



EaSI Technical Assistance

Assessing the Environmental Performance of Financial institutions

Green Microfinance Workshop Series

Davide Forcella (YAPU Solutions, CERMI, Head of GICSF-AG)

2 November, Online event

Natalia Realpe Carrillo (HEDERA, IASS Potsdam, Head of GICSF-AG)

Training Description

This training provides an introduction to the concept of environmental performance assessment:

- The Green Index methodology
- The Green Index 3.0 tool: Standards, Essential Practices, Indicators

This training will:

- Guide the participants into the various options, activities, processes, and services that an institution can develop and provide to improve its environmental performance.
- Guide the participants into the process of how to fill a Green Index 3.0

Training Objectives

At the end of the training the participants will have first understanding of:

- Principles of an environmental performance assessment
- The Green Index 3.0
- The various possible options available to improve their environmental performance

The Agenda

0. Intro
1. Concepts
2. The Green Index 3.0
3. Green Index 3.0: Content & Data Collection
4. Green Index 3.0 & Dim 7 USSEPM
5. What's next?



0. Intro

The Green Inclusive & Climate Smart Finance AG

The Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) is a Unique multi-stakeholder think-tank for environmentally responsible inclusive finance, hosted by the European Microfinance Platform <https://www.e-mfp.eu/gicsf-ag>

OBJECTIVES

- Discuss current challenges and strategies in green inclusive finance
- Improve knowledge and action of inclusive finance actors in environmental issue
- 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, among others) in green inclusive finance

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, 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



In 2021 Joining forces for Green in Europe



Join forces to foster knowledge and actions for Green Inclusive Finance in Europe and Central Asia

At short term:

- Series of trainings
- Study on Green Inclusive finance in Europe (2013-2021):
 - Website review (2021 and 2013): 400+
 - Surveys to MFIs: 6+ surveys, 500+ respondents
 - Case study/interview with MFIs

At medium term:

- Developing a joint strategy and activities for the European Inclusive finance sector

The origins of the Green Index

Tool developed by the European Microfinance Platform's Green Inclusive and Climate-Smart Finance Action Group (GICSF-AG) in 2014



2014 GICSF-AG meeting... conceptualizing the Green Index



Measure, Plan & Improve

The Green Index is the main indicator for assessing a FSP's current performance in inclusive green finance and for defining an action plan to improve it.

GREEN INDEX

A tool for evaluating the green inclusive finance performance of FSPs
(It is used with FSPs and not with its clients)

- Awareness raising
- Evaluation
- Commitment
- Planning
- Prioritise
- Monitoring progress

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 USSEPM

The Origin

Upgrading

Mainstreaming

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, IDB-Lab, 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
- ...

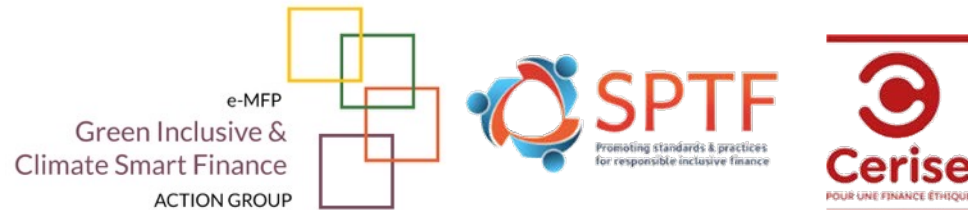
- Mapping and alignment to international initiatives
- In-depth interviews with MF stakeholders including MFIs and Investors
- Surveys to Investors and MFIs
- Establishment of steering committee with STFP and CERISE and alignment with USSEPM
- Assessment of needs for environmental performance from **250+** stakeholders
- Two rounds of reviews, 1st rev: **40+** reviewers, **300+** feedbacks; 2nd rev: **100+** participants

2021 Env. dim. part of Universal Standards

Development and implementation of the 'green' dimension of the USSEPM.
A joint project GICSF-AG, SPTF and CERISE.

DIM 7 of USSEPM

COLLABORATION & STEERING COMMITTEE



The New USSEPM



Aligning standards and enhancing value

In a joint project, the GICSF-AG, the SPTF and CERISE has developed the 'green' dimension of the USSEPM, in alignment with the Green Index 3.0. The two tools are aligned for the benefit of the sector.





1. Concepts

3 key concepts for Green Inclusive Finance

Vulnerability

Adverse
Impacts

Economic
Opportunities

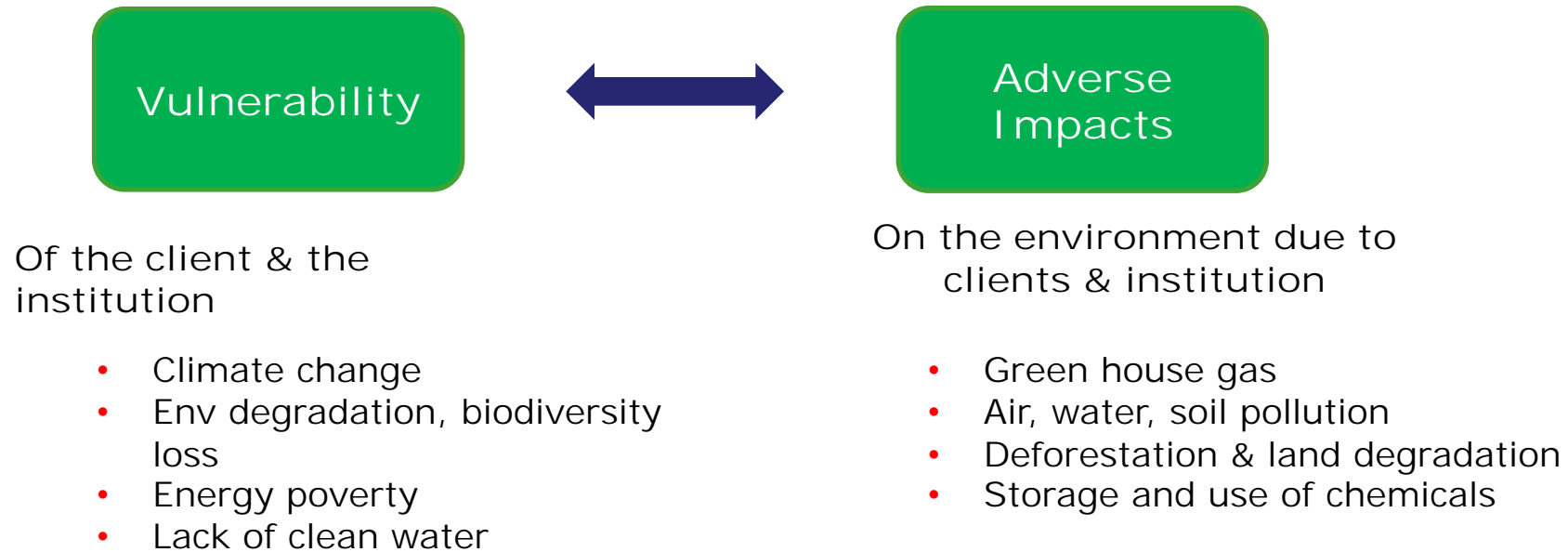
3 key concepts for Green Inclusive Finance

