FINANCIAL INCLUSION STRATEGY (FIS) PEER LEARNING GROUP

INCLUSIVE GREEN FINANCE (IGF) WORKING GROUP

INTEGRATING INCLUSIVE GREEN FINANCE POLICIES INTO NATIONAL FINANCIAL INCLUSION STRATEGIES

Guideline Note No.47
September 2021

Supported by:

INTERNATIONAL CLIMATE INITIATIVE (IKI)

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

based on a decision of the German Bundestag

GUIDELINE NOTE

CONTENTS

ACKNOWLEDGMENTS

This guideline note is a product of the Financial Inclusion Strategy Peer Learning Group (FISPLG) in collaboration with the Inclusive Green Finance Working Group (IGFWG).

Contributors: Nangsi Dema (Royal Monetary Authority of Bhutan), Freda Tamba (Bank of Zambia), Angela Santiago (Banco Central de São Tomé e Príncipe), Prudence Mnisi (Ministry of Finance, Eswatini), José Ignacio Chin León (Superintendencia General de Entidades Financieras, Costa Rica), S.M. Zubayer Hussain (Bangladesh Bank), Jorge Moncayo (Superintendencia de Economía Popular y Solidaria, Ecuador), George B. Gould (Central Bank of Liberia), Khaled Bassiouny (Central Bank of Egypt) and Narantuya Natsagdorj (Financial Regulatory Commission of Mongolia).

From the AFI Management Unit: Dieter De Smet (Policy Manager, Financial Inclusion Strategy), Johanna Nyman (Head, Inclusive Green Finance), Laura Ramos (Policy Manager, Inclusive Green Finance Working Group), Jeanette Moling (Policy Specialist, Inclusive Green Finance), Luis Trevino (Senior Policy Manager, Financial Inclusion Data Working Group) and Helen Walbey (Head, Gender Inclusive Finance).

We would like to thank the AFI member institutions, partners and donors for their generous contribution to this publication.

The Inclusive Green Finance workstream is part of the International Climate Initiative (IKI), supported by the German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU), based on a decision by the German Bundestag.

Flooding the Chiangmai city, Thailand.
(Photo by Maneesh 501room/Shutterstock).

EXECUTIVE SUMMARY

Climate change[1] poses risks to financial stability across the globe, but the impacts are more severely felt in developing countries. It affects GDP and economic growth through damage to property and infrastructure, loss of productivity, potential massive migration and severe damage to the agricultural sector, while impacting the productive value chain.

Although the call for a transition to a low-carbon and resilient economy is urgent, the transformation needed to reach this goal is large and it will take time to implement. However, financial regulators and policy makers in developing and emerging economies are developing and implementing policies to tackle climate change through climate-adaptation and climate-mitigation initiatives that in turn foster sustainable financial inclusion: inclusive green finance (IGF) policies.

The purpose of this guideline note is to support the AFI member institutions to accelerate the development of inclusive green finance policies that enhance sustainable potential for economic growth and to manage the financial risks associated with the impacts of climate change. It is designed in such a way to provide guidance and direction as AFI member institutions incorporate IGF into their NFIS as a green NFIS.

The guideline note introduces a detailed process describing how to integrate IGF into all the phases of the NFIS lifecycle. It consists of three parts. In the first part, the guideline note shares the concept of a green economy and introduces the role of financial regulators in the transition to a resilient and low-carbon development. The second part describes the 4P IGF policy framework: Promotion, Provision, Protection and Prevention. This is a policy framework that provides an intuitive way for policymakers to work with IGF policies, which aims to build resilience and enables mitigation amongst low-income populations and micro, small and medium enterprises, through financial inclusion. Finally, there is an explanation on how to use the guideline note during each of the NFIS lifecycle phases (pre-formulation, formulation and implementation / monitoring & evaluation). The guideline note suggests embedding IGF elements following the structure of the NFIS lifecycle and aligns most of its components to the AFI 4P policy framework.

In the second part, the guideline note highlights the challenges in defining green finance and provides guidance on how definitions can be drawn. These include building consensus among key stakeholders on nationally accepted definitions of sustainable finance, green finance and IGF; the policy coordination mechanisms; determining IGF products, and M&E. The guideline note suggests using the IGF policy FRAME model canvas as a brainteaser during the drafting process (formulation, resource allocation, action, measurement, evaluation) explaining the process through all three phases of pre-formulation, formulation and implementation/M&E. It also explains the mechanics behind the diagnostics study, building the team, the peer-to-peer learning, and IGF policy coordination and governance structures when formulating an NFIS which integrates IGF policies. Finally, it provides a checklist for an IGF concept note based on the NFIS lifecycle and many experiences and lessons learned from AFI member institutions.

In the third part, the guideline note concludes that the transition to a resilient and low-carbon economy is one of the major challenges for financial policymaker and regulators. It provides solutions to overcome these challenges and highlights the important role of these agencies play in managing climate-related risks, mobilizing capital for green and low-carbon development, and reducing financial exclusion.

This guideline note is a collaborative effort, developed with the aim that it will become a reference tool for financial policymakers, regulators and other key stakeholders involved in the formulation and implementation of a green NFIS.

1 Defined by the United Nations Framework Convention on Climate Change as a ‘change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to climate variability observed over comparable time periods.’

INTRODUCTION

Environmental degradation and climate change threaten sustainable development. Often, environmental costs, especially in the long term, outweigh the gains of economic activities that generate them. Concern for the environment has become a central theme in the agendas of public policymakers.

