



# Implementing inclusive green finance in the private sector

A progress report

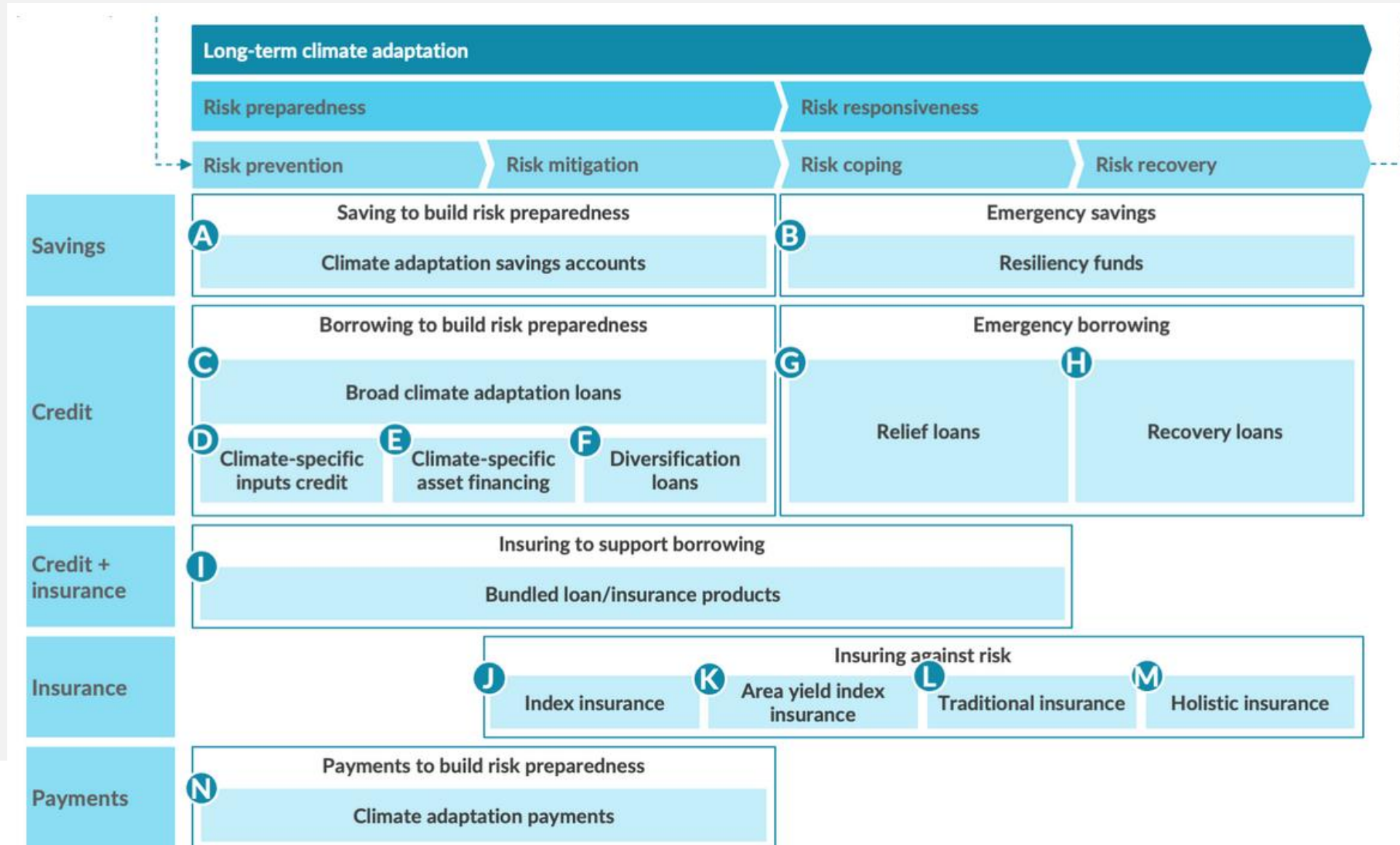
# Agenda



- ❑ 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*

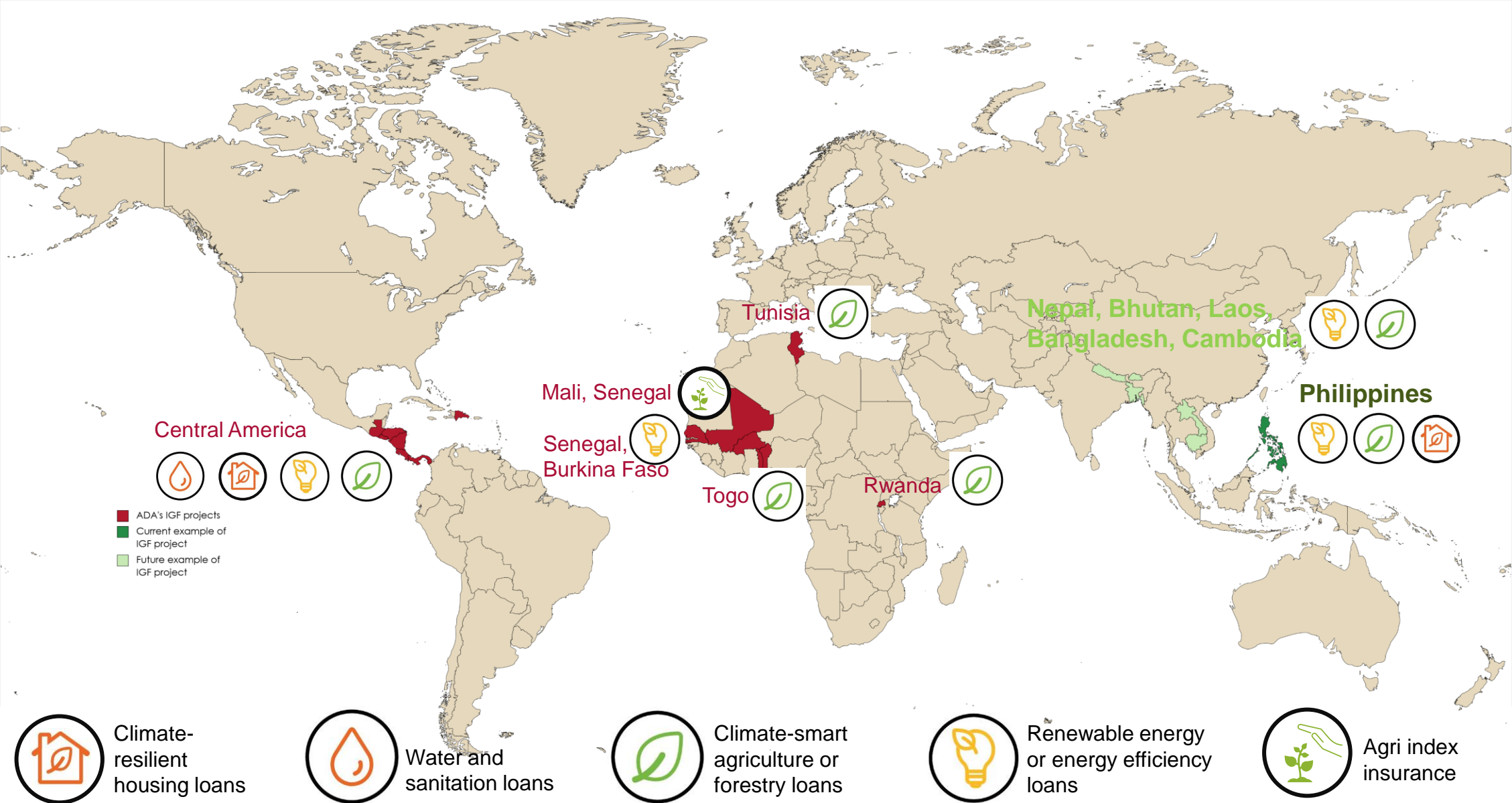
# What is inclusive green finance ?

❑ 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



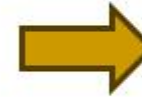
# How to implement an IGF product? *Current example in the Philippines*