How clients and institutions are affected by the environment

How clients and institutions affect the environment

How green can satisfy demand and increase revenues

Vulnerability & Adverse Environmental Impacts



Indirect & Direct

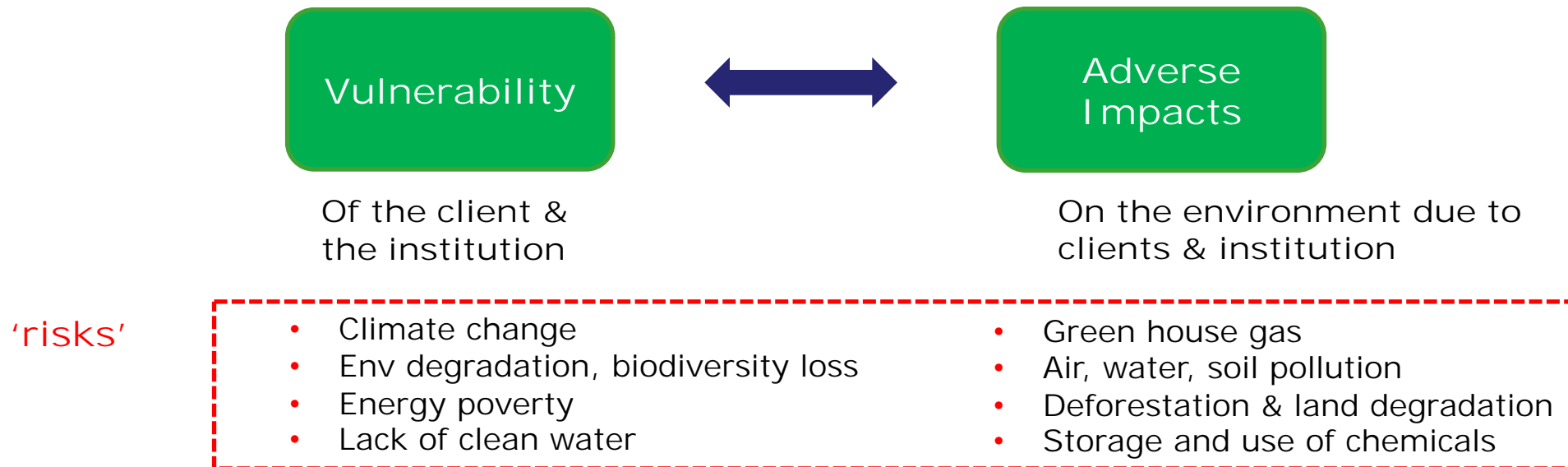
Indirect

Activities of clients:
their adverse env. impacts and vulnerability

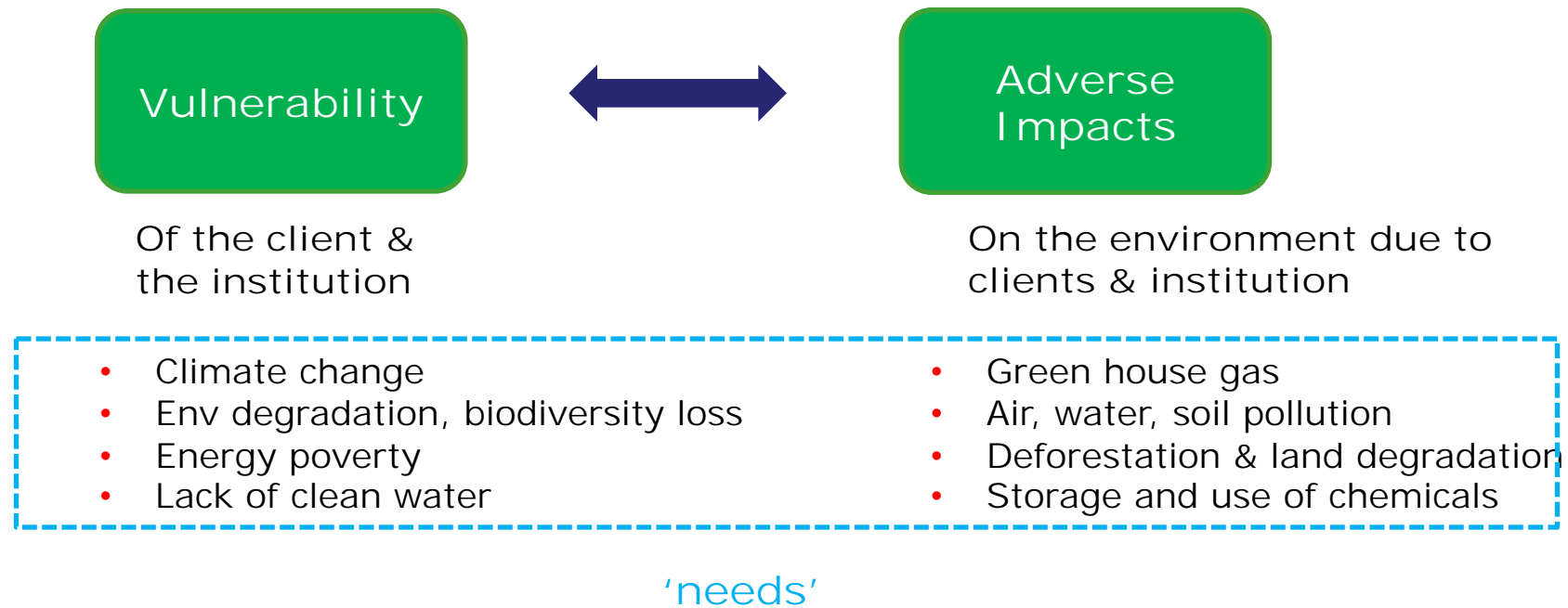
Direct

Institution and human resources:
their adverse env. impacts and vulnerability

Vulnerability & Adverse Environmental Impacts



Vulnerability & Adverse Environmental Impacts



Vulnerability & Adverse Environmental Impacts



Green Inclusive Finance



Green Inclusive Finance

"Green Inclusive Finance consists in risks management processes, financial products, and non-financial services (as part of a financial offer), embedded into environmental strategy and monitoring systems, enabled by policies and regulation, that support economic opportunities and needs of households, micro, small and medium-size enterprises (partially) excluded by the standard banking sector, in a clean, resilient and sustainable manner"

(GICSF-AG, working definition)



Making Green Inclusive Finance Operational



GREEN INDEX

It operationalizes the concepts and it translates them into actionable and material items that stakeholders of the inclusive finance sector can relate to and act upon.



