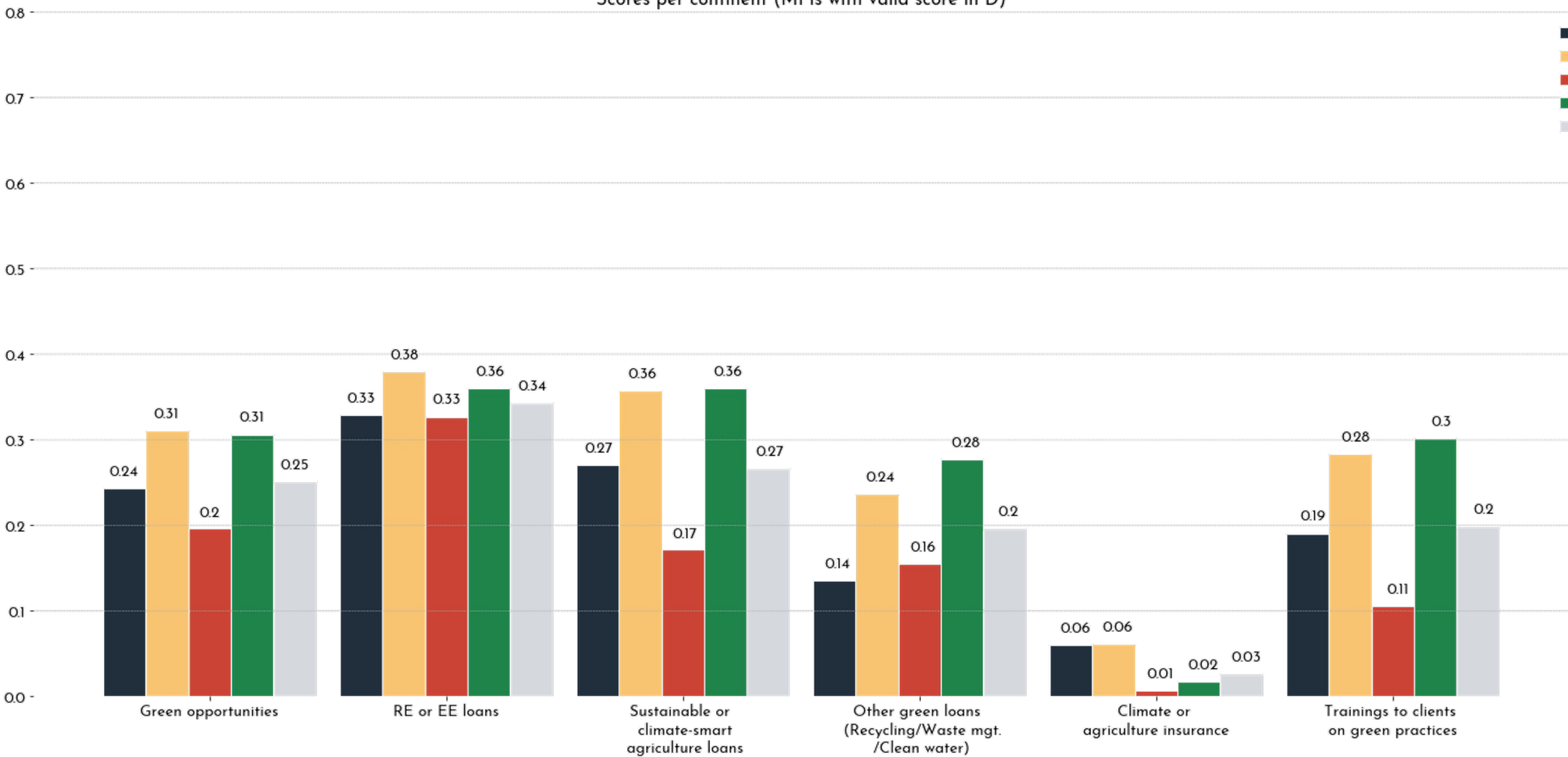
Overview of Results Across Continents



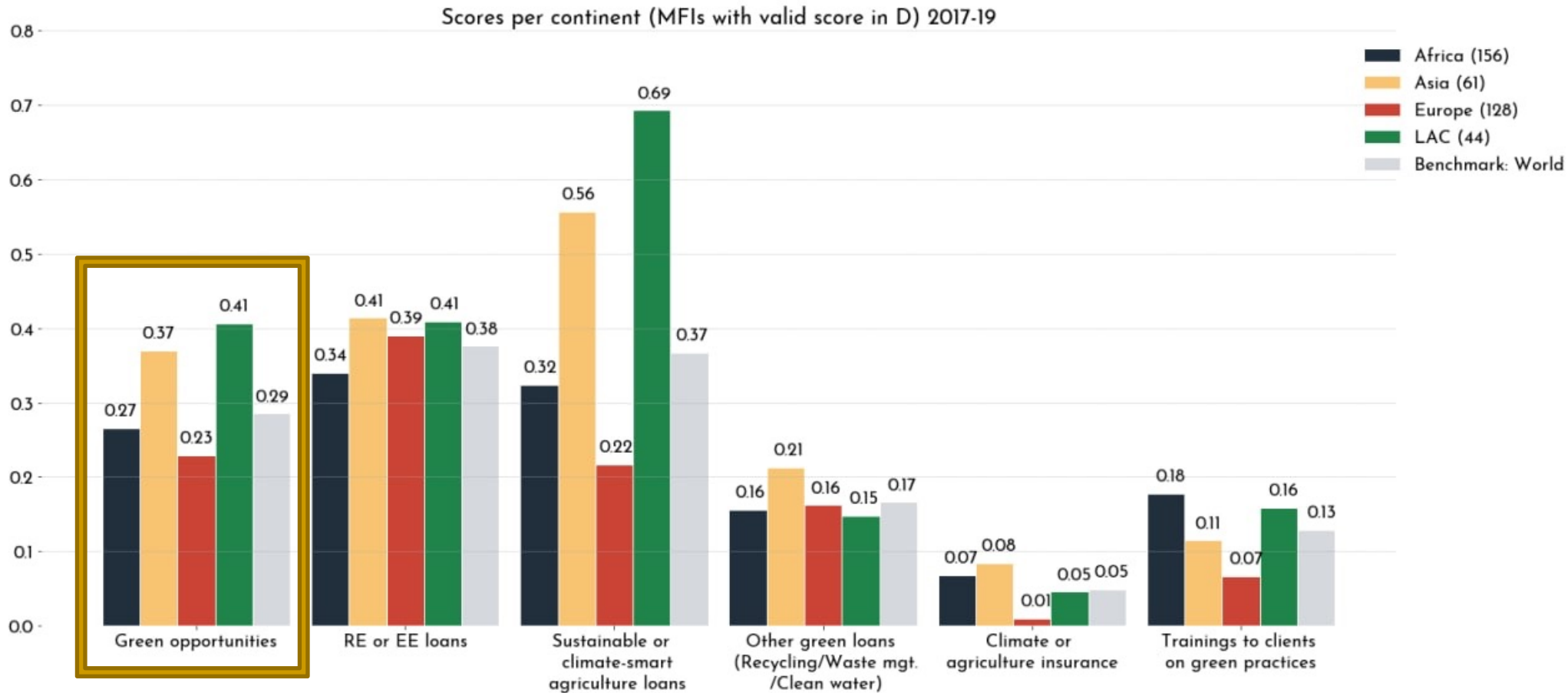
Results - Green Opportunities

Scores per continent (MFIs with valid score in D)

- Africa
- Asia
- Europe
- LAC
- Benchmark: World

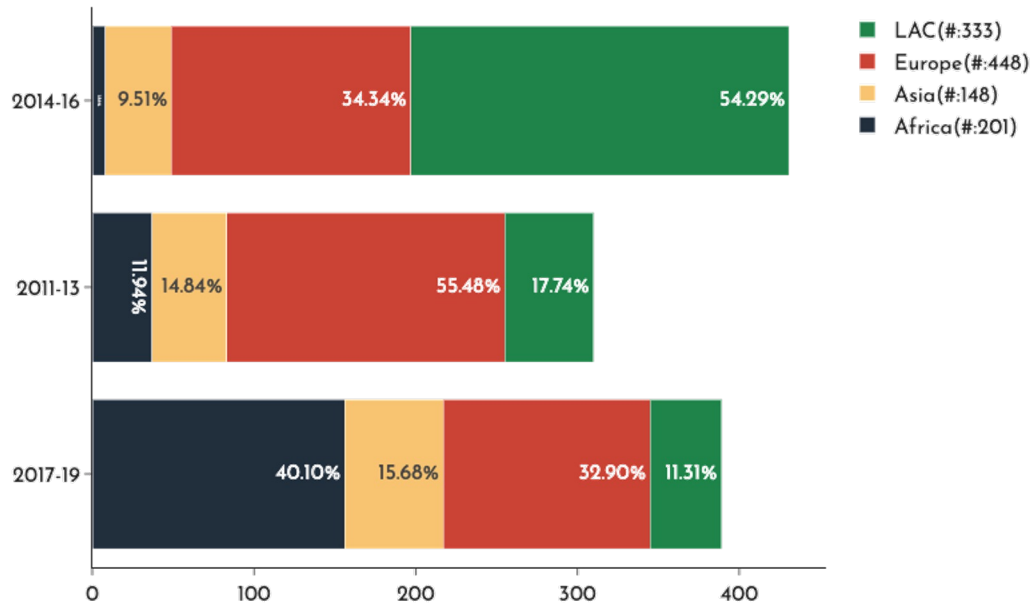


Results - Green Opportunities (2017-2019)

