



Implementing inclusive green finance in the private sector

A progress report

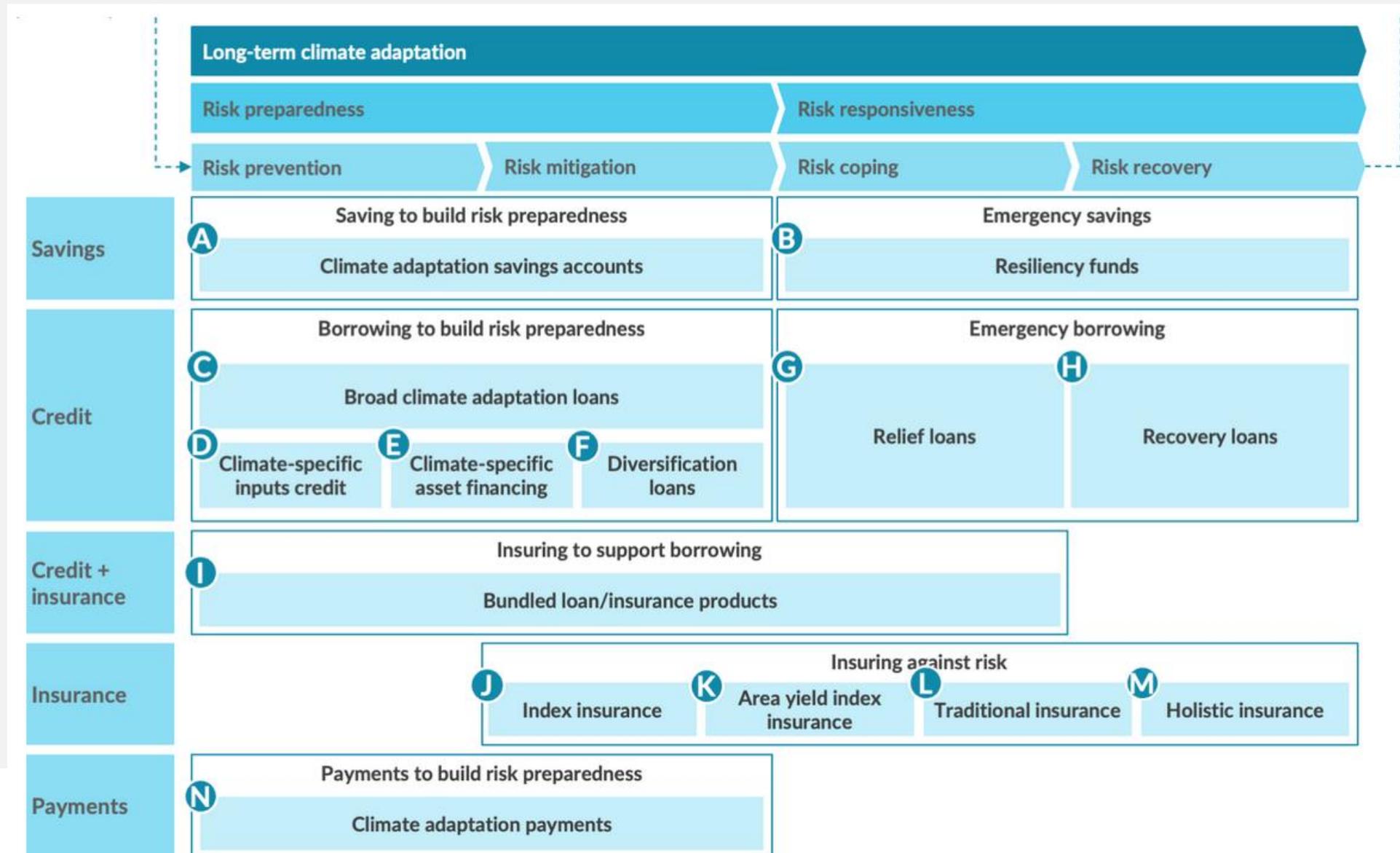
Agenda



- ❑ Introduction of Inclusive Green Finance (IGF) in general and within ADA
- ❑ How to implement IGF ? *Example of inclusive green finance product in the Philippines*
- ❑ How to scale IGF ? *Example of inclusive green finance programme in Asia*