In the past years, it has also risen on the agenda of financial policymakers and regulators. Climate change and environmental degradation are increasingly seen as a threat to both financial and price stability. According to the UN Environment Programme (UNEP), ‘the growth of employment and income in a green economy is driven by public and private investment to economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services’.[2] Green finance is becoming a topic that is receiving increased global attention.

The United Nations (UN) Food and Agriculture Organization (FAO) recognizes that natural disasters occur three times more than they did 50 years ago.

Beyond economic losses, the consequences for food security and nutrition are acute.[3] The impacts of climate change its consequences are increasingly being felt across all countries globally. Implications of climate change disproportionately affect the most vulnerable segments of society, including women, youth, forcibly displaced persons and persons with disabilities. Still, there are opportunities linked to reducing environmental degradaetion and curbing the impacts of climate change.

Financial policymakers and regulators play an important role in managing climate-related risks, mobilizing capital for resilience building and low-carbon development, and promoting financial inclusion. Green funding seems to be the key to achieving green and sustainable growth. The financial sector will have to play an important role in allocating resources to sustainable investments by incentivizing through the mobilization of green funds, and by penalizing financing that negatively affects the environment.

The transition to a resilient and low-carbon economy, aligned to achieve the goals of the Paris Agreement, is also increasingly a concern for financial policymakers and regulators.

The IGF policy area has emerged at the intersect between green finance and financial inclusion.[4] IGF aims to support adaptation and mitigation of both climate change and environmental degradation through financial inclusion. This is a rapidly developing policy area pioneered by the members of the AFI network.

The AFI members recognized the potential role of financial inclusion to drive climate action, thereby adopting the Sharm El-Sheikh Accord on Financial Inclusion, Climate Change and Green Finance in 2017.[5]

The links between climate change and environmental degradation, vulnerable groups, social inequity and tension, and financial stability have been emerging more clearly in the past years and financial policymakers and regulators have in some cases started to address both environmental and social risks, through initiatives and adaptation of policies and regulation. With that specific purpose, the implementation of an NFIS aims to ensure that all individuals, households and businesses - regardless of income level - can access and effectively use appropriate financial services and products to improve living standards, and to enable both resilience building and small-scale climate mitigation.[6]

2 UN. UN Environment Programme. Green economy. Available at: https://www.unenvironment.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy

3 UN. UN News. 2021. Natural disasters occurring three times more often than 50 years ago: new FAO report.Available at: https://news.un.org/en/story/2021/03/1087702

4 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

5 AFI. 2019. Sharm El Sheikh Accord on Financial Inclusion, Climate Change & Green Finance. Available at: https://www.afi-global.org/publications/sharm-el-sheikh-accord-financial-inclusion-climate-change-green-finance/

6 AFI. 2020. Inclusive Green Finance: From Concept to Practice. Available at: https://www.afi-global.org/publications/inclusive-green-finance-from-concept-to-practice/

There are several policies that aim to link financial inclusion and climate change. However, a high-level commitment is needed to make a significant development in integrating climate change and environmental degradation safeguards into financial regulation. Some AFI members have integrated climate change priorities in their NFIS in recognition of the threat that it poses to financial inclusion and development.[7] The NFIS allows financial policymakers and regulators to define a set of financial inclusion objectives, prioritize targets, specify stakeholder responsibilities and coordinate stakeholder efforts. The NFIS provides relevant opportunities to accelerate a just and inclusive green transition in the financial sector.

Many developing countries suffer disproportionately from the effects of climate change due to limited coping capacities and, usually, high risk exposure. The need for IGF policies is becoming clearer. Beyond country goals and resource requirements, green finance must be pursued with a broader gender-sensitive and financial inclusion objective.

It is important to ensure that all green finance developments are truly inclusive and that those at the base of the economic pyramid and the most vulnerable populations are not left behind.

The purpose of this guideline note is to support AFI member institutions in accelerating the development of inclusive green growth drivers to enhance potential for sustainable economic growth. The guideline note encourages the AFI network to develop a green NFIS and collectively include important roles of the government, regulators, financial service providers (FSP) and the private sector to introduce or reinforce IGF agendas.

The AFI Guideline Note 47: Integrating Inclusive Green Finance policies into National Financial Inclusion Strategies will reinforce or introduce the drafting process of the green NFIS to the AFI member institutions.

A. GREEN FINANCE

There are numerous definitions of “green finance” that are used internationally. Efforts are made to describe the term with a broad range of funding for environment-oriented technologies, projects, industries or businesses. This concept is also constantly evolving and developing to incorporate more aspects of climate and environment-related activities.

A more narrow definition of “green finance” refers to the environment-oriented financial products or services (loans, credit cards, investments, insurance, bonds)[8]. According to the European Banking Federation, “green finance includes (but is not limited to):

1) **environmental aspects** (pollution, greenhouse gas [GHG], biodiversity, water or air quality) and
2) **climate change aspects** (energy efficiency, renewable energies, prevention and mitigation of climate change)”[9].

Other terms used to describe “green finance” include “environmentally responsible investment” and “climate change investment.”[10] “Green investing recognizes the value of the environment and its natural capital and seeks to improve human wellbeing and social equity while reducing environmental risks and improving ecological integrity”[11].