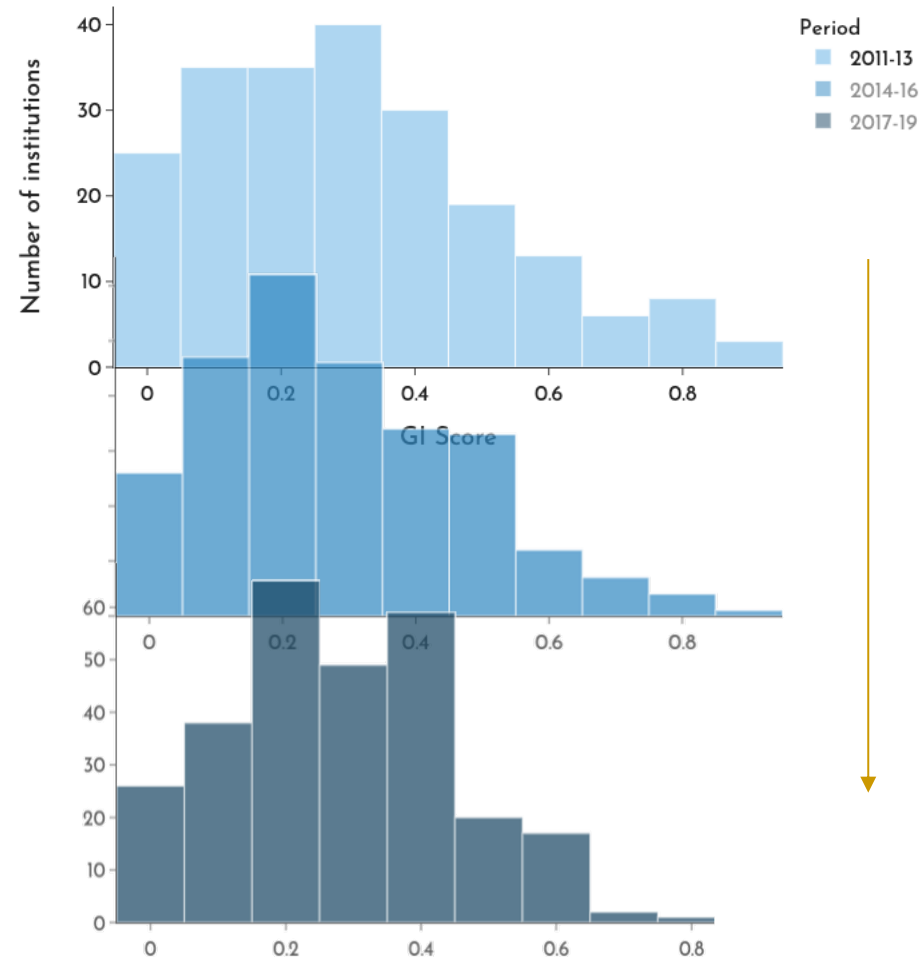


Score Evolution Over Time

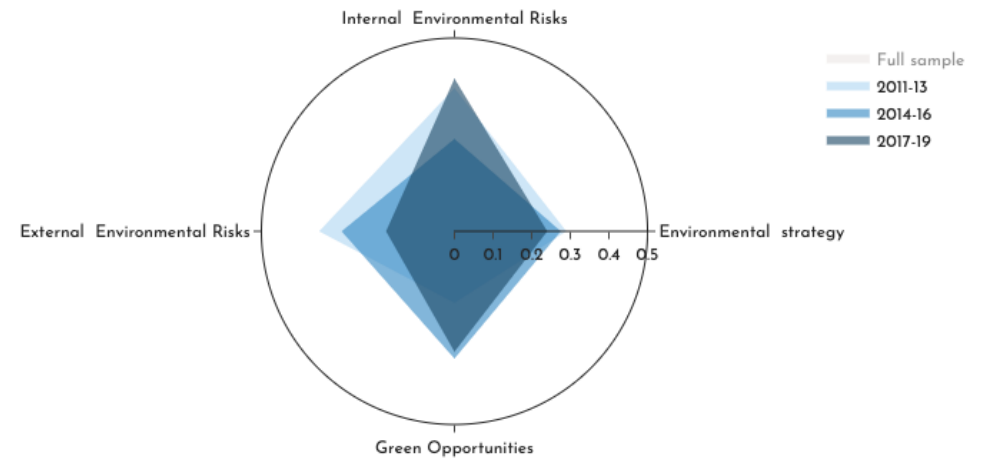
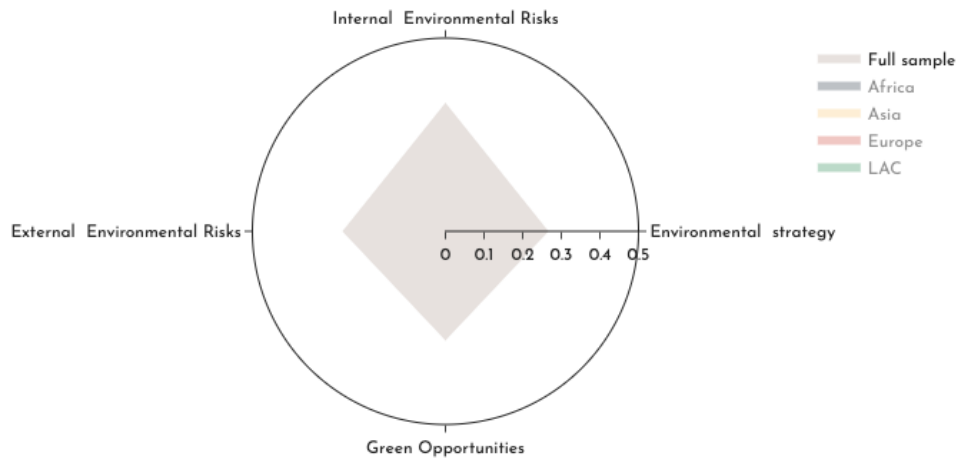
Audits per Year and Region