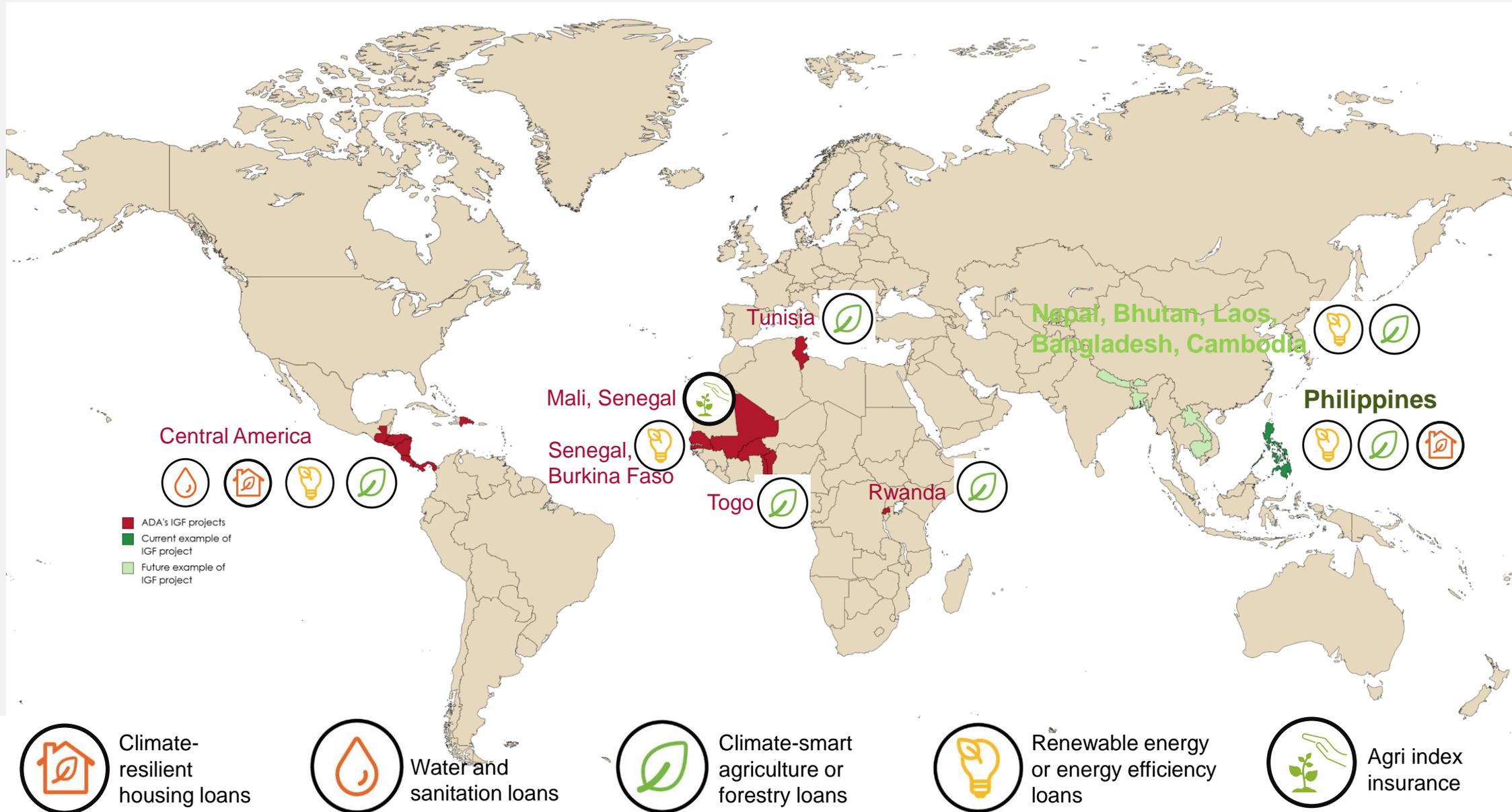
What is inclusive green finance ?