2. The Green Index 3.0

GREEN INDEX 3.0 Standards

GI.0
Environmental
strategy
definition and put in
place

GI.1
Identification of
Environmental
risks and
opportunities

GI.2
Management of
Environmental
risks and
opportunities

GI.3
Green products
and services
Financial and non-
financial

GREEN INDEX 3.0 Standards, Details

GI.0
**Environmental
strategy**
definition and put in
place

GI.1
**Identification of
Environmental
risks and
opportunities**

GI.2
**Management of
Environmental
risks and
opportunities**

GI.3
**Green products
and services**
Financial and non-
financial

It is about how the environmental strategy is defined, and how it is put in place, including roles and responsibilities, alignment with local or international standards, and how the institution monitors and reports on the implementation of its environmental strategy.

GREEN INDEX 3.0 Standards, Details

GI.0
Environmental
strategy
definition and put in
place

GI.1
Identification of
Environmental
risks and
opportunities

GI.2
Management of
Environmental
risks and
opportunities

GI.3
Green products
and services
Financial and non-
financial

It is about the institution's ability to identify the vulnerability of clients/portfolio and the institution itself, the negative environmental impacts generated on ecosystems by clients and the institution itself, and the clients' needs and demand for green practices and technologies.

GREEN INDEX 3.0 Standards, Details

GI.0
Environmental
strategy
definition and put in
place

GI.1
Identification of
Environmental
risks and
opportunities

GI.2
Management of
Environmental
risks and
opportunities

GI.3
Green products
and services
Financial and non-
financial

*It is about the processes and tools in place to analyse and respond to the vulnerability, negative environmental impacts, client demand and needs identified in GI.1.
It is about how the institutions translates vulnerability, negative environmental impacts, demands & needs into actual risks and opportunities.*

GREEN INDEX 3.0 Standards, Details

GI.0
Environmental
strategy
definition and put in
place

GI.1
Identification of
Environmental
risks and
opportunities

GI.2
Management of
Environmental
risks and
opportunities

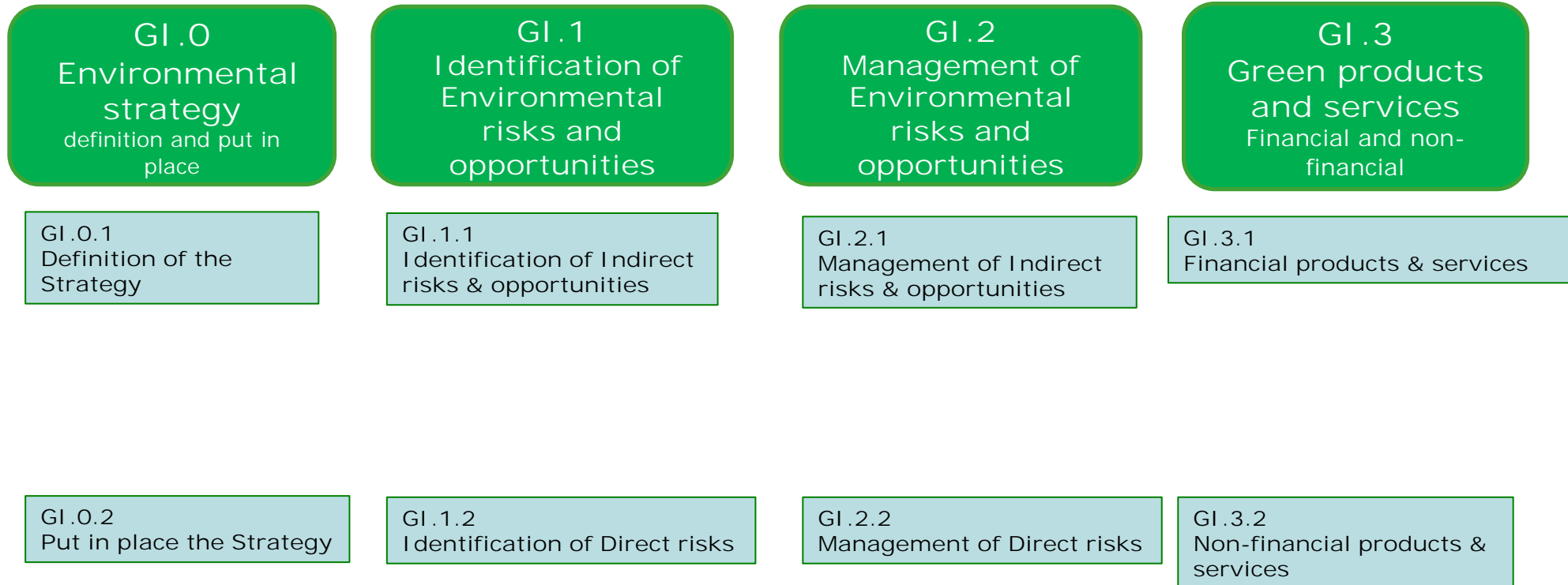
GI.3
Green products
and services
Financial and non-
financial

It is about the supply and delivery of "green" products and services to customers. Both financial or non-financial services are assessed.

Financial products include "green" credits, but also as insurance, savings or money transfer.

Non-financial services include awareness raising, training, technical assistance, partnerships.

GREEN INDEX 3.0 Standards & Essential practices, Details



GREEN INDEX 3.0 Standards & Essential practices, Details

GI.0 Environmental strategy definition and put in place

GI.0.1 Definition of the Strategy

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

GI.0.2 Put in place the Strategy

- 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 clients
- Vulnerability
 - Negative Env impacts
 - Demand and needs

GI.1.2 Identification of Direct risks

- Identification of building and staff
- Vulnerability
 - Negative impacts Env.

GI.2 Management of Environmental risks and opportunities

GI.2.1 Management of Indirect risks & opportunities

- Inclusion of vulnerability, negative env Impacts and demand/needs in:
- (financial) risks management processes, tools indicators
 - Credit processes & product

GI.2.2 Management of Direct risks

- Actions and processes to reduce the institution vulnerability and negative env Impacts