GI Score

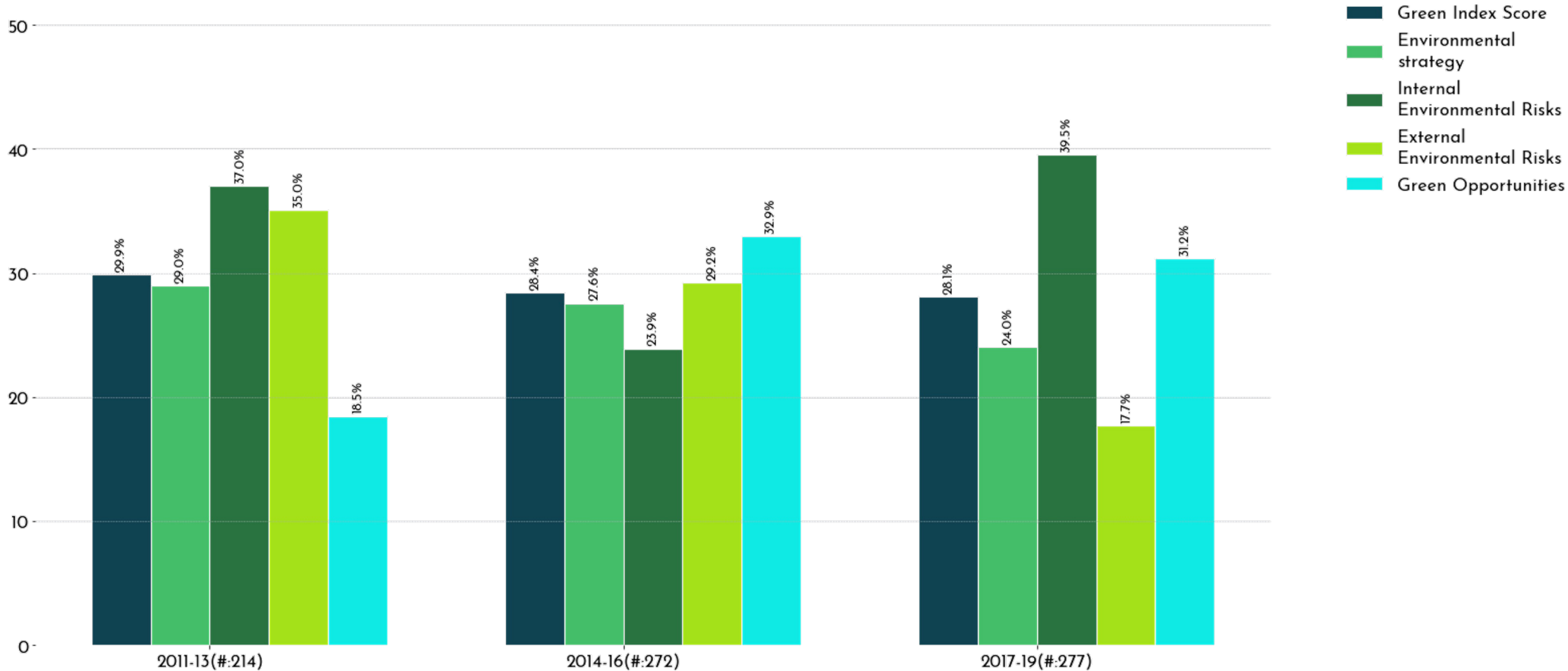


Overview of Results Across Time Periods



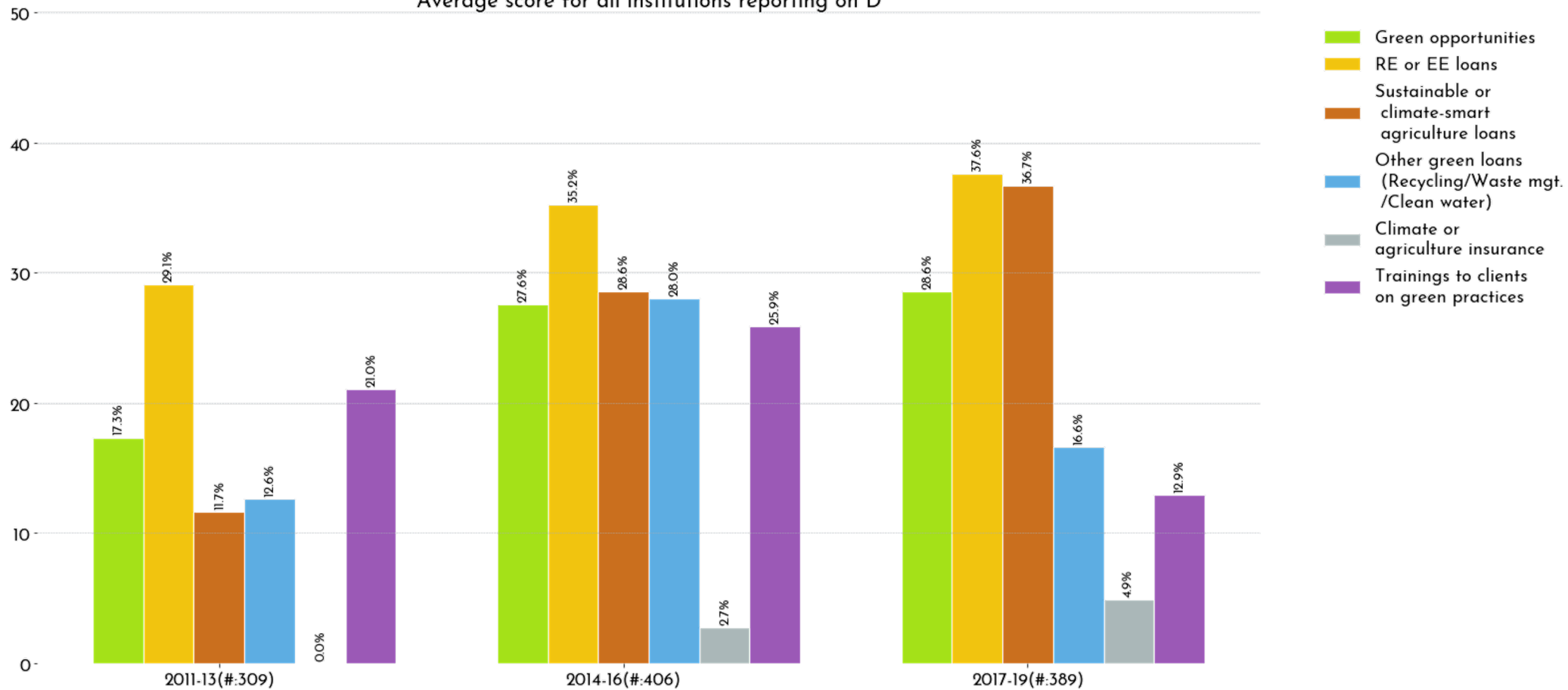
Trends

Average score for all institutions reporting on all standards



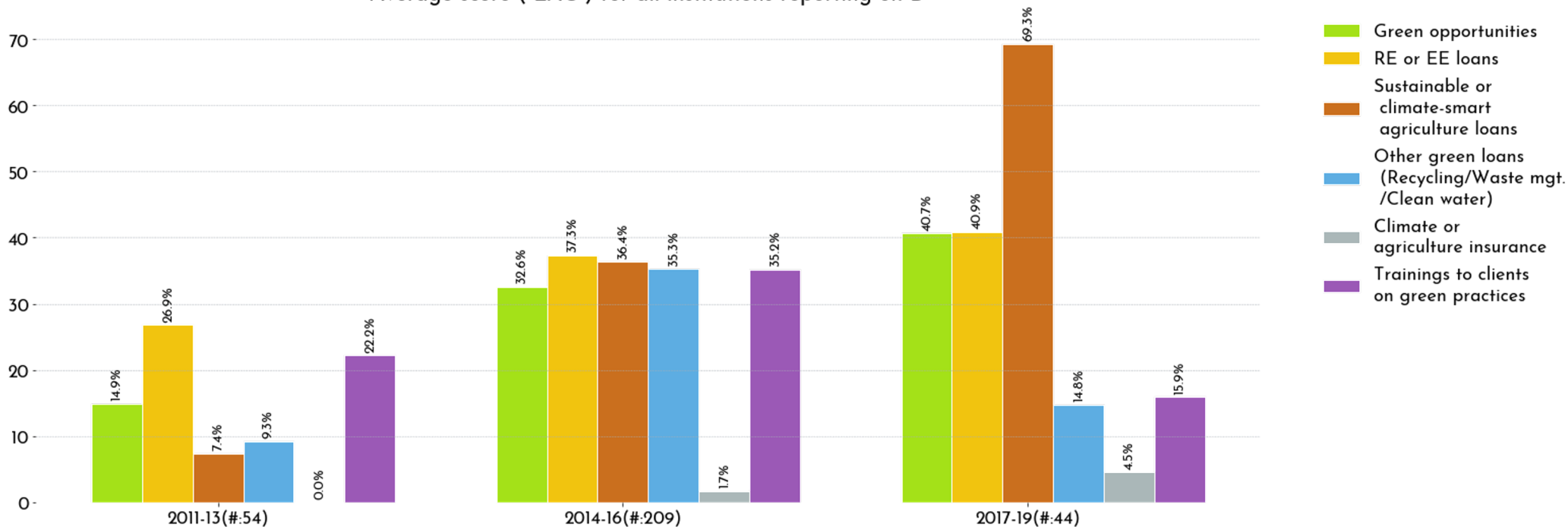
Trends: Green Opportunities

Average score for all institutions reporting on D



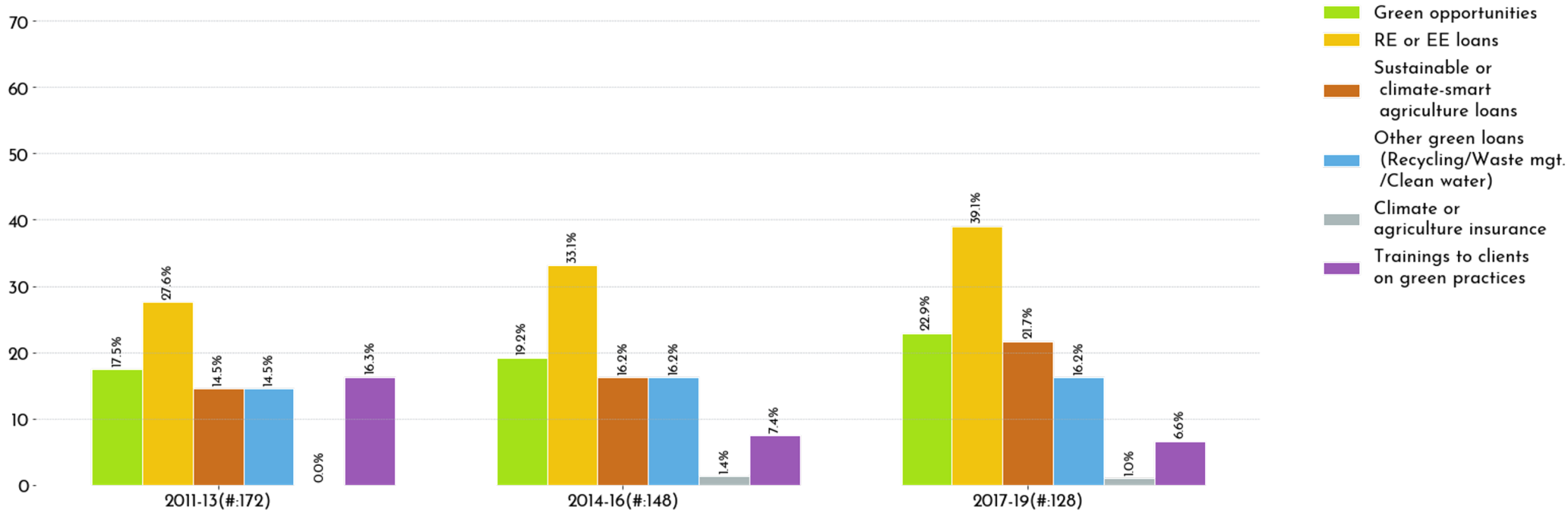
Trends: Green Opportunities (LAC)

