



International experience in developing
gender-inclusive green finance and green
credit products through SCCs, Policy
recommendations.

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Introducing Inclusive Green Finance

- ▶ How can green finance also work better for people and communities to invest in and **adapt to their local environmental** conditions?
- ▶ And additionally how can we ensure that green finances provide opportunities for both women and men to invest in **sustainable livelihoods**?

The importance of the MSME sector

- ▶ Micro, small, and medium enterprises (MSMEs) are significant contributors to economies, especially in the developing world.
- ▶ They represent more than 95 percent of registered firms worldwide, account for more than 50 percent of jobs and contribute more than 35 percent of gross domestic product

Alliance for Financial Inclusion (AFI)

- ▶ Women-led small and medium enterprises (WSMEs) make significant contributions to the economies in which they operate, accounting for a third of all SMEs, and a much higher percentage in many countries,
- ▶ WSMEs are a segment that has long been recognized as an important engine of growth and job creation but one that suffered from high levels of informality and significant gender gap in access to credit.

Financial
inclusion +
Gender
equality =

...

The underpinning assumption of 'financial inclusion' is that product and service innovation and design is highly customer-centered, tailored to the specific needs of different underserved clients, and seeks to level the playing field through an equity approach.



From a gender equality perspective, this includes closing gender gaps by addressing access differences among women and men, by intentionally meeting the different priorities, challenges and opportunities expressed by women and men in their respective communities, and by taking positive-discrimination steps to engage with persons in the informal sector.

Dedicated financial products & services

Dedicated financial services are important to enable women and men to:

- ▶ reduce their vulnerability to, and strengthen their ability to respond to, climate-related events
- ▶ insure against extreme weather events or be able to access an emergency loan for a local savings group
- ▶ save money securely with smallholder farmers adapting their farming practices and investing in different crops as climatic patterns shift, and urban populations adapting by investing in low-cost cooling techniques for homes.



Examples

There are many micro- examples of green financing

- A savings product helps pastoralists in northern Kenya during periods of drought.
- A micro-loan allows a woman in India to buy heat-reflecting white paint for her roof.
- An insurance policy from a fintech in Mali offers smallholder farmers insurance against unpredictable rainfall.
- A mobile money-linked clean cook-stove allows a family in Zambia to reduce their exposure to harmful smoke.
- A combination of remittances and savings helps a family in Bangladesh that was forced to migrate due to rising sea levels.

Credit unions are front runners in closing the green financing gap: USA

- ▶ The [Clean Energy Credit Union](#), for instance, has a virtual presence focused entirely on green lending – helping people access clean energy. *We're an institution you can trust for affordable clean energy loans. Whether you're looking to be more energy efficient or buy a stylish new electric car, we're here to help you finance what's important to you.*
- ▶ Inclusiv's [Center for Resiliency and Clean Energy](#) is channelling funding to green lending through credit unions targeting low- and moderate-income people and communities. *"We provide capital, make connections, build capacity, develop innovative products and services and advocate for our member community development credit unions (CDCUs). Inclusiv members serve over 18 million residents of low-income urban, rural and reservation-based communities across the USA."*

Revolving Green Inclusive Regional Agri- business Fund: Mongolia & China

- ▶ The Revolving Green Inclusive Regional Agri-Business Fund (GIRAF) in Mongolia and China addresses the financing constraints that prevent agricultural cooperatives and agribusinesses from investing in targeted aimag and soum centers.
- ▶ It uses a blended financing strategy to support the formation of a well-functioning, inclusive, low-carbon, and climate-resilient livestock agribusiness value chain
- ▶ GIRAF also provides low-interest loans, credit guaranty mechanisms, and performance-based green innovation grants to support only qualified investments in livestock processing agribusiness subprojects that involve shared ownership or profit agreements with herders and herder cooperatives certified in sustainable rangelands.

Rural development & Sustainable farming: Brazil & India

- ▶ **Brazil's Programa ABC** supports sustainable agriculture by providing financing for low-carbon agriculture practices. The program has been successful in reducing emissions from agriculture and improving soil health. The program is also gender-sensitive, with a focus on supporting women farmers and improving their access to financial services.
- ▶ **India's National Bank for Agriculture and Rural Development** provides financing for renewable energy projects in rural areas. The bank has also created a **Women Farmers' Empowerment program**, which provides training and support to women farmers and promotes their access to credit. The program has been successful in improving the economic status of women farmers and promoting gender equality in rural areas.

SME Bank: Malaysia

To enhance the capacity of women entrepreneurs to run stronger businesses, SME Bank in Malaysia created a type of **incubation system** in which it provides financing facilities, entrepreneurial guidance and training, and assists clients in marketing and promoting their products.

- ▶ SME Bank adapted these different products to match the needs of women entrepreneurs who are heavily concentrated in manufacturing and tourism.
- ▶ SME Bank used its incubation center to encourage more enterprising women to enhance their business skills and grow their businesses. The bank has several packages for the women entrepreneurs, depending on their size and development level.

Women's Special Loan Program: China

- ▶ In China, **the Rural Women's Entrepreneurship Support Program** includes funding support for green businesses, such as those focused on renewable energy or waste management. By supporting the development of green businesses, the program aims to promote sustainable economic growth and contribute to environmental protection.
- ▶ The **Women's Special Loan Program** provides concessional loans to women farmers for agricultural production and business development. The loans have lower interest rates and longer repayment periods than commercial loans, making them more accessible to women farmers.
- ▶ It includes concessional loans for investment in environmentally-friendly technologies and practices, such as energy-efficient equipment or renewable energy systems. By providing access to finance for green investments, the program aims to support the development of a low-carbon economy.