7 AFI. 2019. Effective Stakeholder Coordination for National Financial Inclusion Strategy Implementation.Available at: https://www.afi-global.org/publications/effective-stakeholder-coordination-for-national-financial-inclusion-strategy-implementation/

8 United Nations Economic and Social Commission for Asia and the Pacific. 2012. Green Finance. Low Carbon Green Growth Roadmap for Asia and the Pacific : Fact Sheet. Available at: https://www.unescap.org/sites/default/d8files/28.%20FS-Green-Finance.pdf

9 European Banking Federation. Available at: https://www.ebf.eu/sustainable-finance/spotlight-taxonomy/

10 Noh, H.J. September 2018. Financial Strategy to Accelerate Green Growth. ADB Working Paper Series.Paper no. 866. Available at: https://www.adb.org/sites/default/files/publication/452656/adbi-wp866.pdf lb

11 Soundarrajan, P., N. Vivek. 2016. Green finance for sustainable green economic growth in India N. Agricultural Economics. Prague Vol. 62, Iss. 1 Available at: https://search.proquest.com/openview/eb3a336ba2167082063a829c5cd791a0/1?pq-origsite=gscholar

Nannette Lindenberg of the German Development Institute described green finance as “comprising the financing of public and private green investments (including preparatory and capital costs), environmental goods and services (water management or protection of biodiversity and landscapes) and prevention, minimization and compensation of damages to the environment and to the climate (energy efficiency or dams)”[12]. This is aligned to the definition that Hee Jin Noh cited from Rakić and Mitić (2012)[13] that described green finance as a “type of future-oriented finance that simultaneously pursues the development of financial industry, improvement of the environment and economic growth. “Green finance” should incorporate new technologies, financial products, industries and services which consider the environment, energy efficiency and reduction of pollutant emissions to support low-carbon green growth”.

In 2017, the European Commission[14] provided a more extensive definition highlighting that green can be defined differently depending on various pertinent financial segments, mostly targeted and untargeted finance which are explained through the excerpt from the report opposite.

BOX 1: TARGETED AND UNTARGETED GREEN FINANCING

TARGETED GREEN FINANCING (USE OF PROCEEDS)

“

The capital is provided for the development and implementation of green technologies, activities or projects (the construction of photovoltaic solar electricity generation facilities) or for companies whose revenues are generated to a high extent by green technologies or activities (specialist green companies). Targeted green finance is most commonly provided through the proceeds from green bonds and green loans, or green project finance.

By crediting the proceeds to a sub-account, or ring-fencing or tracking them otherwise, the issuer or borrower can ensure that proceeds are used for the stated purposes. One of the objectives of targeted green finance is to provide money to green projects, thereby allowing investors or creditors to contribute to societal objectives while simultaneously reducing the stranded asset risks arising from stricter environmental and climate policy and changing market demand.

When defining “green” in the context of targeted financing, it is important to specify which sectors, technologies, activities or projects are considered as “green.”

BOX 1: *continued*

UNTARGETED GREEN FINANCING

“

The capital is provided for companies that successfully manage environmental, social and governance (ESG) risks and are thus perceived as more environmentally friendly than others”. This broader approach to defining green finance is common in listed and private equity investment (sustainable and responsible investment) and corporate finance where the capital is usually provided for general purposes, i.e. there are no restrictions on how the capital can be used by the company.

Such financing strategies can help to reduce environmental risks across investors’ portfolios and, to a lesser extent, move companies towards greener development by raising awareness of the importance of the ESG risk management. Since the financing is not provided for a specific purpose, the correlation between the funding and its green impacts is hard to measure.[15]

In order to strengthen the green credentials of the untargeted green financing, it is helpful to determine minimum requirements focusing on the “how” (procedural aspects, e.g. mandatory engagement of investors with companies)”.

Source: European Commission. 2017. Excerpted from Defining “green” in the context of green finance.[16]

12 Lindenberg, N. April 2014. Definition of Green Finance. German Development Institute. Germany. Available at: https://www.die-gdi.de/uploads/media/Lindenberg_Definition_green_finance.pdf

13 Rakić, Slobodan and Mitić, Petar. 2012. Green Banking: Green Financial Products with Special Emphasis on Retail Banking Products. Sremska Kamenica. Educons University. Available at: https://www.researchgate.net/publication/262635208_Green_Banking_-Green_Financial_Products_with_Special_Emphasis_on_Retail_Banking_Products

14 European Commission. 2017. Defining “green” in the context of green finance. Available at: https://ec.europa.eu/environment/enveco/sustainable_finance/pdf/studies/Defining%20Green%20in%20green%20finance%20-%20final%20report%20published%20on%20eu%20website.pdf

15 2° Investing Initiative, UNEPFI, WRI. 2016. Climate strategies and metrics: exploring options for institutional investors. Available at: https://www.unepfi.org/publications/climate-change-publications/portfolio-carbon-initiative-publications/climate-strategies-and-metrics-2/

16 European Commission. 2017. Excerpted from Defining “green” in the context of green finance. Avalaible at: https://ec.europa.eu/environment/enveco/sustainable_finance/pdf/studies/Defining%20Green%20in%20green%20finance%20-%20final%20report%20published%20on%20eu%20website.pdf

Efforts to harmonize definitions of green finance saw the rise of green taxonomy and green bonds taxonomy at regional and country levels. For example, the Association of Southeast Asian Nations green bond taxonomy[17] provides standards and guidelines for green bond issuances in that region. The EU taxonomy[18], one of the first green finance taxonomies, provides a detailed guideline of activities that can be considered green and sustainable. Some national green taxonomies, such as the Mongolian Green Taxonomy[19], provides high-level guidance for green finance in Mongolia.