Average score (LAC) for all institutions reporting on D



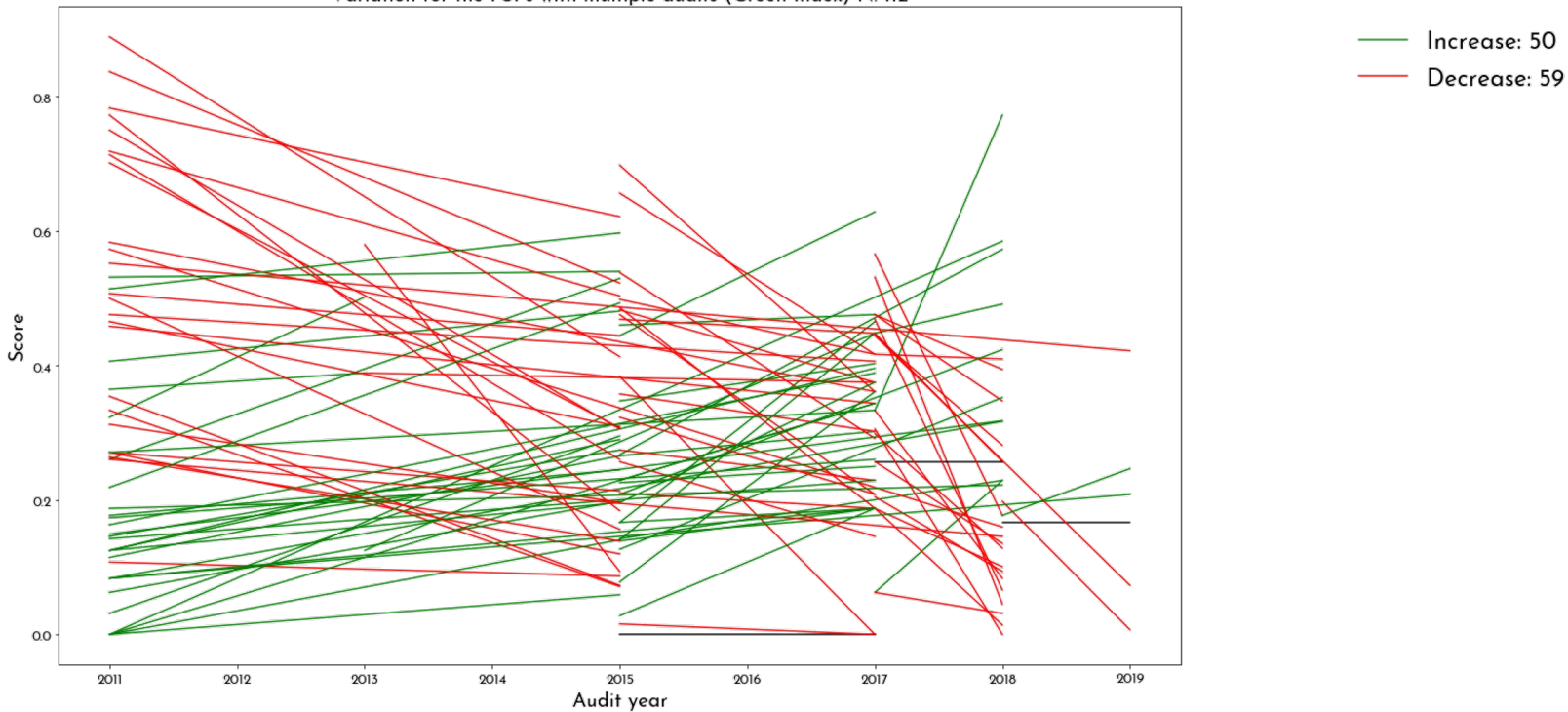
Trends: Green Opportunities (Europe)