GI.3 Green products and services Financial and non- financial

GI.3.1 Financial products & services

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

GI.3.2 Non-financial products & services

- Awareness raising
- Training
- Technical assistance
- Partnerships

GREEN INDEX 3.0 & Enablers and Outreach

GI.0
Environmental
strategy
definition and put in
place

GI.1
Identification of
Environmental
risks and
opportunities

GI.2
Management of
Environmental
risks and
opportunities

GI.3
Green products
and services
Financial and non-
financial

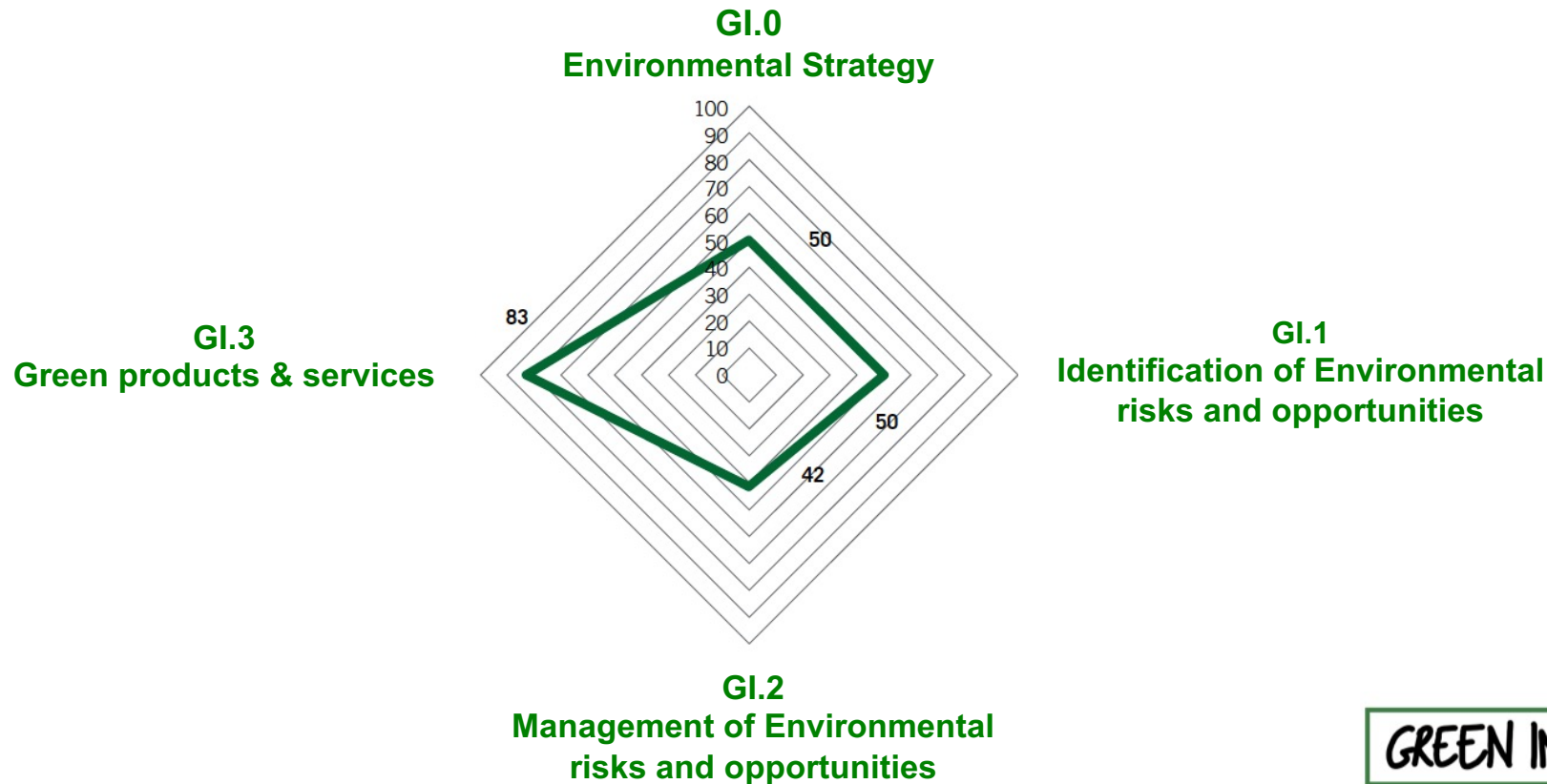
Enablers

CAPACITY

TOOLS

OUTREACH (via Quantitative Indicators)

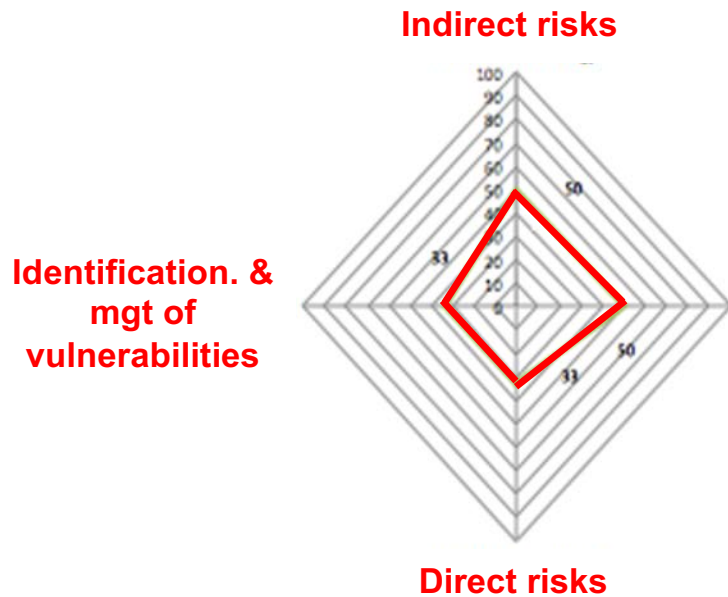
Visualising Green Inclusive Finance performance



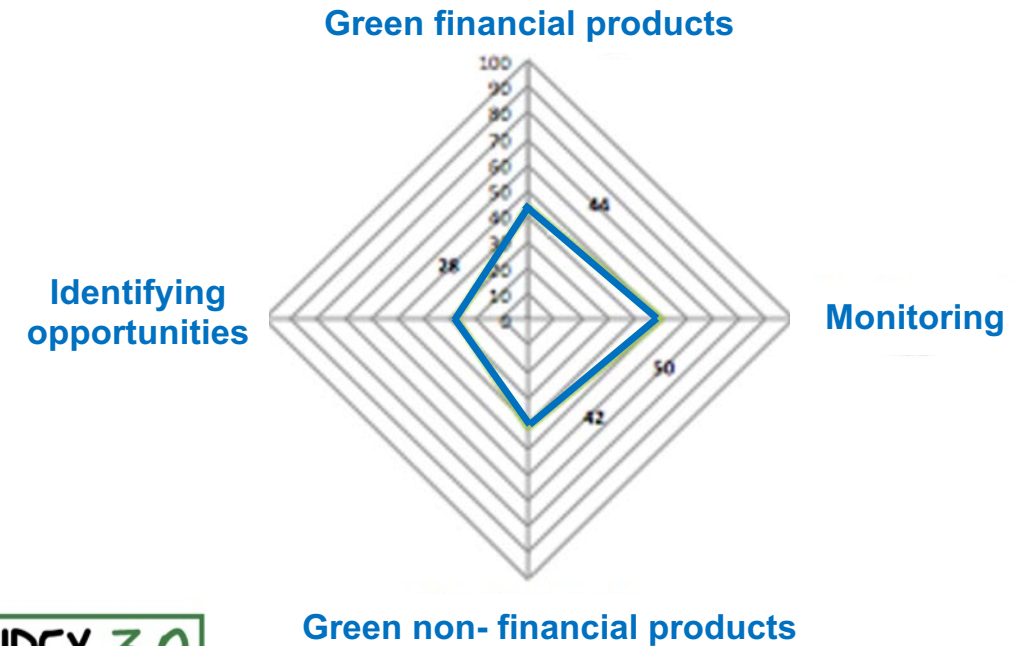
GREEN INDEX 3.0

Visualising Green Inclusive Finance performance II

The Risk management View



The Green opportunities View



GREEN INDEX 3.0





3. Green Index 3.0: Content & Data Collection

Joining forces for Green in Europe



Join forces to foster knowledge and actions for green inclusive finance in Europe and Central Asia