Some countries, such as Bangladesh[20] and Indonesia[21], have taken the guideline approach and listed activities that can be considered as green as part of their green banking policies. Bangladesh has expanded its guideline into a green finance taxonomy and a sustainable finance taxonomy. In China, the People's Bank of China (PBoC), the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC) issued the draft for public consultation "Green Bond Endorsed Project Catalogue" (2020 edition)[24] which harmonizes green catalogues issued earlier. Other countries are also taking on green taxonomy development as one of the initial steps to mainstreaming green finance into the financial system.

BOX 2: THE MONGOLIAN GREEN TAXONOMY

The overall objective of the green taxonomy is to develop a nationally agreed classification framework of activities that contribute to climate change mitigation, adaptation, pollution prevention, resource conservation and livelihood improvement in the context of green finance.

The specific objectives of the green taxonomy are to:

- provide financial institutions, businesses, policymakers and other market players with a common understanding and approach to identify, develop and finance green projects;
- support investors' confidence to finance green projects and mitigate the risk of "greenwashing";
- boost green finance flows from various sources, including the private sector, international financial institutions and foreign investors;
- track private sector investments in green projects and measure the impact contribution to Mongolia's green development and climate change-related policies and targets, and
- inform and help shape national policies and regulations on green finance that will boost the market development of green opportunities.

BOX 2: *continued*

THE GREEN TAXONOMY FRAMEWORK IS DEVELOPED IN ADHERENCE TO THE FOLLOWING SIX PRINCIPLES:

1: Contribute to national policies and targets
2: Address environmental challenges
3: Cover high-emitting key economic sectors
4: Align with international standards and good practices
5: Comply with ESG standards
6: Continue review and development

GREEN TAXONOMY CATEGORIES:

- **Renewable energy:** wind, solar, geothermal, hydropower, supply chain and supporting infrastructure for renewable energy and others
- **Energy efficiency:** energy efficiency improvements of the existing industrial facilities, utility sector, public services and energy-efficient buildings
- **Green building:** green buildings, products, materials and infrastructure
- **Low pollution energy:** bioenergy, sources alternative to coal, waste-to-energy and fuel switch
- **Pollution prevention and control:** air and soil quality
- **Sustainable water and waste use:** sustainable water and water efficiency, waste and wastewater and resource conservation and recovery
- **Sustainable agriculture, land use, forestry, biodiversity conservation and ecotourism:** sustainable agriculture, forest management and conservation of biodiversity and ecosystems and sustainable tourism
- **Clean transport:** low-carbon vehicles, freight and cargo transportation, clean transport infrastructure, transportation and ICT

Sources: AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition)[22], Mongolia. 2019. Mongolian Green Taxonomy[23]

17 ASEAN Capital Markets Forum. 2018. ASEAN Green Bonds Standard (Revised). Available at: https://www.theacmf.org/images/downloads/pdf/AGBS2018.pdf

18 European Commission. EU taxonomy for sustainable activities. Available at: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

19 Mongolia. 2019. Mongolian Green Taxonomy. Available at: https://www.ifc.org/wps/wcm/connect/0c296cd3-be1e-4e2f-a6cb-f507ad7bdfe9/Mongolia+Green+Taxanomy+ENG+PDF+for+publishing.pdf?MOD=AJPERES&CVID=nikyhlh

20 Bangladesh Bank. 2020. Sustainable Finance Policy for Banks and Financial Institutions. December 2020. Available at: https://www.bb.org.bd/mediaroom/circulars/gbcrd/dec312020sfd05.pdf

21 Yakovlev I.A., Nikulina S.I. Indonesia's Strategy for Sustainable Finance. Financial Journal, 2019, no. 6, pp. 83-95 (In Russ.). DOI: 10.31107/2075-1990-2019-6-83-95. Available at: http://oaji.net/articles/2020/8467-1595188833.pdf

22 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

23 Mongolia. 2019. Mongolian Green Taxonomy. Available at: https://www.ifc.org/wps/wcm/connect/0c296cd3-be1e-4e2f-a6cb-f507ad7bdfe9/Mongolia+Green+Taxanomy+ENG+PDF+for+publishing.pdf?MOD=AJPERES&CVID=nikyhlh

24 China Securities Regulatory Commission. 2021. Notice on Issuing the Green Bond Endorsed Projects Catalogue (Unofficial translation courtesy of the Climate Bonds Initiative) Available at: https://www.climatebonds.net/files/files/the-Green-Bond-Endorsed-Project-Catalogue-2021-Edition-110521.pdf

In the past, financial policymakers and regulators, handled green finance and inclusive finance mostly as two separate agendas. But there is an increasing awareness among financial regulators on the links between the effects of climate change and the stability of the financial sector. Moreover, key target groups for inclusive finance (women and youth), tend to be disproportionally exposed to the risks and impacts of local and global environmental changes while also playing an important role in mitigating environmental change.[25] The actions financial policymakers and regulators can take include: enhanced monitoring of climate-related risks through adequate mappings and stress tests; developing new methodologies to improve the assessment of climate-related risks; inclusion of the ESG criteria in their pension funds; helping to develop and assess the proper taxonomy to define the carbon footprint of assets more precisely (e.g. "green" vs. "brown" assets commonly known as "greenwashing"); working closely with the financial sector on disclosure of carbon-intensive exposure to assess potential financial stability risks, and focusing resources on studying how prudential regulation can address the financial stability risks linked to the impacts of climate change.

