



## Agenda

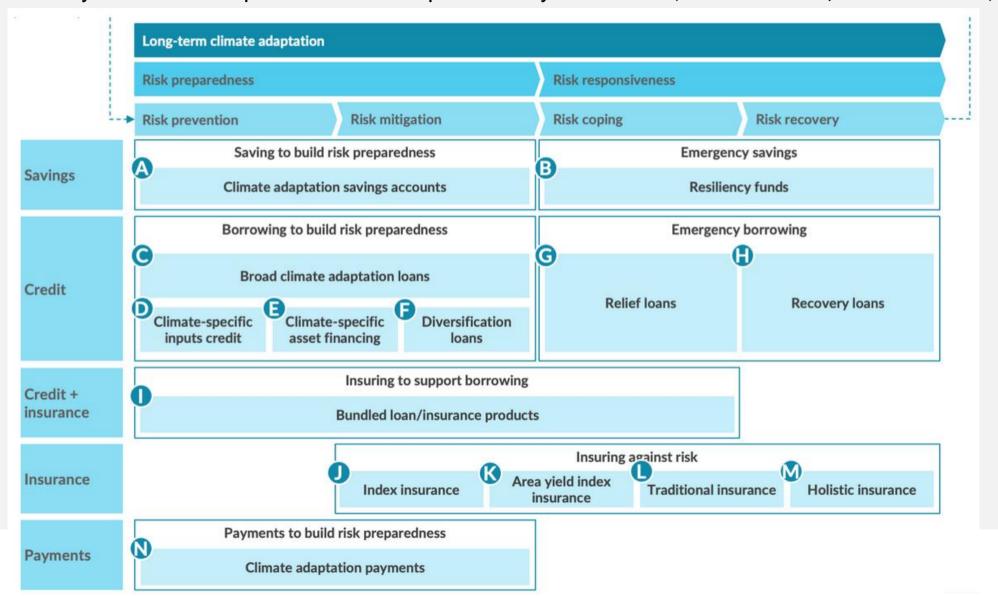


- ☐ Introduction of Inclusive Green Finance (IGF) in general and within ADA
- ☐ How to implement IGF? Example of inclusive green finance product in the Philippines
- ☐ How to scale IGF? Example of inclusive green finance programme in Asia



### What is inclusive green finance?

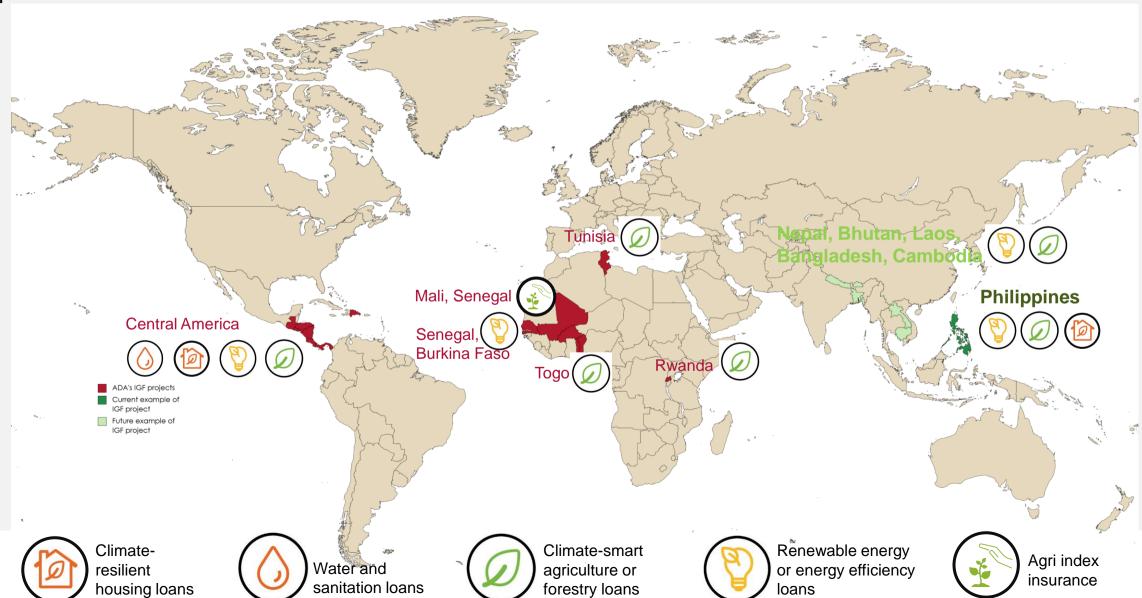
□ Proposed taxonomy of climate-responsive financial products by the CGAP (Consultative Group to Assist the Poor)





## Inclusive green finance projects by ADA

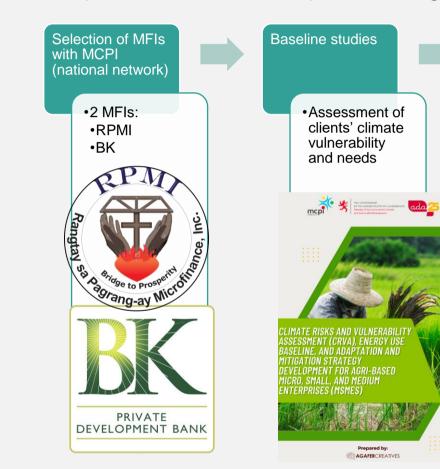
■ Experience of ADA





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

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









ORGANIC TOMATO AND ORGANIC TAIWAN SILI



- Loan products developed for:
- •Working capital / inputs
- Equiment
- •Better conditions than tradi agri loan (amounts, collateral, term, installments)