- Coordination by Davide Forcella, Head of the GICSF-AG, CERMi,  **YAPU**
Smart finance. People first.
- The analysis and visualization of data done using the tools provided by Natalia Realpe,  **HEDERA**
- GICSF-AG internship work of Mathieu François, GICSF-AG intern and EMP student.

- Data shared by the following parties:
And all MFIs that kindly shared their data.

Until Oct 2021:

- Website review (2021 and 2013): 400+
- Surveys to MFIs: 6+ surveys, 500+ respondents (2011-2020)
- Case study/interview with MFIs (2021)



Marion
Allet

Joining forces for Green in Europe



In the forthcoming publication “Green Inclusive Finance in Europe”:

- You will find details on the actual environmental performance of MFIs in Europe
- Examples of green activities financed
- Case studies of actual experiences in green inclusive finance of MFIs in Europe

Stay tuned !

In the meantime we will provide here some examples of practices and tools from outside Europe

LET US GO !

Digital tool GI 3.0
developed by



<https://hedera.online/gicsf-ag-gi-3.0.html>

GI.0

Environmental strategy

definition and put in place

GI.0.1
Definition of the
Strategy

GI.0.2
Put in place the
Strategy

GI.0.1 Definition of the Strategy

- detailed goals, mission, documented strategy.
- compliance with applicable standards and regulation

GI.0.2 Put in place the Strategy

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

Example: strategy implementation



Citi Foundation



Implementation of the green strategy

- Environmental policy
- Non-financial services
- Environmental risk management
- Ecological footprint
- Green credit



GI.1

Identification of Environmental risks and opportunities

GI.1.1
**Identification of Indirect
risks & opportunities**

GI.1.2
**Identification of Direct
risks**

GI.1.1 Identification of Indirect risks & opportunities

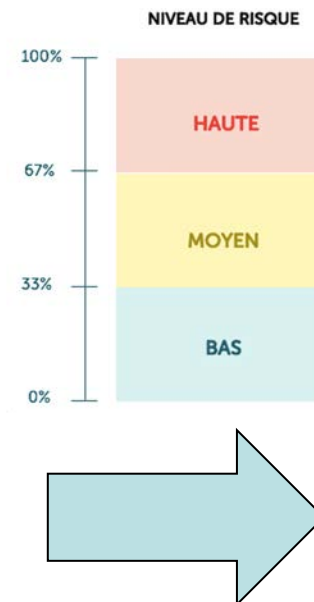
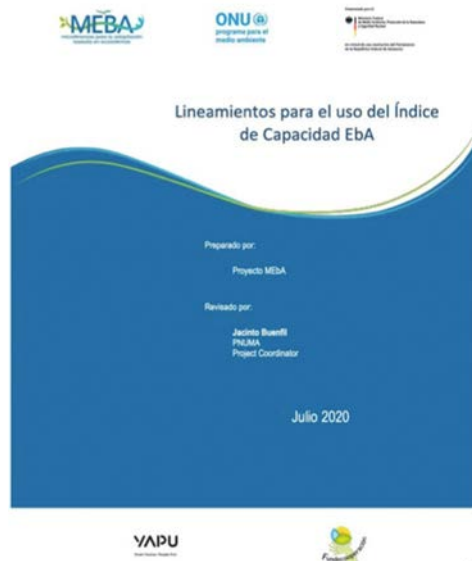
Identification of clients

- Vulnerability
- Negative Env impacts
- Demand and needs

Example: vulnerability assessment

Client vulnerability and portfolio vulnerability can be assessed and integrated into risk management through the use of appropriate indicators: Adaptive Capacities

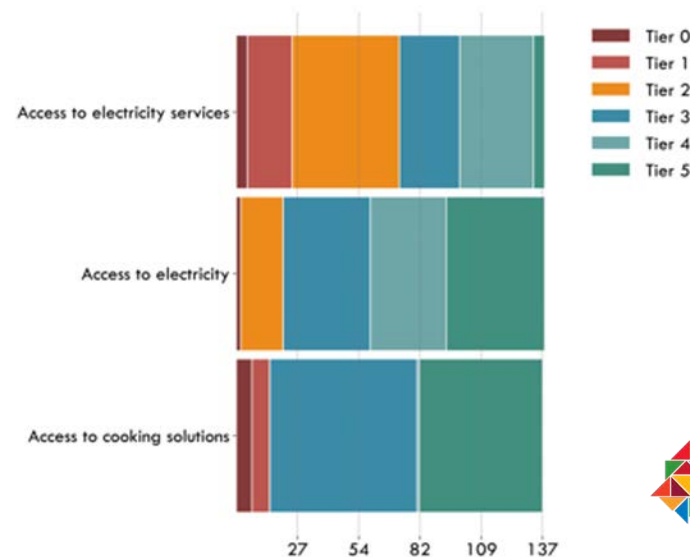
Example: Indicators of EbA adaptive capacities



- 1.PRODUCTIVE CHAIN
- 2.ASSOCIATIVITY
3. SOIL QUALITY
- 4.NUTRIENT MANAGEMENT
- 5.PEST AND DISEASE MANAGEMENT
- 6.WATER ADMINISTRATION
- 7.ECOSYSTEM MANAGEMENT
- 8.WASTE MANAGEMENT
- 9.CULTURE MANAGEMENT
10. ANIMAL MANAGEMENT

Source:<https://unepmeba.org/es/medios-y-publicaciones/>

Example: measuring energy poverty of clients



*The majority of
the population has
a higher level of
access to energy.*



Case: vulnerability assessment of energy access in remote rural areas.

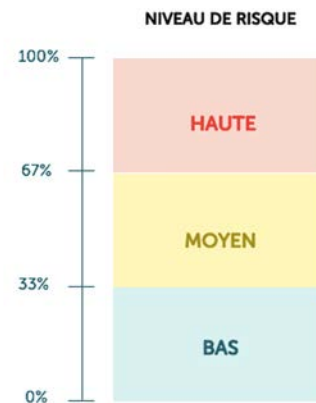
Goal: determine the market for clean energy products.

