

# INCLUSIVE GREEN FINANCE PROGRESS & CHALLENGES

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# INTRODUCTION

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# What is the AFI Global Network?



“AFI has matured... it's institutional identity is marked by a real sense of member ownership and peer exchange, which has never been done before on this scale.”

*Prof. Benno N'dulu, former Governor of the Central Bank of Tanzania and AFI Chair*



86

financial sector policymaker and regulators from emerging and developing countries working together to advance financial inclusion

82



Representing about

85%

of global unbanked population



AFI's goal is to support members to develop and implement successful financial inclusion policies that address country specific challenges



AFI is a non-political, non-profit organization, owned, governed and sustained by members through annual membership fees



# Inclusive Green Finance

ENABLING MITIGATION AND BUILDING RESILIENCE TO THE NEGATIVE IMPACTS OF CLIMATE CHANGE THROUGH FINANCIAL INCLUSION



## SAVINGS (ESPECIALLY FORMAL)

Buffer against cost increases, diversifying risks, assist in accessing credit, accelerate recovery and reconstruction



## CREDIT

Investment in e.g. low-carbon technologies, rebuilding and reconstruction, investments into e.g. more resilient housing and agriculture



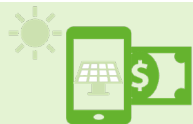
## INSURANCE

Safeguard against the effects of extreme weather events and gradual climate change



## PAYMENT SYSTEMS

Resilience in times of crisis, reconstruction and recovery, investments and buffer



## DIGITAL FINANCIAL SERVICES

Enabling the spread and use of savings, credit and insurance, as well as humanitarian assistance after extreme weather events



# IGF in numbers



**14** (8)  
Policy  
Changes



**19**  
MDCs



**65**  
IGFWG  
Member  
Institutions



**59**  
IGFWG  
Member  
Countries



**14**  
Knowledge  
Products



**448**  
Regulators  
trained

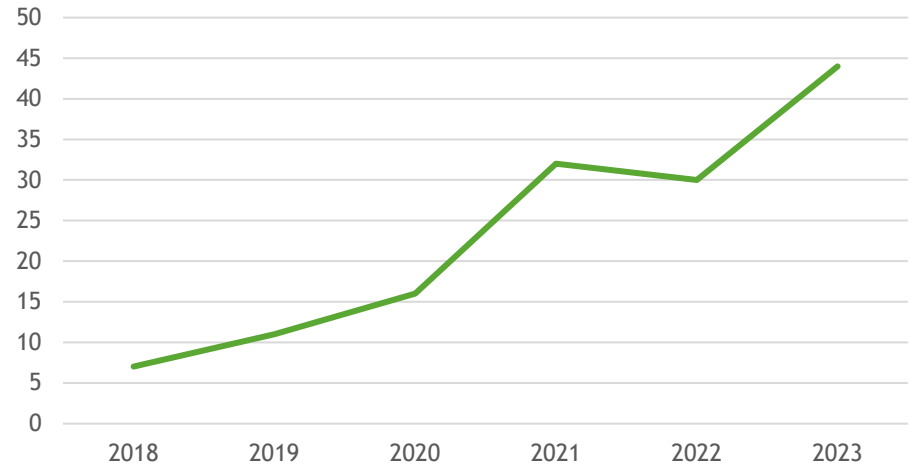


**10**  
ICI grants



**11**  
ICI TS

IGF as a priority from AFI members



# IGF TRENDS

1. Cascading government/international priorities on climate change and the environment to financial institutions at a granular level for linkages to IGF and integrating IGF in national financial inclusion strategies.
2. Capacity building, product design and pilot testing for financial institutions to develop appropriate products.
3. Awareness of the types of 'products' and 'the products environmental attributes' financed by green loans, guarantees for the benefit of households, MSMEs and data indicators for IGF / climate finance to MSMEs.
4. Innovation hubs and regulatory sandbox to promote green innovations by MSMEs and youth to contribute to climate action.
5. Enhancing the capabilities of MSMEs to understand and manage their climate-related impacts through climate risk assessment frameworks.
6. Increasing significance of agriculture finance to address food insecurity caused by impact of climate change and its effects on food inflation.
7. For regulators/supervisors, integrating climate and nature risk management and measurement in supervisory framework.
8. Disaster risk management, resilience-building and coping strategies for MSMEs, households to recover, relocate, and reconstruct their economic activities, including reskilling MSMEs to diversify their livelihoods away from sectors or regions which are prone to climate/environmental risks.
9. Considerations for blended finance to enable and scale IGF.

# BALANCING CLIMATE RISKS TO AVOID FINANCIAL EXCLUSION?

1. Pursue the management of climate risks and financial inclusion as two distinct initiatives; and recognise that the weighting/allocation of resources to both will be different.
2. Strengthen management of climate risks, including disaster management, deploy DFS and promote emergency savings and insurance by households/MSMEs (this will maintain the gains made on financial inclusion).
3. Financial inclusion may also arise as a response to a climate crisis (e.g. address challenges with mobility, provide disaster relief to affected people, and send financial or non-financial aid for recover, reconstruction efforts).
4. Financial inclusion is also a 'means to an end' for the use of savings, credit, insurance to - solve problems; access emergency supplies and health care; relocate or diversify livelihoods, stem material losses by converting physical assets (e.g. agriculture products) to cash liquidity assets.





THANK YOU

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