#### **Demo-farm**















Projection	Average Price	Amount
Gross income	PhP30/kg	PhP572,812.50 (USD 10,000)
Expenses		PhPI54,800 (USD 2,700)
Net income	PhP30/kg	PhP418,012.50 (USD 7,300)



#### **Demo-farm**



## 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:

Equipment loan:

• 30% per annum (2,5% monthly)

• None

#### Loan term

Input loan:

Equipment loan:

• 5 to 8 months

• 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:

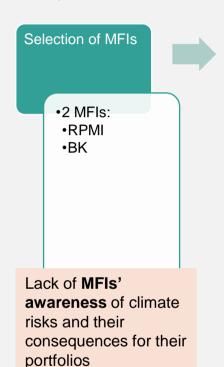
Equipment loan:

• 2 to 6 months

• 6 months to 3 years

### How to implement an IGF product? Main challenges

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



• Assessment of clients' climate

vulnerability

and needs

Variety of risks and needs : tailored products needed

→ How to find the right balance between value-for-customer and scale?

Training material produced

- •Trainings on Climate Smart Agri. practices
- Business plan canvas for demo farms

Need of expertise and technical support to create these material

- → Does the expertise exist?
- $\rightarrow$  Who pays?

Selection of pilot clients

•8 clients selected to implement a demo-farm

Strong need of farmers to be convinced through concrete demo to change their practices

→ takes time, costly, risky

Training to MFIs and clients

- MFI staff and clients trained on CSA
- Business plans of demo-farms designed

MFIs staff must be trained at all levels (from top management to loan officers) and farmers as well

- → takes time, costly
- → farmers are not always motivated/
  able to follow trainings
  → need to be creative, e.g. with agri fair

Development and offer of loan product

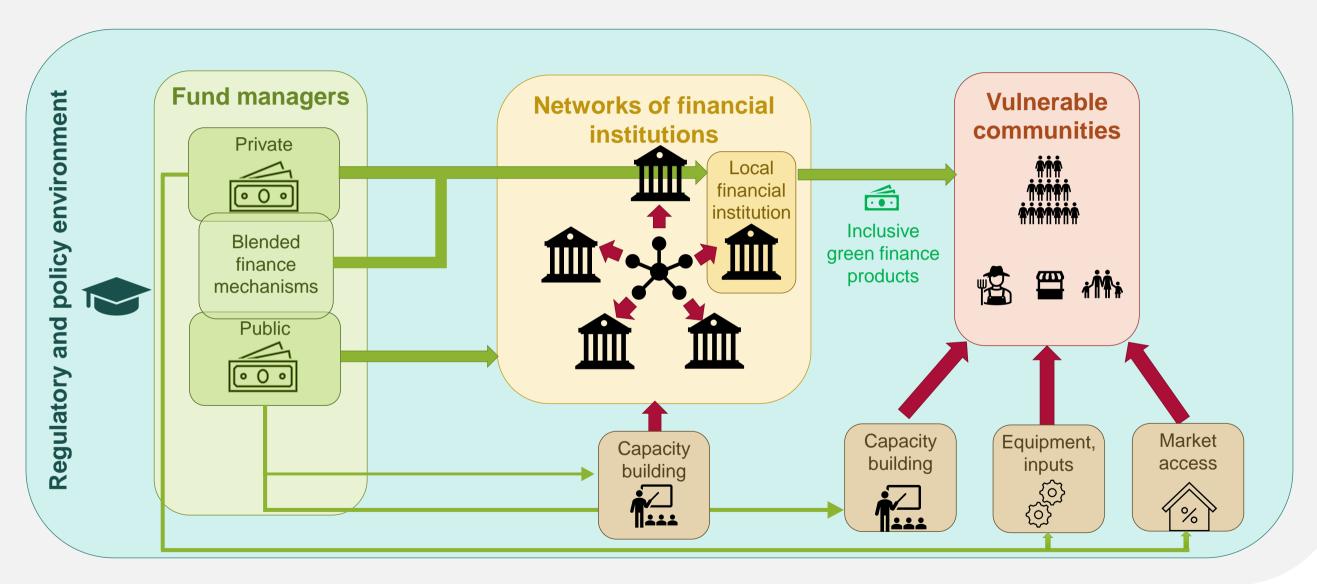
- Loan products developed for:
- •Working capital / inputs
- Equiment
- •Better conditions than tradi agri loan (amounts, collateral, term, installments)

Need of **partnerships** with capacity building and equipment **providers** (sharing of responsibilities)

How to find the right balance between impact for clients & financial viability?



#### 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 instutitions
- 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

Danke

Merci

Grazie

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Obrigado

Gracias



## What is inclusive green finance?

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