Conclusion: access to electricity and electricity services acceptable with potential for improvement.
Low demand for energy technologies.

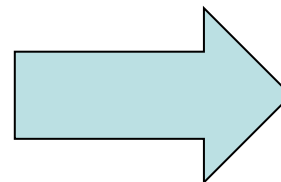
Example: Assessing impacts on biodiversity

The negative impacts of customer activities on biodiversity can be assessed and managed with specific indicators, for example developed in the project: MEbA biodiversity platform.

Example: Biodiversity risk level indicators: MEbA biodiversity platform.



1. CHANGES IN LAND USE
2. OVEREXPLOITATION
3. CLIMATE CHANGE
4. POLLUTION
5. INVASIVE ALIEN SPECIES



Source:

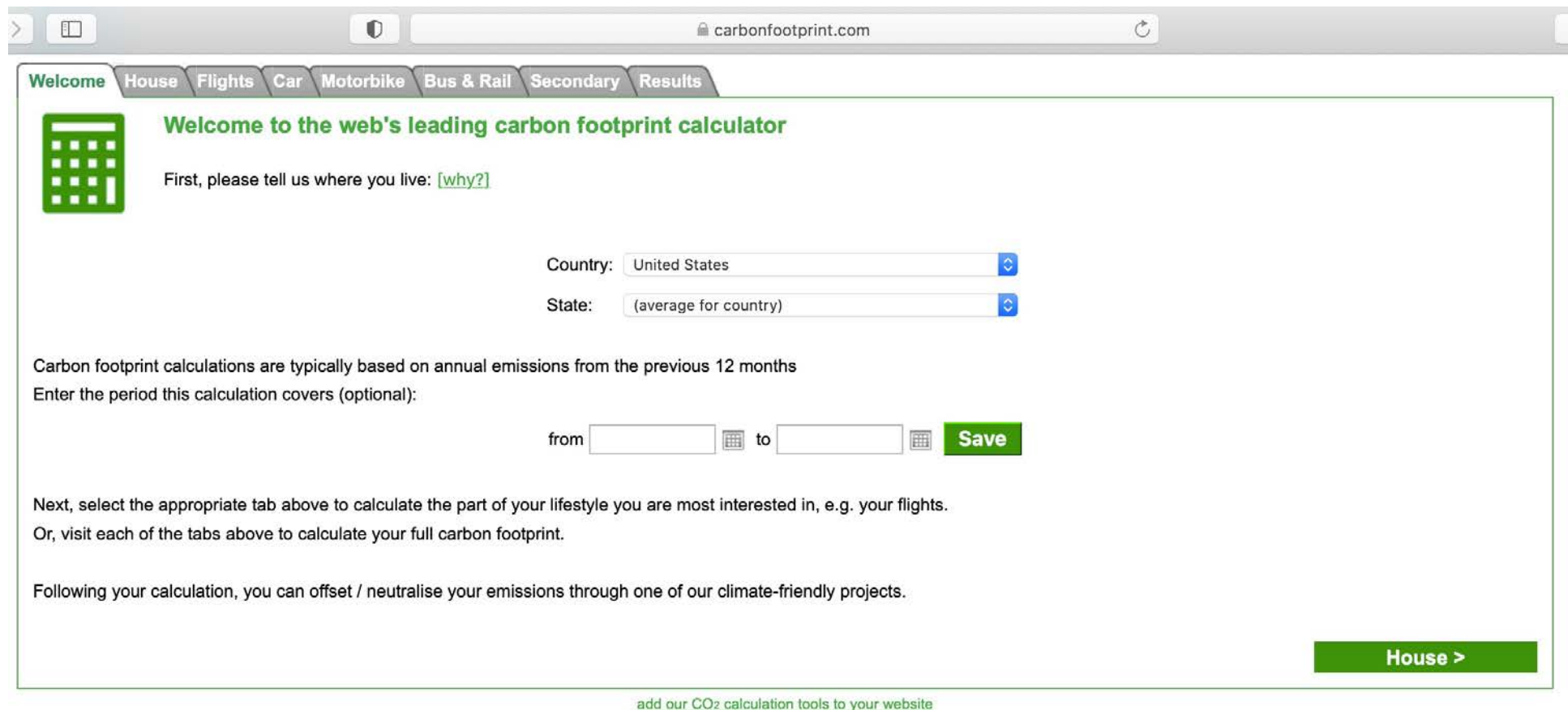


GI.1.2 Identification of Direct risks

Identification of building and staff


- Vulnerability
- Negative impacts Env.

Example: CO₂ calculation





carbonfootprint.com

Welcome House Flights Car Motorbike Bus & Rail Secondary Results



 **Welcome to the web's leading carbon footprint calculator**

First, please tell us where you live: [\[why?\]](#)

Country: 

State: 

Carbon footprint calculations are typically based on annual emissions from the previous 12 months
Enter the period this calculation covers (optional):

from  to 

Next, select the appropriate tab above to calculate the part of your lifestyle you are most interested in, e.g. your flights.
Or, visit each of the tabs above to calculate your full carbon footprint.

Following your calculation, you can offset / neutralise your emissions through one of our climate-friendly projects.

[add our CO₂ calculation tools to your website](#)

GI.2

Management of Environmental risks and opportunities

GI.2.1
**Management of Indirect
risks & opportunities**

GI.2.2
**Management of Direct
risks**

GI.2.1 Management of Indirect risks & opportunities

Inclusion of vulnerability,
negative env Impacts and
demand/needs in:

- (financial) risks management
processes, tools indicators
- Credit processes & product

GI.2.2 Management of Direct risks

Actions and processes to reduce the
institution vulnerability and negative
env Impacts

Example: Risk management

Inclusion of Climate Risks in
into risks processes and
policy

Inclusion of environmental
impacts in
into risks processes and policy

Example MFIs in:

EcoMicro

<https://ecomicroecuador.org.ec/en/>

GI.3

Green products and services

Financial and non-financial

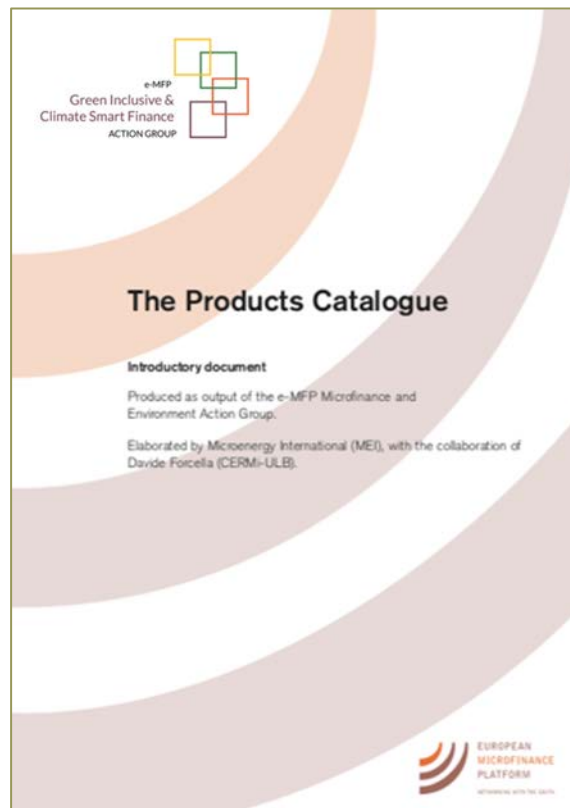
GI.3.1
**Financial products &
services**