Average score (Europe) for all institutions reporting on D



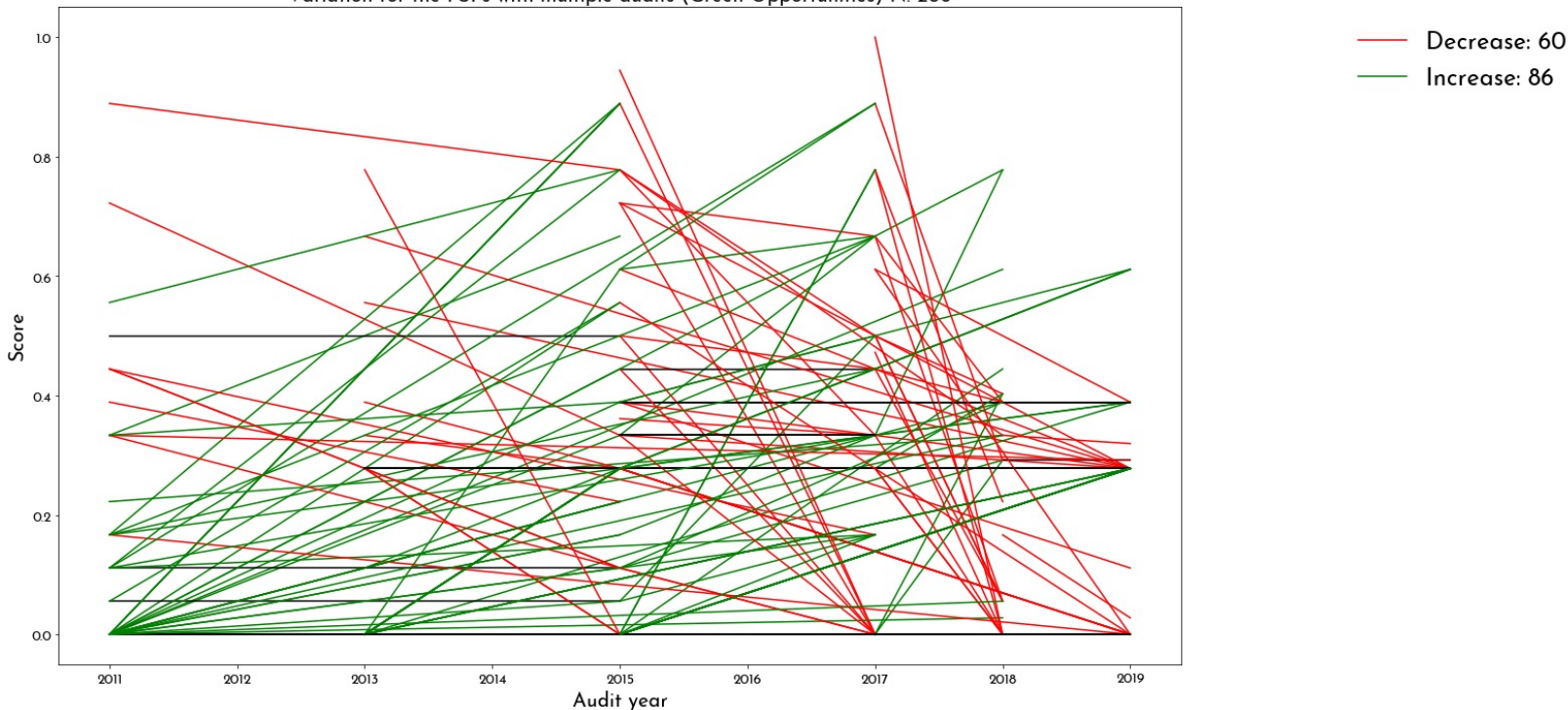
Trends: FSPs with Multiple Evaluations

Variation for the FSPs with multiple audits (Green Index) N: 112



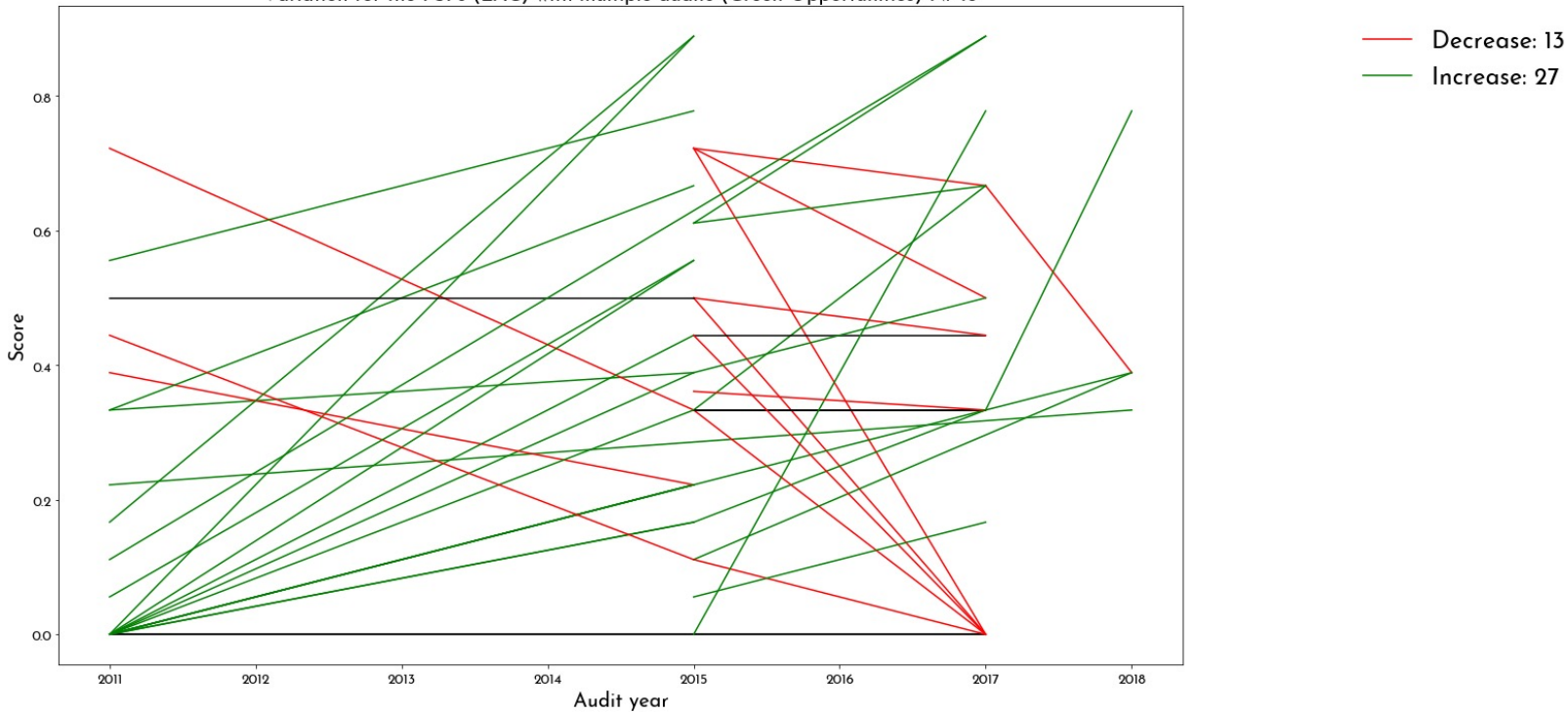
Trends: FSPs with Multiple Evaluations (Green Opp.)

Variation for the FSPs with multiple audits (Green Opportunities) N: 206



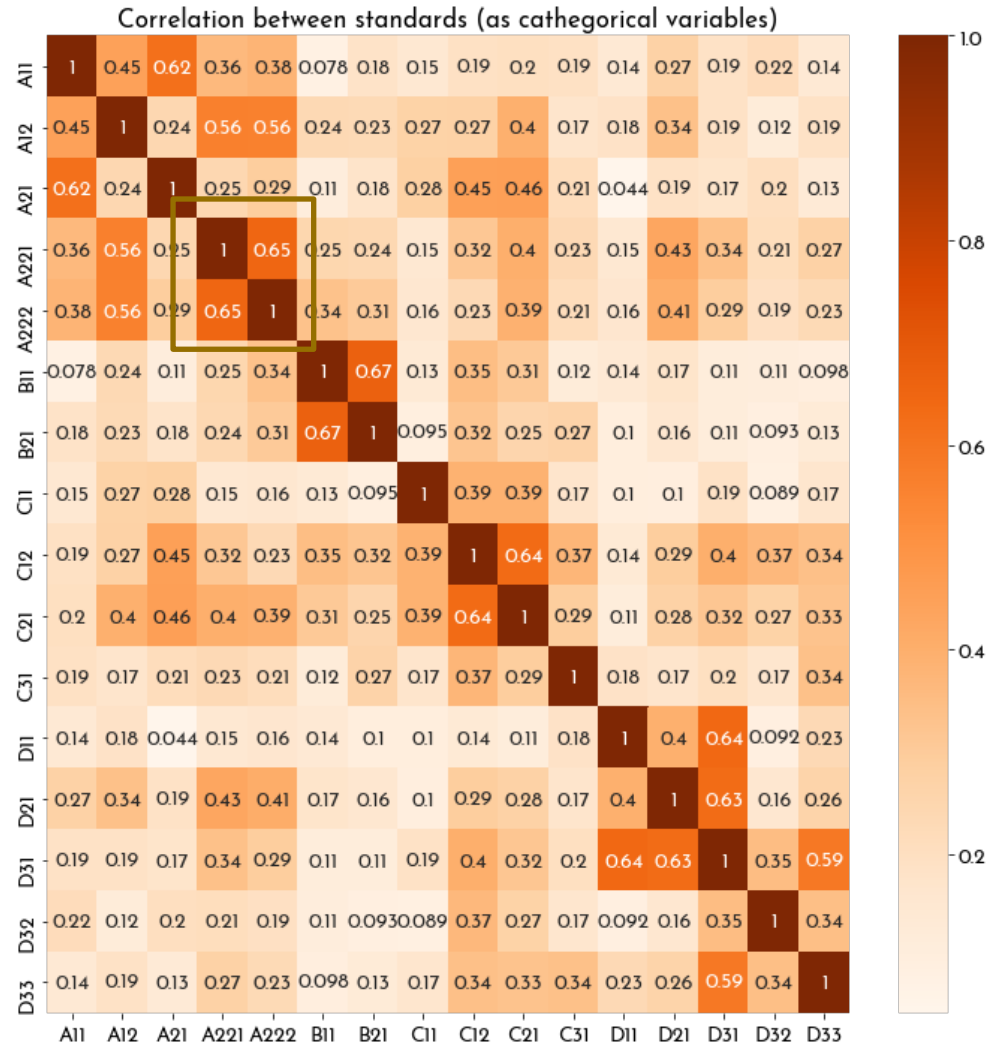
Trends: FSPs with Multiple Evaluations (Green Opp. in LAC)

Variation for the FSPs (LAC) with multiple audits (Green Opportunities) N: 48



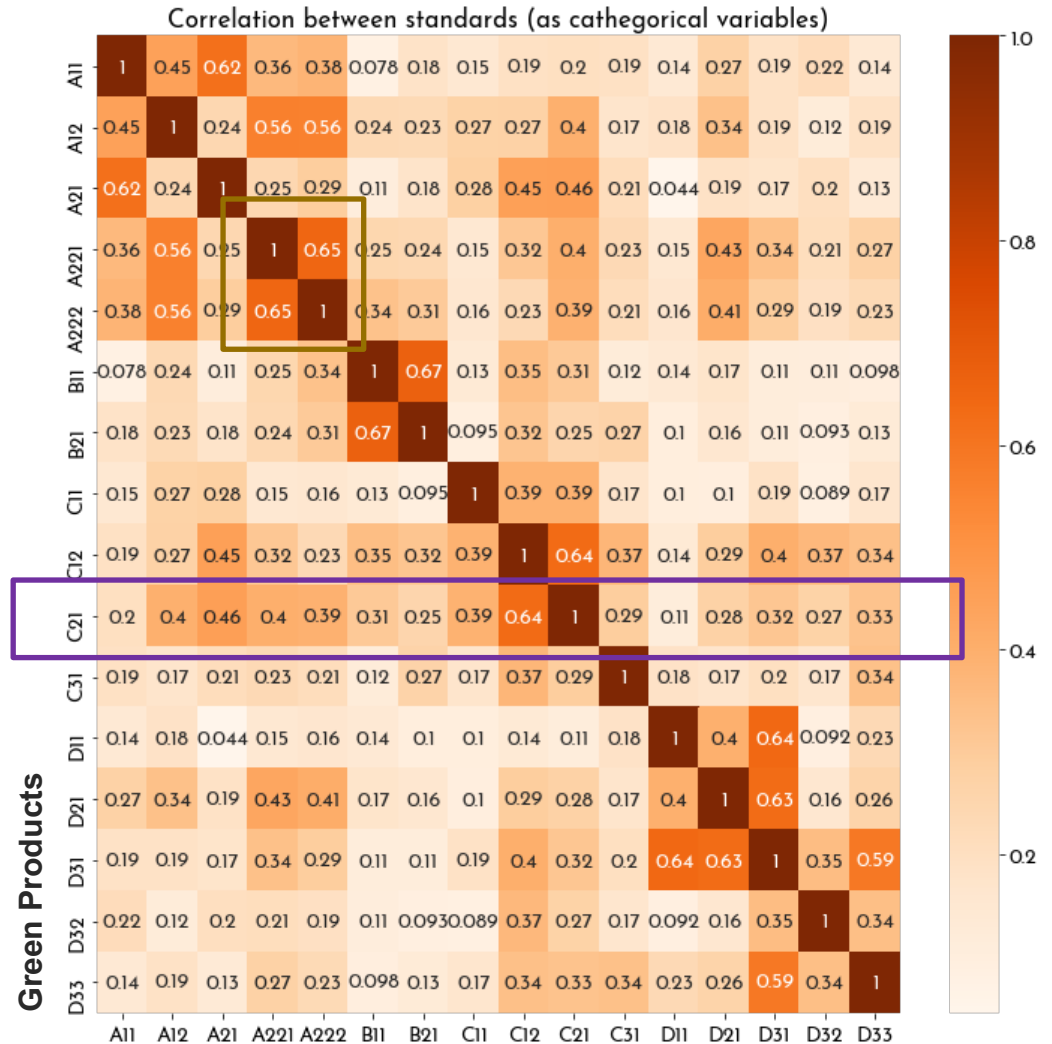
Correlations

7 A A	The institution defines, manages and monitors its environmental strategy.
7 A 1	The institution defines its environmental strategy.
7 A 1 1	The institution formalizes environmental protection in the mission or values.
7 A 1 2	The institution has a formal environmental policy which specifies its environmental goals, targets, and indicators.
7 A 2	The institution manages and monitors its environmental strategy.
7 A 2 1	The institution has a person or a committee appointed to manage environmental issues.
7 A 2 2	The institution reports on its environmental performance and practices through:
7 A 2 2 1	Internal reports (to the Board, to investors)
7 A 2 2 2	Public reports (annual reports)