□ Proposed taxonomy of climate-responsive financial products by the CGAP (*Consultative Group to Assist the Poor*)



Inclusive green finance projects by ADA

Experience of ADA



How to implement an IGF product? *Current example in the Philippines*

□ Steps followed to develop inclusive green finance products for farmers (loans)





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Model Farm: Organic Tomato with Drip Irrigation system



-  **Production Area:** 2,500 sq m
  **Estimated # of Plants:** 7,637
-  **Planting Season:** Jan-July
  **Estimated kg/ plant:** 2.5 kg
-  **Number of Harvest:** around 25 times/days
  **Estimated Yield:** 19,093 kg

Projection	Average Price	Amount
Gross income	PhP30/kg	PhP572,812.50 (USD 10,000)
Expenses		PhP154,800 (USD 2,700)
Net income	PhP30/kg	PhP418,012.50 (USD 7,300)



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Model Farm: Fisheries with Solar Technologies Adopted



New green loans programs

RPMI

Loan program package

Financial Services:

- one green loan for inputs + one loan for equipment

Non-Financial Services:

- Technical Skills Training and linkages for TA

Clients profile

- Crop farmers (vegetable, palay and corn), Livestock raisers, Fisherfolks
- A farm plan will be required and clients must engage in CSA practices

Bangko Kabayan

Loan program package

Financial Services:

- one green loan for inputs + one loan for equipment
- TA should be provided through individual partnership with service provider

Clients profile

- Crop farmers (vegetable, palay and corn)
- Clients must engage in CSA practices

Product specificities

RPMI

Loan amounts

Will be based on the green project of the clients

Interest rate

Input loan:

- 30% per annum (2,5% monthly)

Equipment loan:

- None

Loan term

Input loan:

- 5 to 8 months

Equipment loan:

- 3 to 5 years

Collateral

None for both loans, for both MFIs

Bangko Kabayan

Loan amounts

Input loan:

- min Php40,000 (657€) & max Php300,000 (4,927€)

Equipment loan:

- min Php100,000 (1,642€) & max Php1M (16,423€)

Interest rate

Input loan:

- 25% to 42% per annum

Equipment loan:

- 25% to 30%

Loan term

Input loan:

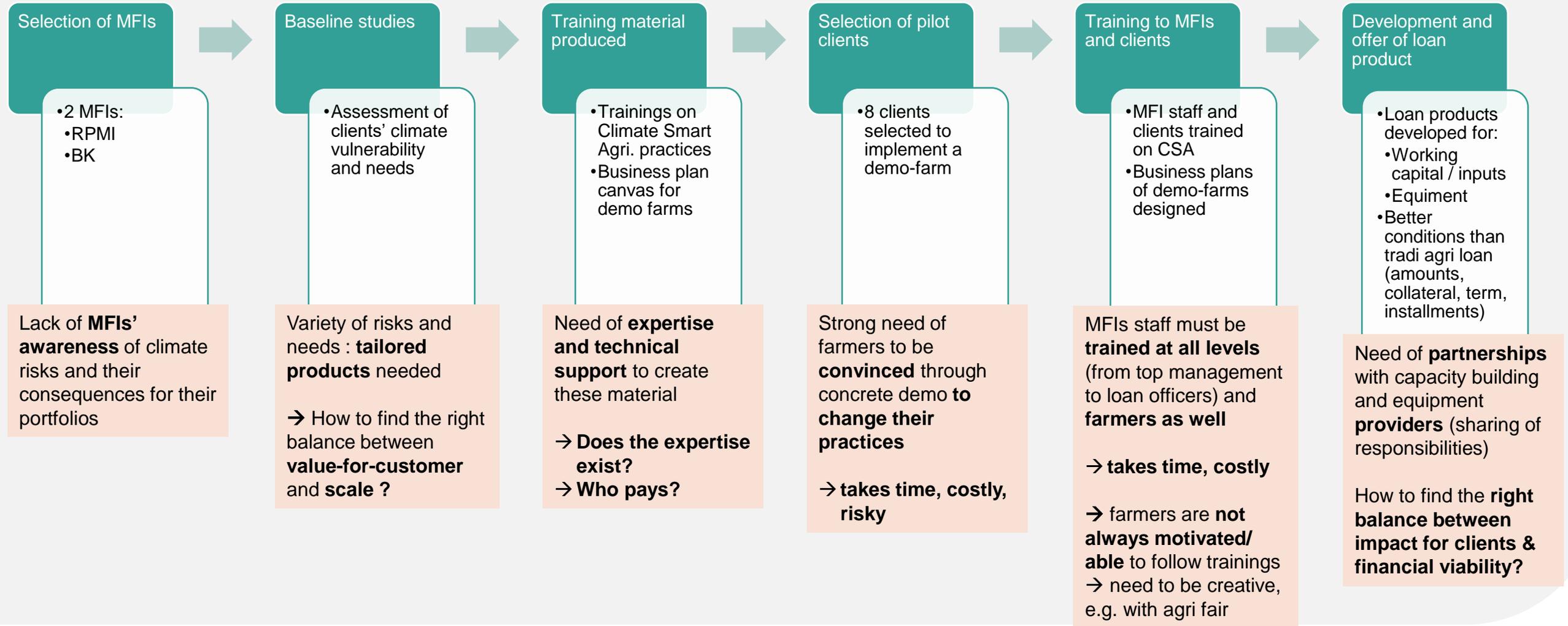
- 2 to 6 months

Equipment loan:

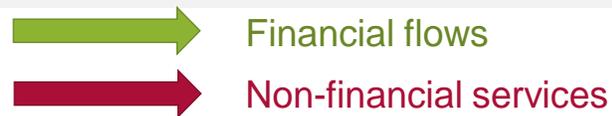
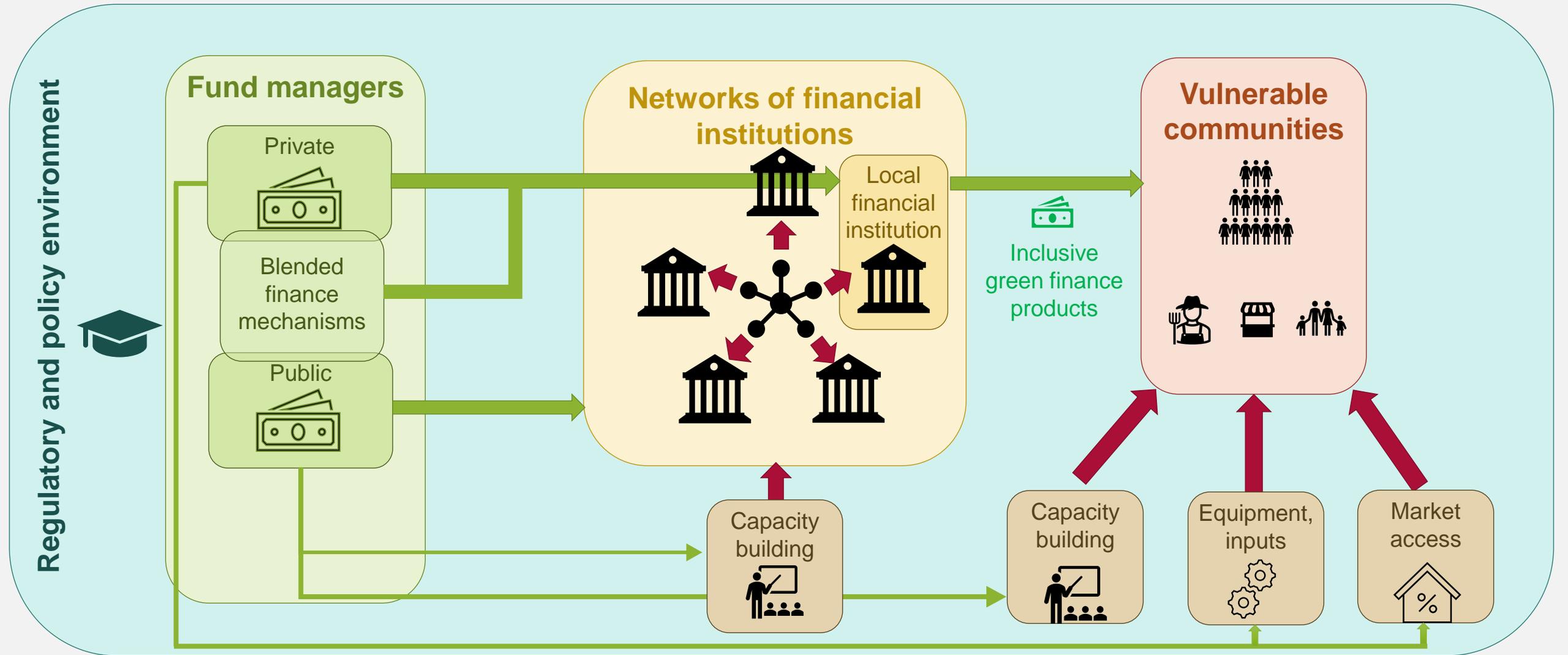
- 6 months to 3 years

How to implement an IGF product? *Main challenges*

□ Steps followed to develop inclusive green finance products for farmers (loans)