Additionally regulators in the AFI network have begun responding – often in an urgent matter –with strategies, policies and regulations to mitigate and build resilience against the impacts of climate change in their respective countries. There is also a growing recognition of the intersectional nature of these policies and regulations, and the need to build in gender sensitivities from the outset.[26]

Many AFI network members have indicated that climate change is a problem in their country which imposes a high cost on low-income and vulnerable populations. Some expressed concerns that, in extreme cases, climate change could undermine financial stability so regulators would need to step in where disruptions could spread.

Therefore, there is an emerging trend in the AFI network to link financial inclusion and climate change on a national strategic level, either via an NFIS or other financial sector strategies, to formulate a holistic policy for the national financial sector.

B. INCLUSIVE GREEN FINANCE

This guideline note aligns most of its components to AFI's 4P policy framework (promotion, provision, protection, prevention) on Inclusive Green Finance.

Although financial regulators have taken a variety of approaches to advancing IGF, they have found that there is often no need to reinvent the wheel. Often, existing policy tools and techniques for low-income populations and micro, small and medium enterprises (MSMEs) can be refined and repurposed with a gender-sensitive and green focus. This allows policymakers to act swiftly while laying the groundwork for innovative policies.

These policies are presented here in the IGF framework: Promotion, Provision, Protection and Prevention, known as the AFI 4P framework. All policies under the 4Ps either catalyze financial services from the private sector or use financial infrastructure to deploy finance for climate action and some of them are interrelated .[27]

Although these four categories sometimes overlap, the 4P policy framework provides financial regulators with an intuitive way to think about the full range of policy actions they can take for IGF.

25 Banque de France. 2020. Bolton, P., Morgan Despres, Luiz Awazu Pereira Da Silva, Frédéric Samama & Romain Svartzman. The green swan: Central banking and financial stability in the age of climate change. Available at: https://www.bis.org/publ/othp31.pdf

26 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

27 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

FIGURE 1: THE 4P POLICY FRAMEWORK OF IGF

PROMOTION

Promotion policies and initiatives prepare the private sector to offer financial services for green projects or related climate action activities to qualified beneficiaries (through awareness raising, information sharing, capacity building, disaggregated data collection and certain monetary policy actions). Promotion is the preparatory and framework development phase for action on IGF, but also includes critical ongoing efforts that support the implementation of the other three pillars.[28]

PROVISION

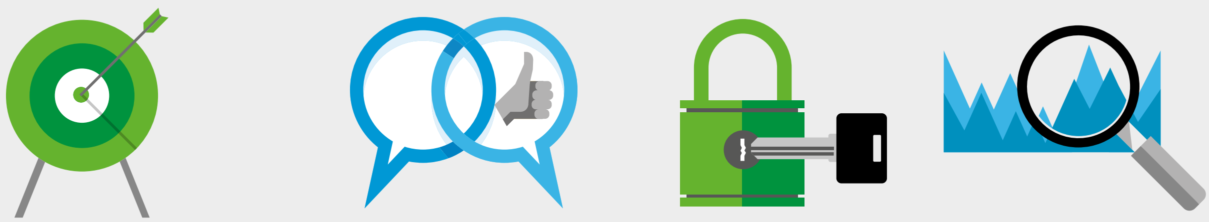
Provision policies help ensure that financial resources are provided to inclusive green projects through adequate monetary and regulatory measures and supported by relevant payment systems.[29]

PROTECTION

Protection policies reduce financial risk by “socializing” potential losses through insurance, credit guarantees, social payments or any other related risk-sharing mechanisms. Policies in this category provide a much-needed safety net and help to build resilience by accelerating and facilitating recovery from extreme climate events.[30]

PREVENTION

Prevention policies aim to avoid undesirable outcomes by lowering financial, social and environmental risks. As part of this effort, financial regulators are enacting environmental (and social) risk management guidelines to assess and proactively address the social and environmental externalities and risks of their institutions’ activities.



28 AFI. 2021. Promoting Inclusive Green Finance Initiatives and Policies. Available at: https://www.afi-global.org/publications/promoting-inclusive-green-finance-initiative-and-policies/

29 AFI. 2021. Greening the Financial Sector through Provision Policies: The Role of Central Bank. Available at: https://www.afi-global.org/publications/greening-the-financial-sector-through-provision-policies/

30 AFI. 2020. Climate Risk Insurance for the Agriculture Sector in Armenia. Available at: https://www.afi-global.org/publications/climate-risk-insurance-for-the-agriculture-sector-in-armenia/

C. PURPOSE AND TARGET AUDIENCE OF THE GUIDELINE NOTE

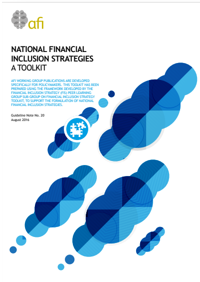
This guideline note is designed to provide guidance and directions to the AFI member institutions on how to incorporate IGF into their NFIS and thus develop a green NFIS.

This is contingent on different circumstances the member institutions face regarding climate risks and environmental risks that have potential to cause financial vulnerabilities; climate change impacts; level of adoption of climate policies, and green finance progress. IGF policy interventions, aiming to build resilience and enable mitigation, will be an important component to ensure an equitable, resilient and sustainable financial system by all policymakers and regulators. In IGF policy development, it is also crucial to ensure gender sensitivity to address specific vulnerabilities women face regarding climate change impacts. Financial inclusion strategies play a crucial role towards advancing inclusive access, usage and impact of advancing financial services. Integration of green elements in financial inclusion policy has the potential to contribute to the efficient promotion of environmental principles, values, innovation and inclusiveness towards a more sustainable and financial inclusion ecosystem in the AFI network.