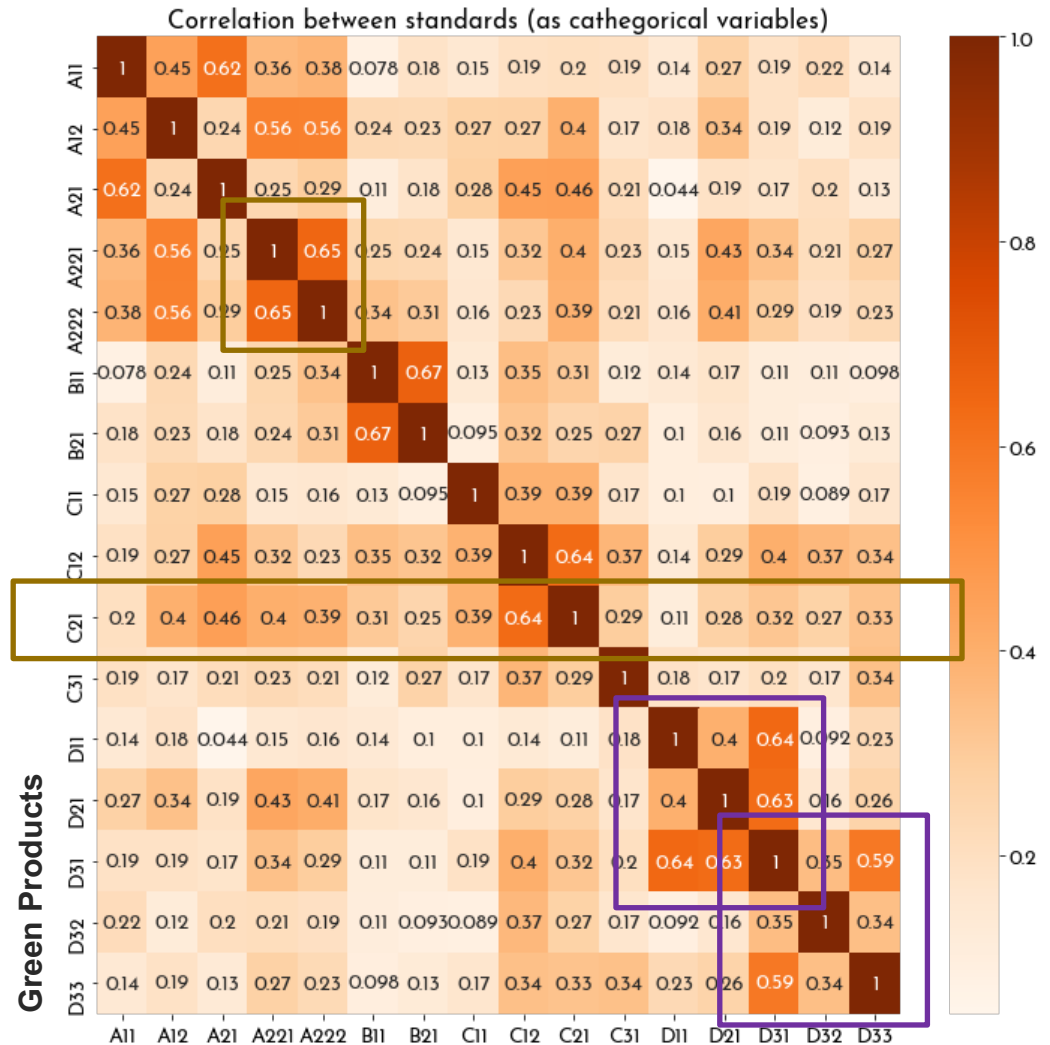
Correlations

7 B	The institution manages its internal environmental risks.
7 B 1	The institution implements actions to reduce its internal ecological footprint.
7 B 1 1	The institution implements two or more actions to use renewable energy sources, recycle waste produced, and/or reduce energy usage, water usage, paper usage, fuel consumption, waste production and/or greenhouse gas emissions at headquarters and branches.
7 B 2	The institution monitors its internal ecological footprint.
7 B 2 1	The institution tracks the achievement of two or more quantitative targets set for energy usage, water usage, paper usage, fuel consumption, waste production, and/or greenhouse gas emissions at headquarters and branches.
7 C	The institution manages its external environmental risks.
7 C 1	The institution evaluates the level of environmental risk of its clients.
7 C 1 1	The institution uses specific tools to evaluate the environmental risks of clients' activities.
7 C 1 2	The institution trains loan officers on how to evaluate the environmental risks of its clients' activities.
7 C 2	The institution includes the level of environmental risk as a factor in the loan approval process.
7 C 2 1	The institution categorizes loan applications according to the level of environmental risk and applies specific procedures according to each risk category.
7 C 3	The institution raises clients' awareness on environmental risks linked to clients' activities and possible mitigation strategies.
7 C 3 1	The institution conducts activities to raise clients' awareness on environmental risks linked to clients' activities and on possible mitigation strategies.

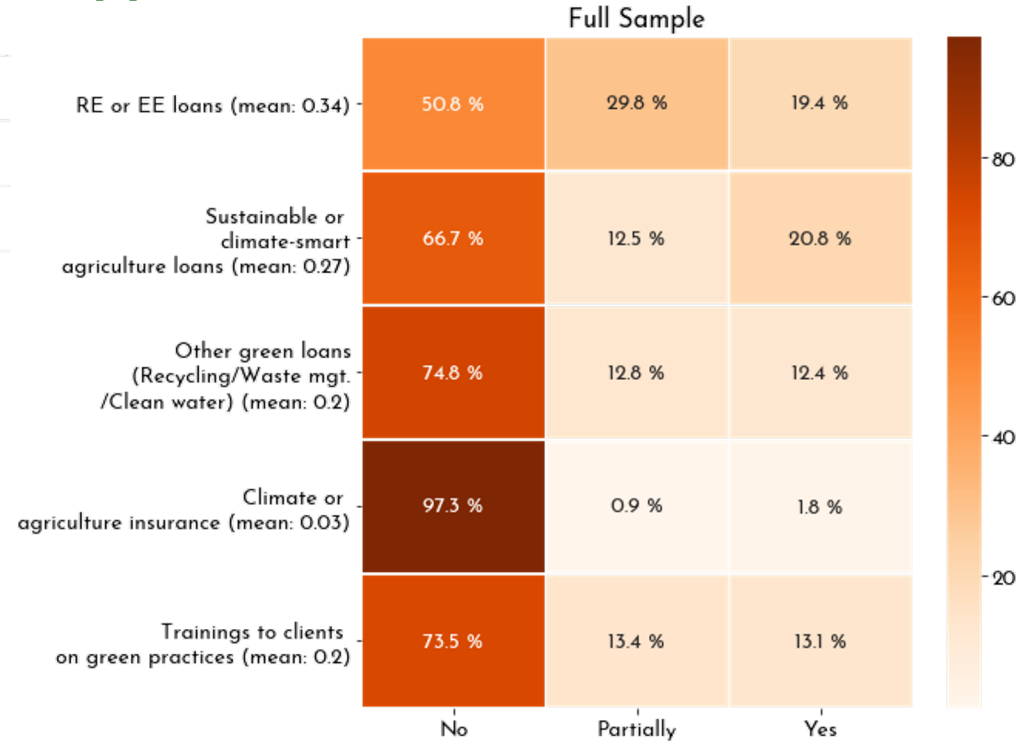
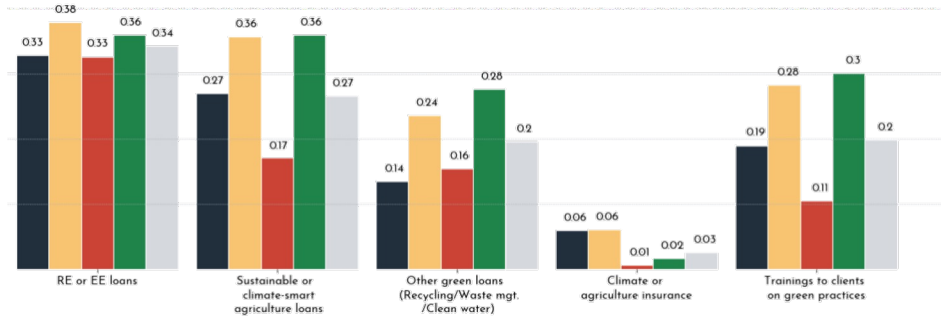


Correlations

7 D	The institution fosters green opportunities.
7 D 1	The institution offers specific financial products for clean energy.
7 D 1 1	The institution offers specific loan products dedicated to renewable energy (RE) and/or energy efficiency (EE).
7 D 2	The institution offers specific financial products for sustainable or climate-smart agriculture.
7 D 2 1	The institution offers specific loan products or other financial products dedicated to promoting sustainable or climate-smart agriculture.
7 D 3	The institution offers other green financial or non-financial products or services.
7 D 3 1	The institution offers specific loan products dedicated to promoting other environmentally-friendly practices and activities (e.g.: recycling, waste management, clean water, etc.)
7 D 3 2	The institution provides, directly or via a third-party insurer, agricultural or climatic micro-insurance products that contribute to help clients become more resilient to environmental shocks or climate change.
7 D 3 3	The institution offers trainings to its clients, directly or in partnership with environmental organizations, on environmentally-friendly practices or businesses.