GI.3.2
**Non-financial products &
services**

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

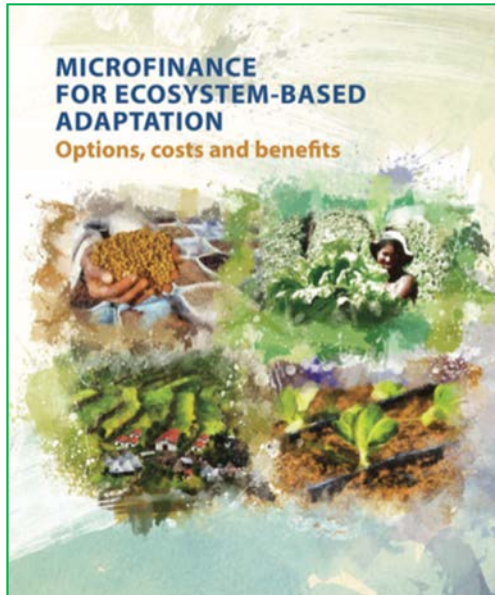
Example: RE – EE products



a **catalog** developed by the Green Inclusive and Climate Smart Finance Action Group: it contains the description of 14 renewable energy or energy efficiency technologies financed or able to be financed by MFIs:

- the **technical characteristics**,
- installation and maintenance,
- **benefit** to IMF clients and the environment
- price and type of financing,
- **impacts** economic and social for end users

Example: EbA solution



a **catalog** developed by MEbA ONU Environnement: it contains the description of 40 EbA solutions financed or able to be financed by MFIs:

- Description
- Place of application
- Dangers and impacts addressed
- Method of implementation
- Inputs and costs
- Ecosystem benefits and economical
- Limiting factors
- Lessons learned

Source:

Example: recycling products

Contact rag dealers and recycling collection centers

- Crédit Eco-prêt



Ce produit est destiné aux chiffonniers et centres de collecte de matières recyclables.

Montant : De 200 à 20 000 DT

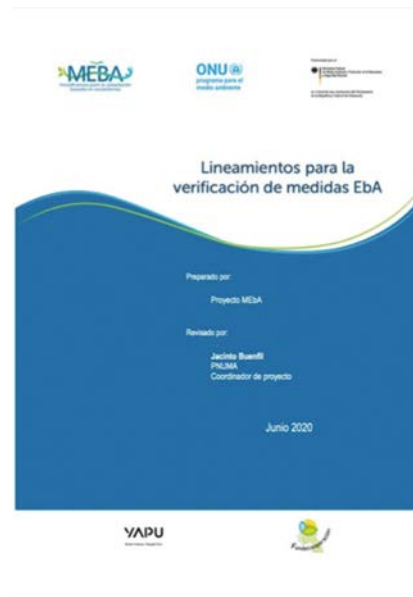
Eligibility criteria:

Having or wanting to create a recycling activity, and which are from:

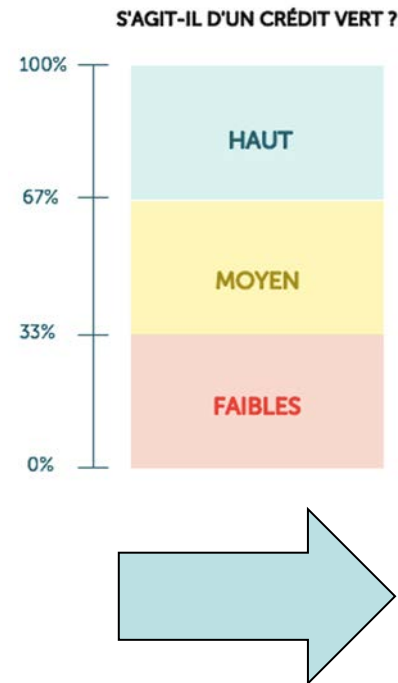
- NOT Tunisian nationality or residence permit valid in Tunisia
 - Be between 18 and 65 years old
 - Be resident in the intervention areas of Enda agencies

Example: Verification green credits: EbA

Example: EbA verification indicators



Source: <https://unepmeba.org/es/medios-y-publicaciones/>



1. INTERNAL REPORT AND TO INVESTORS
2. DEMONSTRATION OF THE IMPACT
3. BENEFIT FROM GREEN FUNDING
4. ASSESS THE LEVEL OF PROMOTION OF BIODIVERSITY

Source:

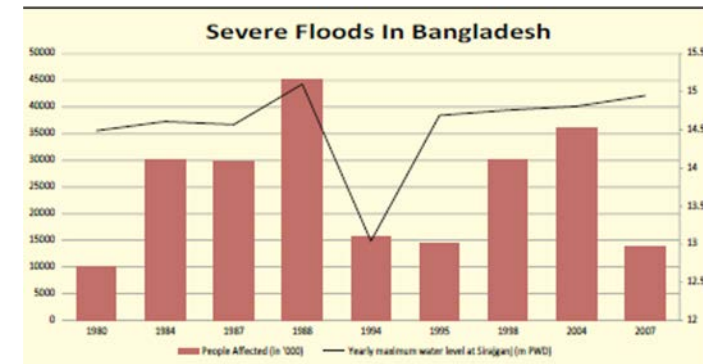
Example: Indexed Micro Insurance



BANGLADESH

Product Flood Insurance Indices

- **Project Manager:** Oxfam
- **Reinsurance Partner:** Swiss Re
- **Insurance Partner:** Pragati Insurance Limited (PI)
- **Funding Agency :** Swiss Agency for development Cooperation



Technical partner: Institute of Water Modeling (IWM)
Local level implementation: Manab Mukti Sangstha (MMS) (local NGO)
Project advisor: Palli Karma Sahayak Foundation (PKSF)

GI.3.2 Non-financial products & services

- Awareness raising
- Training
- Technical assistance
- Partnerships

Example: technical assistance / partnership

- Technical assistance to support clients to implement and maintain the green practices and technology financed with green credits
- Cost supported as part of the credit



Green Credit

+



Technical assistance

Remember to Submit !