This guideline note is primarily aimed at financial policymakers, regulators and other key stakeholders involved in the formulation and implementation of a green NFIS. Its main audiences are countries that are developing an NFIS as well as those that have already developed an NFIS and are currently involved in developing IGF interventions. Countries that already developed financial inclusion strategies can refer to the key recommendations on how to integrate IGF elements, e.g. through a midterm review of the NFIS. Countries that are planning or still formulating their NFIS may find guidance on how to integrate IGF elements into the NFIS from the formulation phase. Countries without options to integrate IGF in the existing NFIS or without plans to develop an NFIS altogether may align existing or future relevant regulation to include recommended key phases of IGF policy formulation, action framework developments and measurement evaluations.

D. HOW TO USE THE GUIDELINE NOTE

This guideline note builds on several AFI publications and should be read in conjunction with the following AFI knowledge products:



Guideline Note: National Financial Inclusion Strategies: A Toolkit (2016)[31]
> View here

National Financial Inclusion Strategy Policy Model (2020)[32]
> View here

Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition) (2020)[33]
> View here

Inclusive Green Finance Policies for MSMEs (2020)[34]
> View here

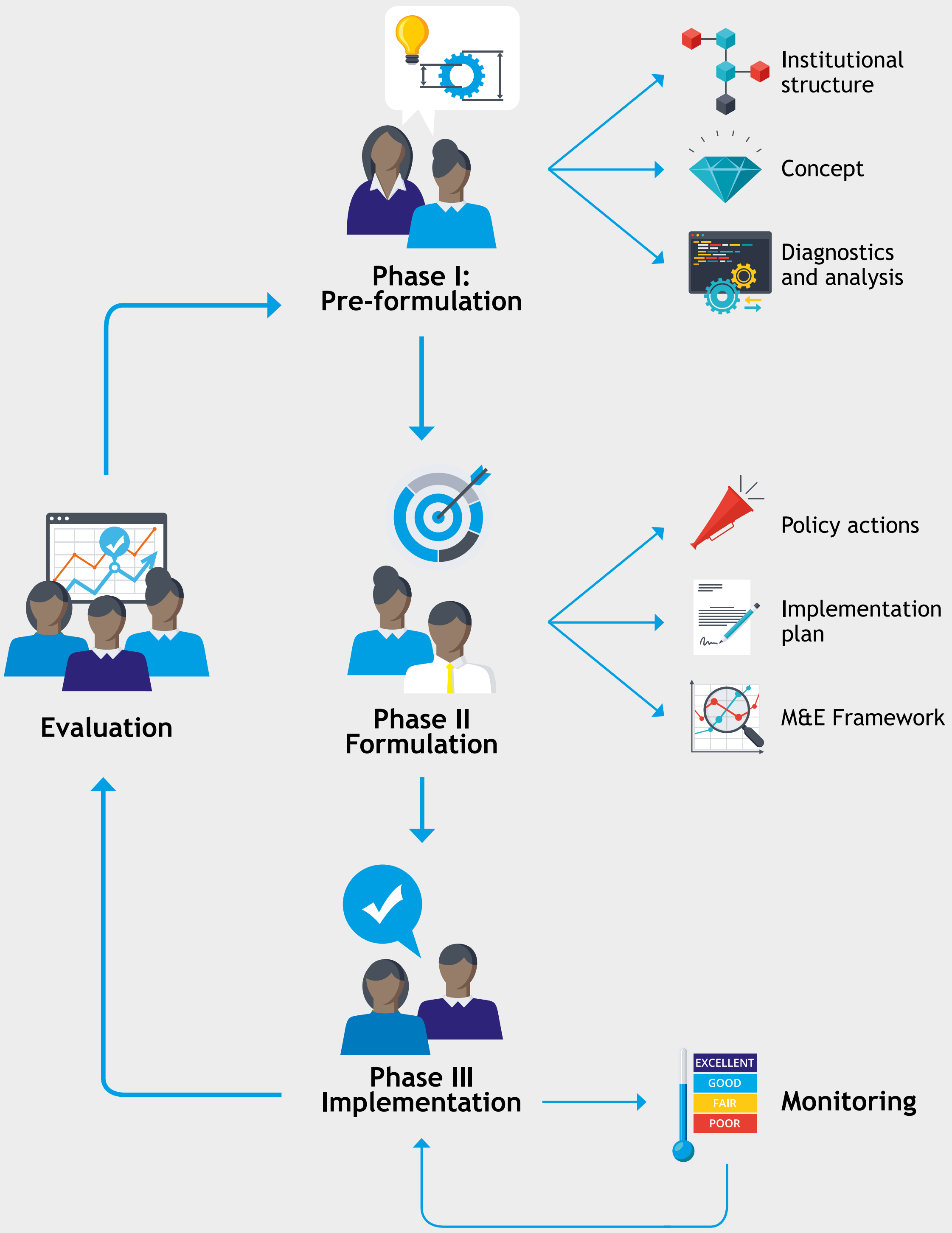
31 AFI. 2016. National Financial Inclusion Strategies A Toolkit. Available at: https://www.afi-global.org/sites/default/files/publications/2016-08/Guideline%20Note-20%20FIS-Toolkit.pdf