What does the score mean? (I)

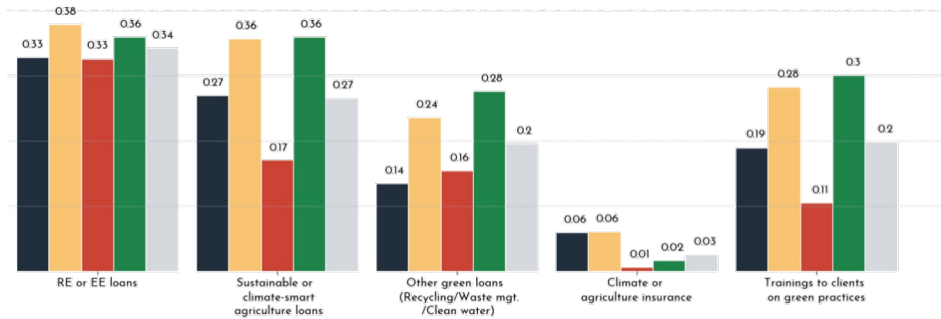


The option "Partially" might be misleading in understanding the results (and, in practice, in giving recommendations)

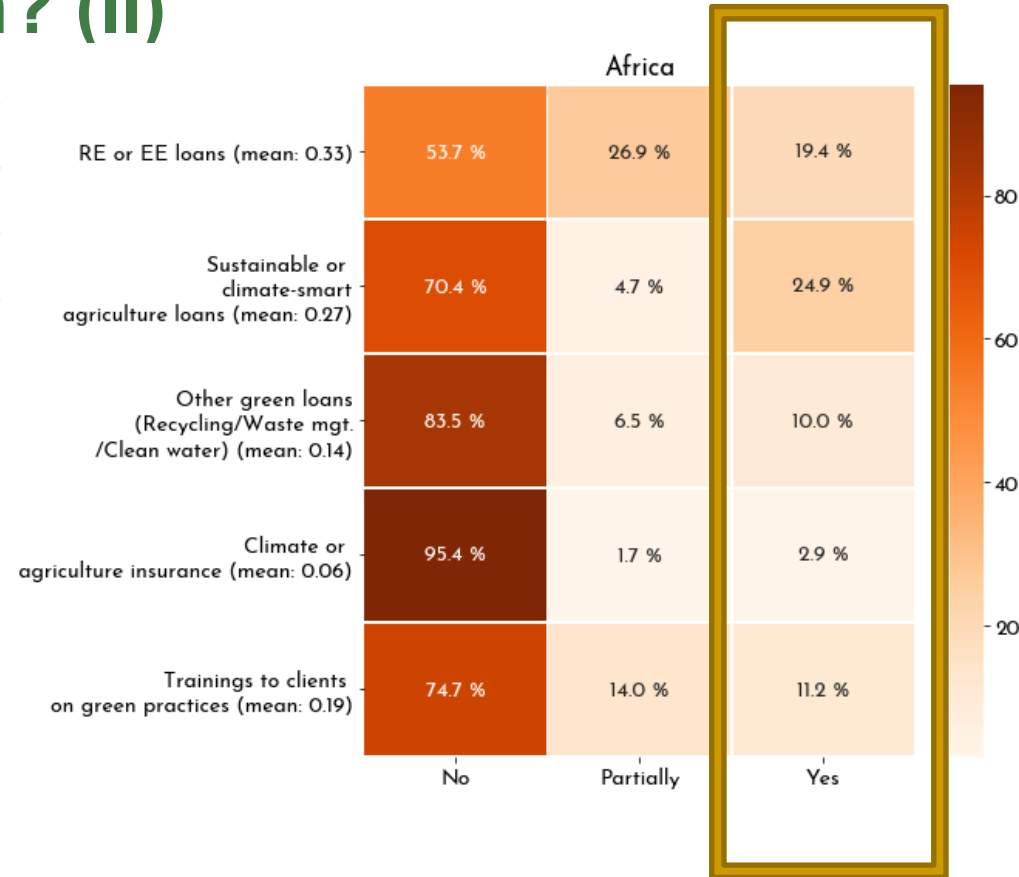


Keep the flexibility to have multiple levels between "Yes" and "No"

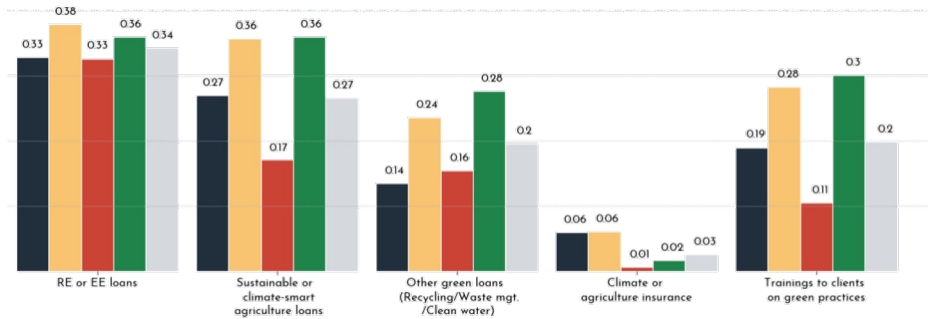
What does the score mean? (II)



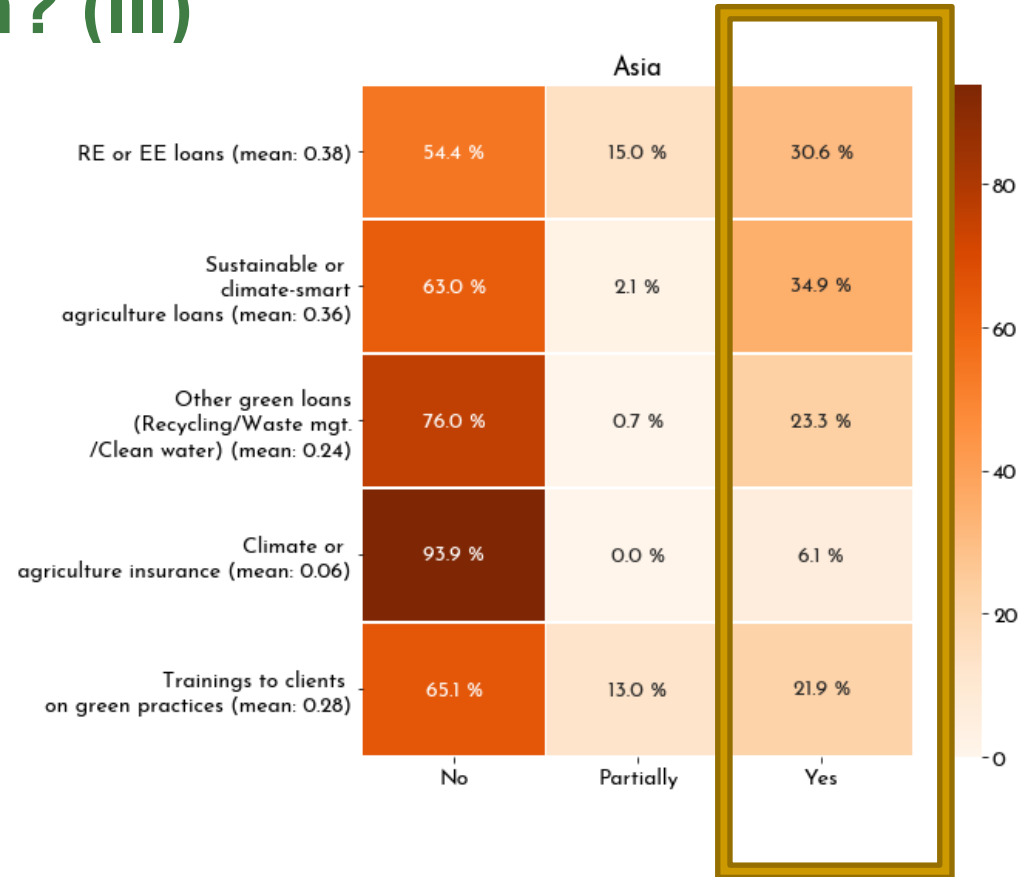
Scores might be misleading in terms of the number of MFIs fully carrying out a certain action