How to scale IGF ? *Future example in Asia*



Recap of the various challenges

❑ To implement IGF

- Lack of **awareness** among financial institutions and their staff
- Need of **initial expertise and capacity building** (to be paid for)
- Need of **proven business cases** for end-clients and financial institutions
- Need of **partnerships** with various types of providers
- Need to ensure **financial viability** of IGF product (including the necessary complementary services)

❑ To scale IGF

- Need of **common / systematic capacity building** for all inclusive finance actors
- Need of **common language / definitions** of what inclusive green finance is
- Need to identify FI's **segments of portfolio** corresponding to these definitions → **certification?**
- Need to **targeted credit lines** from private funders and/or blended finance instruments to feed these segments
- Need to ensure the existence of **solid and reliable ecosystem actors** (capacity building, equipment, market access solutions providers, etc.)

Thank you

Dank u

Merci

Danke

Grazie

Obrigado

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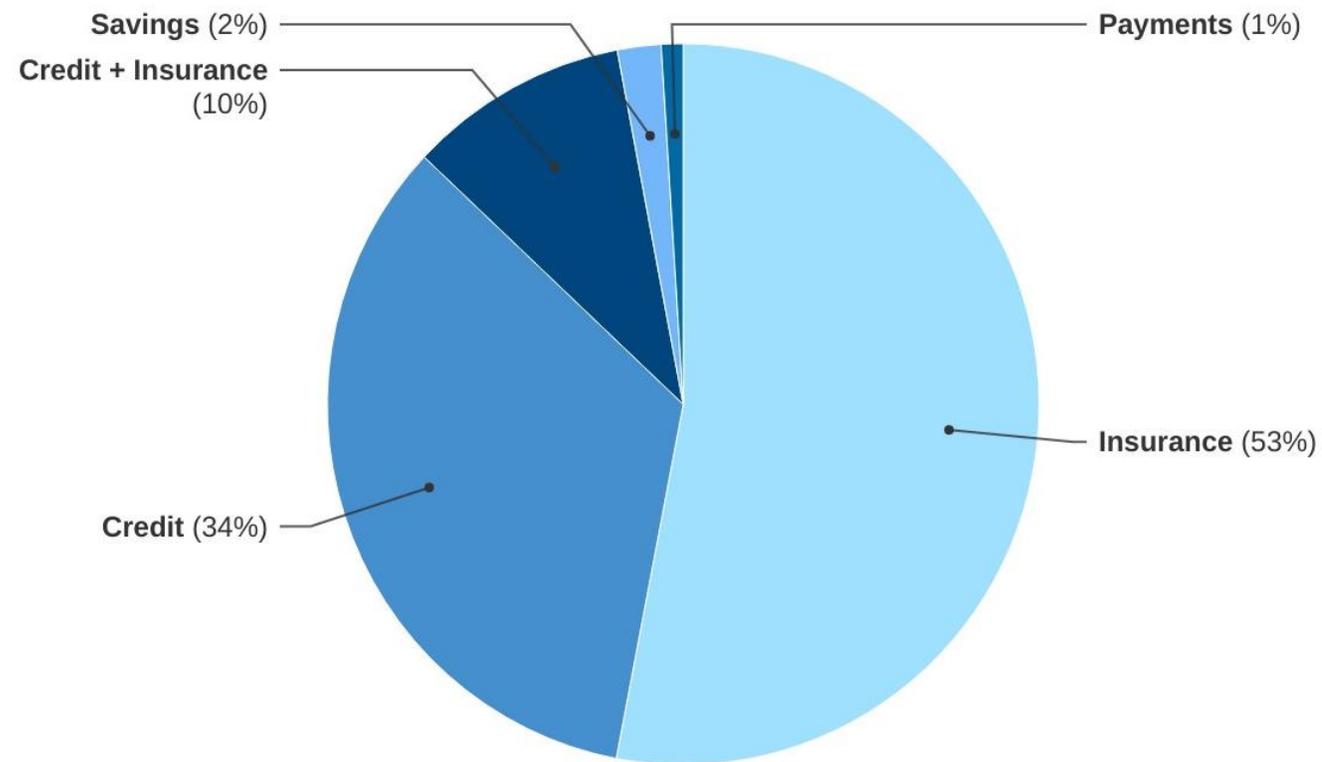
Gracias



What is inclusive green finance ?

- Proposed taxonomy of climate-responsive financial products by the CGAP

Climate-responsive financial services: Product type breakdown



Source: CGAP | Dalberg