32 AFI. 2020. National Financial Inclusion Strategy Policy Model. Available at: https://www.afi-global.org/publications/policy-model-for-national-financial-inclusion-strategy/

33 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

34 AFI. 2020. Inclusive Green Finance Policies for MSMEs. Available at: https://www.afi-global.org/publications/inclusive-green-finance-policies-for-msmes/

FIGURE 2: THE NATIONAL FINANCIAL INCLUSION STRATEGY LIFECYCLE



It is structured in accordance with the NFIS lifecycle as set out in the AFI NFIS policy model. The NFIS lifecycle consists of three phases:

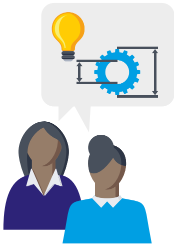
a) Phase I: Pre-formulation

b) Phase II: Formulation

c) Phase III: Implementation/M&E

The guideline note suggests embedding IGF elements following the structure of the NFIS lifecycle .

PRE-FORMULATION PHASE



This phase lays the critical foundation for the NFIS and analyzes NFIS barriers and opportunities through a comprehensive diagnostics study. At this phase, the study would reflect the population's degree of financial exclusion with sex-disaggregated data on target groups, geographical penetration, access points, etc. On the supply-side front, the study could focus on the availability and requirements of appropriate gender-sensitive regulatory policies or strategies,

infrastructures and other enablers.

Specific IGF and associated environment and climate change policies could be aligned and mapped in the diagnostic study while trying to identify financial exclusion barriers and gaps and vulnerability to climate change.

The crucial outcome of the pre-formulation phase is a concise concept note containing proper institutional structures, identification of key climate change and green finance initiatives-related institutional stakeholders, identification of existing green finance-related programs and commitments, briefings of climate-risk assessments, planned resources and clear timelines.

FORMULATION PHASE

This phase articulates and translates the concept note, developed during the pre-formulation phase, into detailed policy solutions. It is important to ensure that these policy solutions are gender sensitive where relevant. This phase comprises identifying a vision, objectives and critical activities. Here, in meeting the overall sustainable vision of the NFIS, IGF could be introduced as a core pillar or integrated throughout the NFIS. During this phase, the following are developed: the implementation plan (including the theory of change), a result chain and a results framework that includes measurable action items.

IMPLEMENTATION/M&E PHASE

The strategy or policy document follows a launch phase with identified key stakeholders to implement objectives set out in the policy document and to execute an action plan. During this phase, it is crucial to enable collaboration with funding partners and define their strategic roles. This requires the development of effective gender-sensitive communication strategies, governance structures and identification of institutional roles and responsibilities.

CHALLENGES OF DEVELOPING A GREEN NFIS

There are specific challenges concerning the integration of IGF into an NFIS.

Some of them include building consensus among key stakeholders on nationally accepted definitions of sustainable finance, green finance and IGF; establishing efficient coordination mechanisms (ensuring policy alignment and coherence between IGF and the mainstream policies on climate change); determining IGF products and services (adopting criteria that will be used to describe and include IGF products from different financial subsectors, including climate-related and IGF disclosures), and establishing an M&E framework (gathering information and data and setting indicators).

1. BUILDING CONSENSUS

Establishing consensus among key stakeholders on nationally accepted definitions of sustainable finance, green finance and IGF.

IGF and climate change bring together diverse stakeholders from the financial sector, private sector, and government ministries and agencies responsible for the environment and management of natural resources. Consensus on acceptable definitions of IGF will help improve the general understanding of what is considered “green” and take into account adaptation or resilience building, mitigation or low-carbon development, and natural resource management.

Commonly accepted definitions of sustainable finance and green finance that are consistent with those used by the lead environmental government ministries, public finance and the existing FSP’s products could be integrated into an NFIS. It is important to integrate material ESG factors into green definitions. Alignment of green definitions with existing national or regional green or sustainable finance taxonomy is highly encouraged.

2. COORDINATION MECHANISM

Ensuring policy alignment and coherence between IGF and the mainstream policies on climate change.

It has been established that countries must discuss the benefits of a climate-related financial risk management framework to advance the Sustainable Development Goals (SDGs) and the sustainable finance agenda. This also links to climate-related risk management playing a role in reaching or maintaining financial stability objectives. Therefore, the development of IGF policies should not be considered complementary; they are urgently needed and must be collectively implemented.

In order to achieve climate change policy coherence and its milestones, the NFIS should build on existing policies and regulations in order to harmonize definitions and ensure alignment of IGF with national priorities, priority sectors and timelines. This type of alignment should also be sought after by the stakeholders working to implement the NFIS.

To ensure alignment with the country’s climate goals and strategies, it is essential to consult: the SDGs and Paris Agreement to verify any existing commitments, which may have been translated into a national-level climate change policy. These include the country’s nationally determined contributions (NDCs); national adaptation plans (NAPs); national climate strategies; SDG strategies, and similar key development and environmental policies.

In addition, the green NFIS should include a dedicated section highlighting how IGF policies will be linked to the implementation of the national-level climate change policy and the SDGs.

IGF intends to enhance the practice of sustainable finance and green finance with a clear focus on financial inclusion under NFIS. However, countries need to determine if:

- they have written policies on sustainable finance and green finance that can support the implementation of IGF policies
- these should be issued simultaneously with the NFIS or as standalone policies

Since the policy alignment requires multi-sectoral participation, a proper coordination mechanism needs to be effectively facilitated.