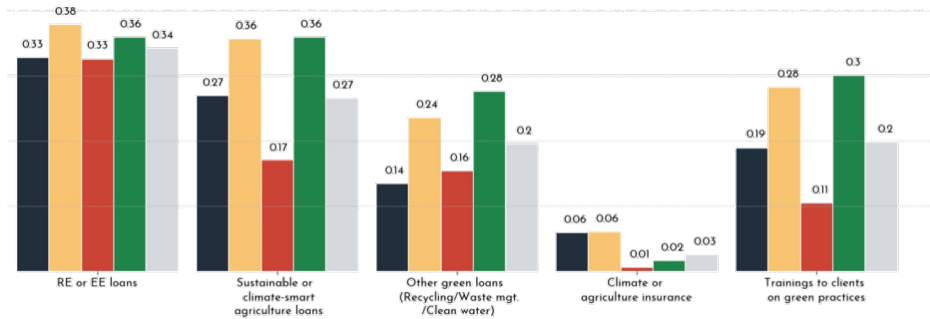
What does the score mean? (III)



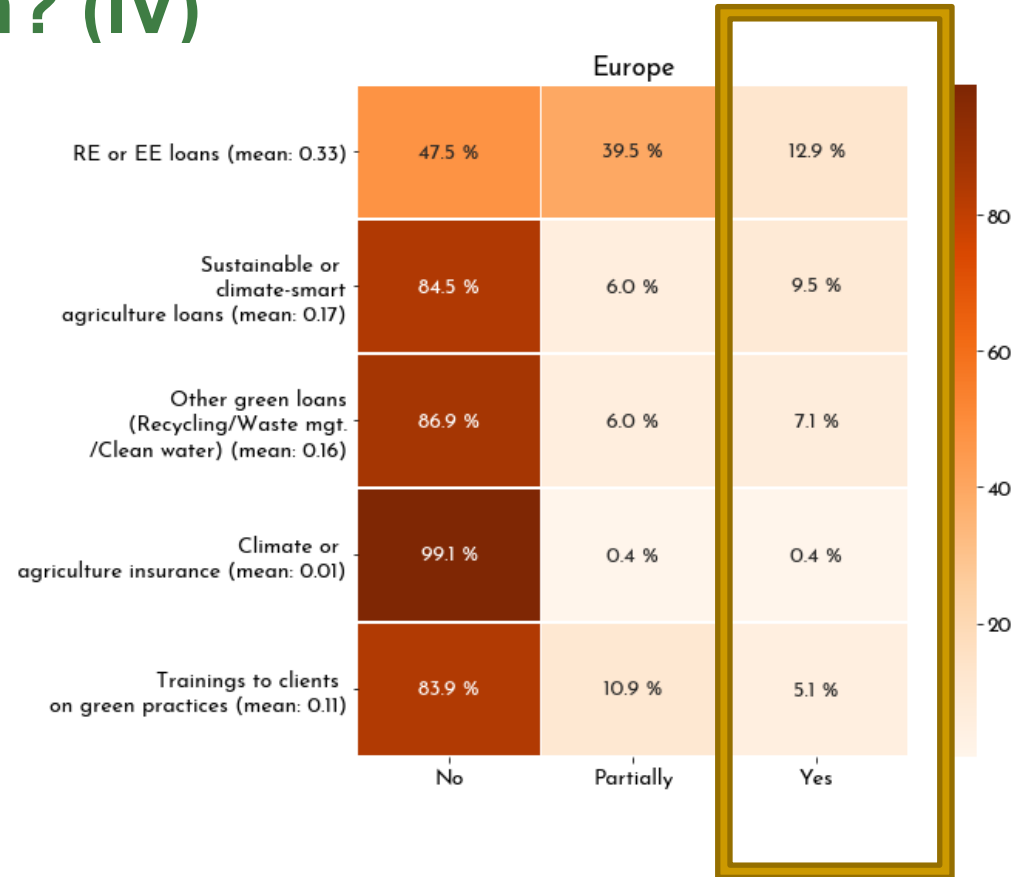
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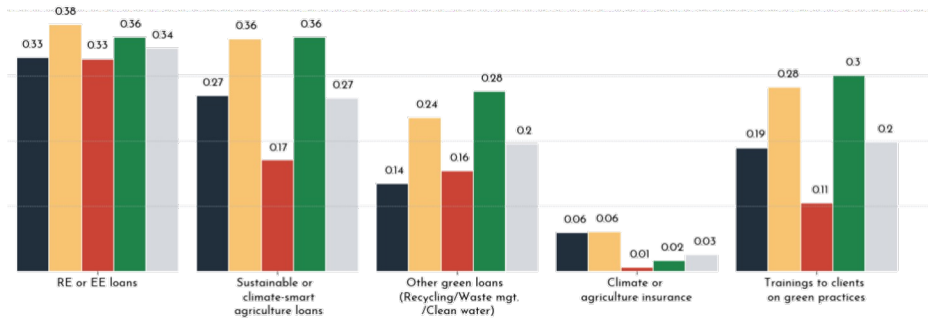
What does the score mean? (IV)



Scores might be misleading in terms of the number of MFIs fully carrying out a certain action



What does the score mean? (V)



Scores might be misleading in terms of the number of MFIs fully carrying out a certain action



Summary of Analysis (I)

- The Green Index has proven to be an effective framework to aggregate data in a unique, robust database
- The evolution of the environmental performance of FSPs has been affected by **mixed trends**:
 - Performance related to environmental strategy and capacity to manage clients' environmental risks has **decreased**
 - Performance related to management of the FSPs' ecological footprint and provision of green financial products has **improved**
- The global environmental performance of all FSPs in the sample remained **almost constant** from 2011 to 2019

Summary of Analysis (II)

- The offer of financial green products **increased** from 2011 to 2019:
 - **In all continents** assessed: Africa, Asia, LAC, & Europe
 - **For all legal statuses** assessed: Banks, NBFIs, NGOs, & Cooperatives
 - In Europe, the offer has focused on the provision of **renewable energy and energy efficiency** loans
 - In Asia, Africa, and Latin America & the Caribbean, the provision of loans for **nature-based solutions (NbS)**, i.e. sustainable agriculture / livestock / fisheries / forestry, has driven the growth of green loans
- Environmental training for clients has **decreased** in importance for all types of FSPs and all world regions, with the exception of Africa, where it has remained stable. Further attention and investigation are needed.



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Outlook

Next Steps

- Increasing FSPs' commitment to protecting the environment
- Need to adapt tools & taxonomies to evolving trends (regulations, standards, innovation)

Outlook I

GREEN INDEX 3.0

GI.0

Environmental strategy

Definition and implementation

GI.0.1

Strategy definition

- Detailed goals, mission, documented strategy
- Compliance with applicable standards and regulations

GI.0.2

Strategy implementation

- Responsibilities & processes
- Management & governance
- Monitoring:
 - Economic
 - Vulnerability
 - Negative env. impacts

GI.1

Identification of environmental risks and opportunities

GI.1.1

Identification of indirect risks & opportunities

- Identification of
- Vulnerability
 - Negative env. impacts
 - Demand & needs at the client level

GI.1.2

Identification of direct risks & opportunities

- Identification of building and staff
- Vulnerability
 - Negative env. impacts
- Identification of opportunities for the institution to engage in green activities

GI.2

Management of environmental risks and opportunities

GI.2.1

Management of indirect risks & opportunities

- Inclusion of vulnerability, negative env. impacts, & demand/needs in
- (Financial) risk management processes, tools, & indicators
 - Credit processes & products

GI.2.2

Management of direct risks & opportunities

- Actions and processes to reduce the institution's vulnerability and negative env. impacts and exploit opportunities for the institution itself

GI.3

Green products and services

(Financial and non-financial)

GI.3.1

Financial products & services

- Green loans
- Clean energy / energy efficiency
- Sustainable agriculture
- Clean water & sanitation
- Circular economy / others
- Savings, remittances, emergency loans
- Climate / production insurance

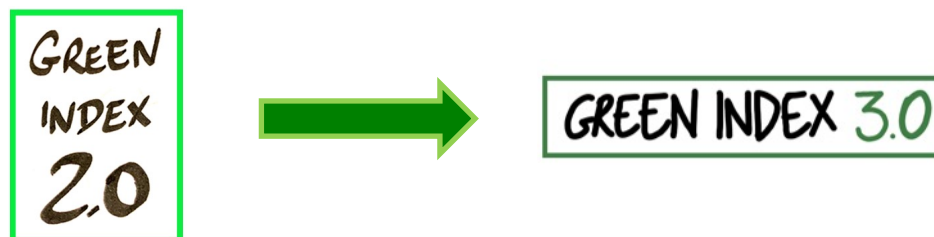
GI.3.2

Non-financial products & services

- Awareness raising
- Training
- Technical assistance
- Partnerships

Outlook II

- Upcoming publication on the State of the Art of Green Inclusive Finance (2011-19) – planned for Q3 2022
- Mapping between the Green Index 2.0 analysis and Green Index 3.0 framework
- Use the analysis done in 2011-19 as baseline / benchmark for Green Index 3.0



- Systematic data collection on a yearly basis for Green Index 3.0 (initial pilots already completed), also through partner networks and investors
- Foster data sharing at USSEPM Dim 7 level with ATLAS, CERISE, and other interested parties
- Publish yearly reports on the status and trends of green inclusive finance using the Green Index 3.0 framework



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Do you want to be a presenter or moderator in the webinar series? Please contact us:

Heads of the GICSF-AG:

Natalia Realpe Carrillo: natalia@hedera.online

Davide Forcella: davide.forcella@yahoo.it

e-MFP contact:

Joana Afonso: jafonso@e-mfp.eu