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





## 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)



# 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:

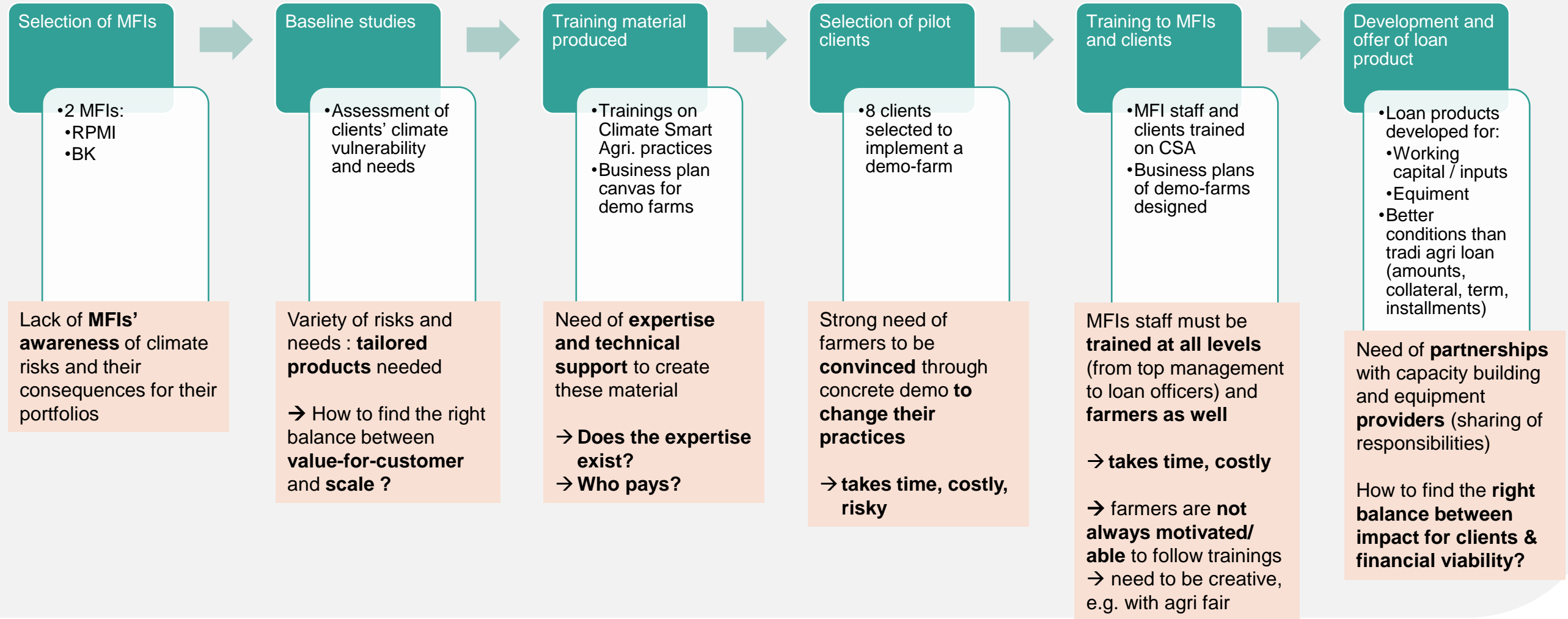
- 2 to 6 months

Equipment loan:

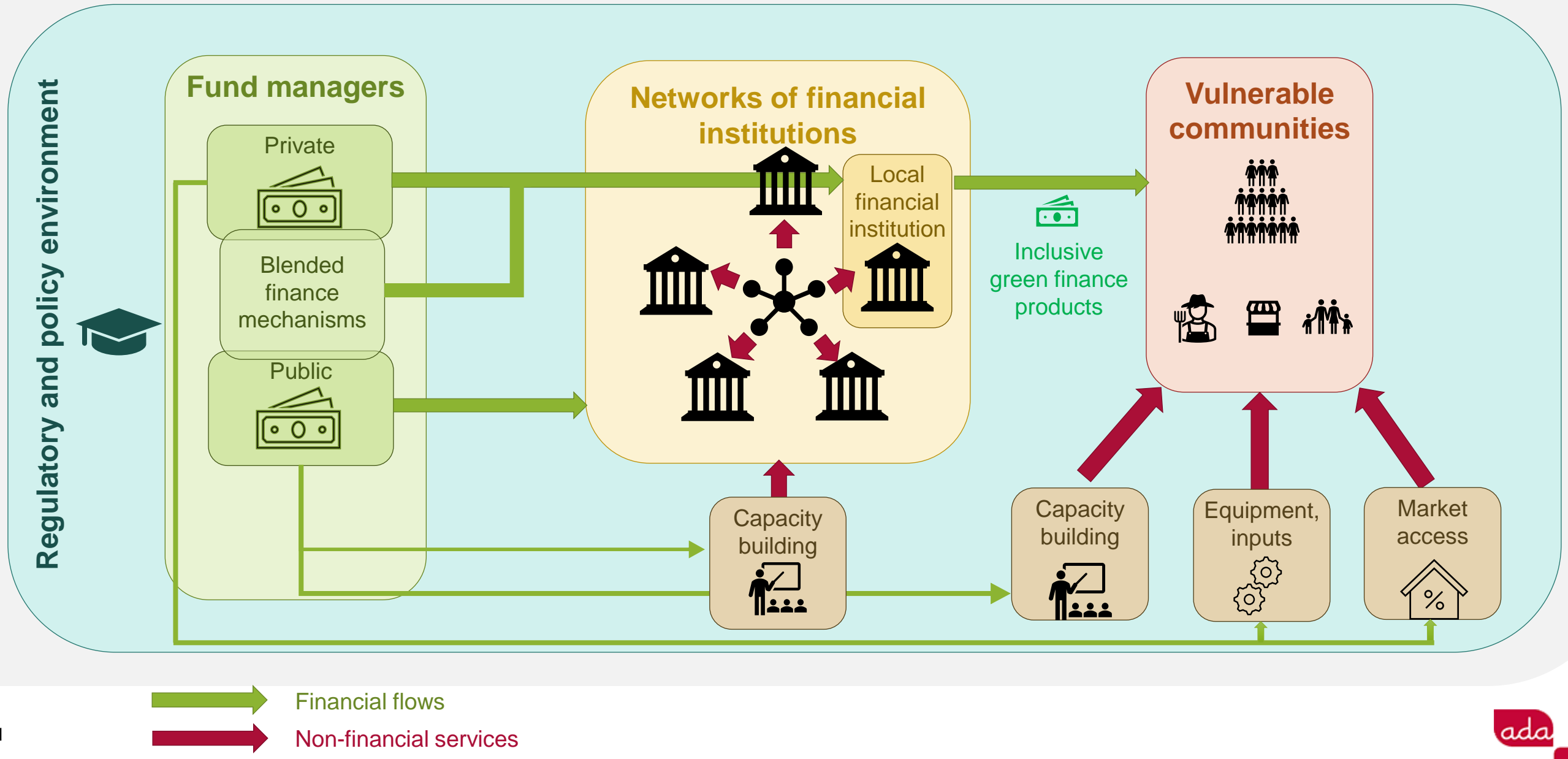
- 6 months to 3 years

# 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

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## ❑ 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

ADA - Appui au développement autonome

39, rue Glesener  
L-1631 Luxembourg  
+352 45 68 68 1

info@ada-microfinance.lu . [www.ada-microfinance.org](http://www.ada-microfinance.org)

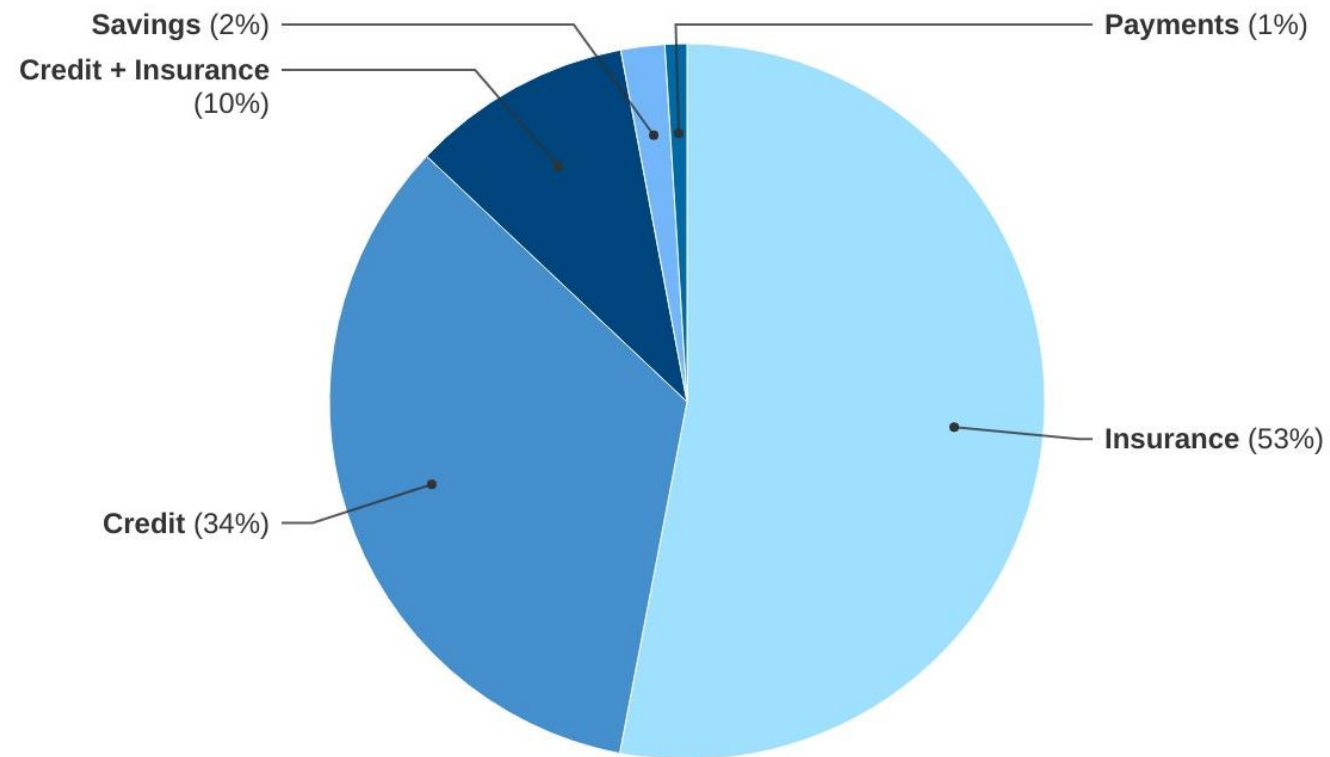
Gracias



## 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