Examples of measures to build capacity in Gender equality & Green Financing

Green finance literacy programs targeting women SCC members

- ▶ The creation of spaces and exchange opportunities so that women's organisations can come together with financial intermediaries and facilitation agencies, to share knowledge, perspectives, and technical know-how. This is important for women's skills and confidence, and for the building of financial networks with SCC membership.
- ▶ Hosting national level **finance fairs** in which women can acquire knowledge about the different climate change related funding sources and their requirements.

Green micro-finance examples

▶ **Loans for Rural Women Entrepreneurs:**

finance entrepreneurship to rural women, who cannot access financing that allows them to scale in their businesses, even when they have experience and market in the activities undertakings.

▶ **Environmental Productive Credit:**

financing agricultural activities that increase income and productivity in agricultural farms through the implementation of productive practices, which generate positive externalities in the environment.

▶ **Loans for Energy Efficiency:**

financing of productive equipment that generates savings by reducing production costs in replacing energy-intensive equipment with more efficient ones.

▶ **Water and Sanitation:**

a product aimed at establishing wastewater and sanitation management systems, water tanks, water purifiers, improvement of latrines, drains and and bio digesters. At the community level, sanitary units, water catchment, connection to public drains, water purification.

Pollution... water...

- ▶ Pollution prevention and control: production and deployment of clean heating appliances for households and MSMEs, cooking appliances (see CEDAW report) within the household,
- ▶ Sustainable water and waste use: local circular economy facilities for collection, sorting, recovery and reuse of materials, local water saving monitoring, harvesting, storage and distribution technologies, early warning systems for water related disasters,



Land use transport ...

- ▶ Sustainable agriculture, land use, forestry, biodiversity conservation and eco-tourism: includes organic training and certification, community-based participatory guarantee systems in organic certification, agro-ecological farming systems, sustainable textile/cashmere/wool/yak down production, eco-dyeing technologies, circular economy principles in mixed farming methods, afforestation or forest regeneration activities, and in the agricultural sector – regeneration of soil health and biodiversity, natural land management and remediation on grasslands.
- ▶ Clean transport systems: integration of transport and urban development planning leading to a reduction in use of passenger cars; dense development, multiple land use, walking communities, transit connectivity, smart freight logistics.



From a regulatory and policy perspective, examples at national level are difficult to come by. What is available, are some important frameworks and international commitments that provide the building blocks to regulatory architectures to advance gender equality and social inclusion agendas in green financing.

SUGGESTED ENTRY POINTS IN MONGOLIA

Suggested Entry points

- **Create and support the conditions** for integrating Inclusive Green Finance (IGF) and Gender Equality approaches into policy and practice to meet the needs specific to MSMEs, women SCC members and vulnerable populations.
- Activate the **Sustainable Finance Roadmap** through dedicated financial literacy programs and outreach, to ensure that green finance instruments are designed with IGF considerations in mind.
- Adopt and activate principles relevant to this sector. Notable examples include the **sustainable finance principles, the circular economy principles**
- Draw from models and framings that are being discussed and designed for the savings and credit union sector.

Entry Point: capacity building

- ▶ Collaborate with stakeholders to co-design **financial literacy tools** for the green SCC sector, and adapt these tools for specific interests of different sector players. Develop a financial literacy action plan to reach women and men.
- ▶ **On the demand side**: livestock herders and small scale farmers, taking care to integrate gender analysis and intersectional analysis where possible.
- ▶ **On the supply side**: eco-compensation mechanisms and reward mechanisms to those who have achieved pollution control targets, sustainable farming practices; tailored/flexible collateral requirements indexed or scaled to the SCC income.
- ▶ Participate in **peer-learning with countries** with similar economic conditions and priorities, that are committed to a gender equality and social inclusion agenda, to share and learn from emerging policies and practices.

Entry Point: Financial incentives for women, men and disadvantaged groups

- ▶ Conduct stakeholder consultations to consider what kinds of special fund windows or dedicated finance tools or instruments might be tailored and rolled out for specific SCCs and for women members.
- ▶ Pilot financial tools and instruments to test viability and outcomes over time, such as credit guarantees, or risk sharing among groups.
- ▶ Consider a special window of micro funds that overrides normal bureaucracies and provides pilot funds for green initiatives for a set period of time.

Entry point: transitional regulations

Take a 'transition' approach to shifting to green economy regulations, in ways that do not punish sub-standard services or approaches, but that incentivizes and recognizes those that successfully practice sustainability;

- ▶ Ensure that labelling of products and services as 'green' and 'inclusive' or as 'woman owned business' are validated and bona-fide ('organic certification', for instance, requires validation);
- ▶ Set up risk management policies specifically for the small-scale SCC member.
- ▶ Conduct vulnerabilities' analysis, to build a sound basis for the design and application of regulatory and supervisory frameworks and tools;
- ▶ Regular reporting, disclosures and fiduciary duties need to be extended to SCCs taking into account the Principle of Proportionality.

Key Takeaways

- ▶ Mongolia's **SCC sector** is unique and an important **opportunity** for inclusive green financing.
- ▶ Mongolia's **green taxonomy and roadmap** provide initial frameworks to build upon.
- ▶ **Gender equality** is vital for sustainable development: SDG 5 and SDG 12 on responsible consumption & production.
- ▶ The **SCC baseline survey** provides a clear picture on needs, priorities and interests.