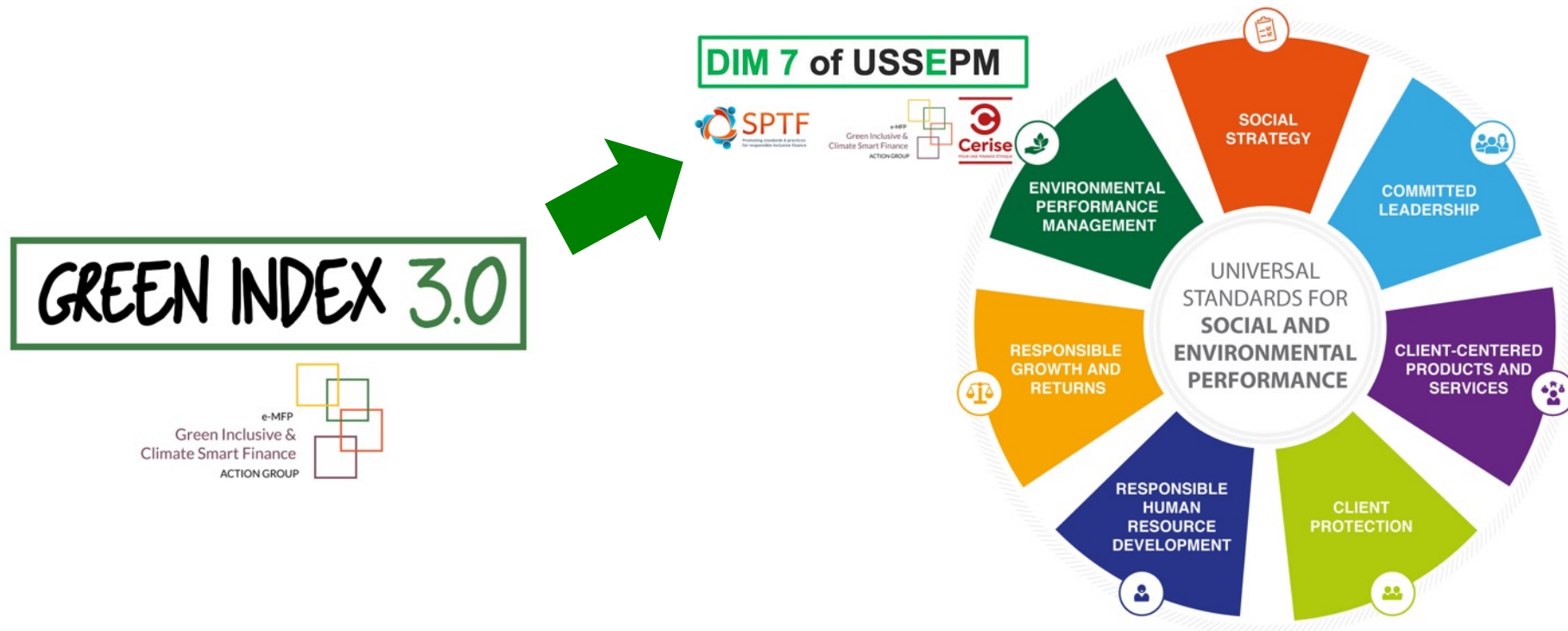
✓ Submit



4. Green Index 3.0 & Dim 7 USSEPM

Integration of Environmental performance in USSEPM

In 2021 “Green” is now one of the 7 dimensions of the USSEPM and integrated in the SPI. The Dim 7 USSEPM is aligned with the Green Index 3.0, and it provides a lighter version aligned with USSEPM



DIM 7 of USSEPM

Standards

7A
**Environmental
strategy**
definition and put in place

7B
Identification & Management of
Environmental risks and opportunities

7C
**Green products and
services**
Financial and non-financial

DIM 7 of USSEPM

Standards & Essential Practices

7A
**Environmental
strategy**
definition and put in place

7A.1
Definition of the
Strategy

7A.2
Collection, analysis, and
reporting data

7A.3
Governance and
management structure

7B
**Identification & Management of
Environmental risks and opportunities**

7B.1
Direct Risks Identification & Management

7B.2
Indirect Risks Identification & Management

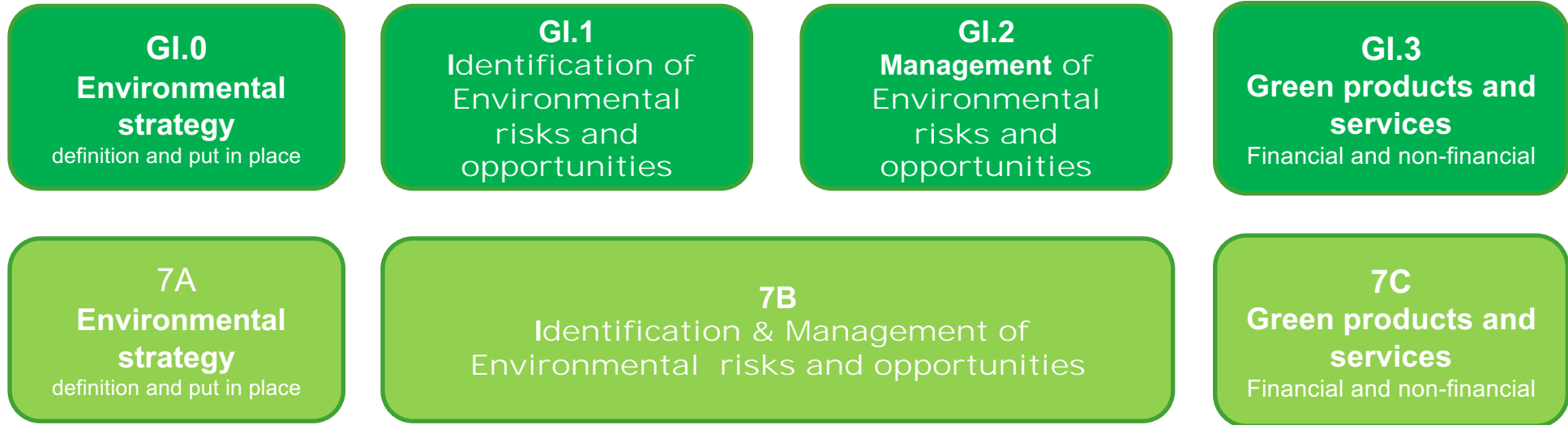
7B.3
Indirect Opportunities Identification

7C
**Green products and
services**
Financial and non-financial

7C.1
Financial products & services

7C.2
**Non-financial products &
services**

GREEN INDEX 3.0 ↔ **DIM 7 of USSEPM** Mapping





5. What's next?

The next workshop 9 Nov

Next week, on November 9, we will have the second workshop:

“Green Products in Inclusive Finance”

It will:

- Provide an introduction to methodology, processes, and key milestones related to green product development
- Cover how to disburse, monitor, and report on green products..

We look forward to meeting you, your partners and your colleagues in the next workshop!

Thanks a lot for your presence and attention!

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*EU Programme for Employment and Social Innovation

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