3. DETERMINING IGF PRODUCTS

Adopting criteria that will be used to describe and include IGF products from different financial subsectors.

IGF cuts across different financial subsectors. Defining IGF helps countries identify various national environmental and climate change priority areas. In turn, this could give rise to determining specific IGF-related financial products and services. Such definitions should be based on a mapping of specific vulnerabilities in the country. Ideally, they could also be based on a demand-side survey on climate vulnerabilities and coping mechanisms.

Developing a national green finance taxonomy provides a comprehensive definition of green finance in the national context, potentially covering not only climate mitigation and adaptation, but also sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

However, if a country does not plan to develop a full green taxonomy, policymakers can still explore to determine whether specific IGF products can be anchored on the IGF definition they adopted.

Different criteria can be used to describe IGF products for financial subsectors comprising banking (loans for small-scale resilience building and mitigation; green certificates of deposits); microfinance (financing green projects or financing schemes for green lending); building societies (resilient housing or green mortgages); credit guarantees and refinancing schemes, and FinTech and insurance (climate risk micro insurance).

There is a wide range of disclosures for climate-related financial risks that can be used by companies and individuals to provide information to lenders, insurers, investors and other stakeholders.

There should be consensus and transparency on the physical, liability and transition risks associated with climate change, including on what constitutes consistent and comparable financial disclosures in this area.

Integrating IGF into an NFIS implies expanding the role and definition of the financial system to include aspects of sustainable finance.

The UN Climate Change Learning Partnership (Sustainable Finance) provides the following description:

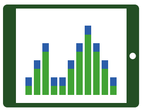
"The essence of sustainable finance is that the financial system fulfills its functions in supporting sustainable economies rather than fueling climate change and the degradation of the ecosystem."[35]

To achieve this, decisions on investments, loans and financial infrastructure (payment systems) need to be assessed not only from the financial perspective but also from a sustainability viewpoint.

35 UN. One UN Climate Change Learning Partnership. Introduction to Sustainable Finance. Available at: https://unccelearn.org/course/view.php?id=59&page=overview

4. MONITORING & EVALUATION

Gathering information and data and setting indicators.



A challenge is posed by the lack of substantial information and data on climate impacts, vulnerabilities and green finance products, from both supply and demand side, at the country level. Inclusion of specific IGF components into financial inclusion demand-side surveys could enhance understanding of the local context and potential beneficiaries, including target population (women and youth), and would, in turn, complement the global level of policy understanding.[36] In addition, data on the environment and climate change vulnerability could also be explored if available.

Readily available information can be obtained from reliable sources, such as the UN SDGs Knowledge Platform,[37] the UN Climate Change Learning Partnership,[38] the Climate Policy Initiative,[39] the Global Financial Markets Association,[40] the International Fund for Agricultural Development,[41] and AFI, among others. This information can be complemented by a survey targeting domestic products offered by the FSPs and consultations with government agencies responsible for climate change policies.

Information gathered from these sources improves understanding of national vulnerabilities and priorities on climate change mitigation and adaptation, and how IGF can be designed under NFIS.

IGF is mainly product-oriented and determined by two dimensions of financial inclusion (access and usage). It can also take the form of environmental and social risk management guidelines, ensuring sustainable practices and decisions by FSPs. The NFIS results framework can include indicators to monitor and evaluate the progress of policies implemented. All such reporting and indicators should be sex- and age-disaggregated wherever possible.

A green purpose can also be included in existing products and services, monetary or regulatory policy mechanisms as a new need.

Indicators measuring financial subsectors, target groups (households, farmers, MSMEs, rural), sex (male, female) and priority economic sectors (energy, transport, agriculture) can also be established to measure annual uptake of IGF products.

Detailed challenges of gathering IGF-related information and data, alignment of IGF with mainstream climate change policies, building consensus on definitions and concepts, linking sustainability and IGF to the role of the financial system, appropriate sequencing of the formulation of sustainable finance, green finance and IGF policies.

Determining the type of criteria to describe and include IGF products from different financial subsectors and setting access and usage indicators for IGF in NFIS results framework are articulated next.

36 AFI. 2021. Guideline Note 42. Demand-side Approach to Inclusive Green Finance Data Collection. Available at: https://www.afi-global.org/publications/demand-side-approach-to-inclusive-green-finance-data-collection/

37 UN. UN-SDGs knowledge platform. Available at: https://sustainabledevelopment.un.org/

38 UN. UN Climate Change Learning Partnership. Available at: https://unccelearn.org/theme/uncc/page_about.php

39 Climate Policy Initiative. 2019. Global Landscape of Climate Finance 2019. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/

40 GFMA. June 2019. Sustainable Finance Survey Report. Available at: https://www.gfma.org/wp-content/uploads/2019/06/gfma-june-2019-sustainable-finance-survey-report.pdf

41 IFAD. November 2020. Examining the Climate Finance Gap for Small-Scale Agriculture (Climate Policy Initiative). Available at: https://www.ifad.org/documents/38714170/42157470/climate-finance-gap_smallscale_agr.pdf/34b2e25b-7572-b31d-6d0c-d5ea5ea8f96f

IGF POLICY FRAME MODEL CANVAS (BRAINTEASER)[42]

The approach to the development of an NFIS involves several phases: pre-formulation, formulation and implementation/M&E . Here, to formulate a concept note, policymakers may consider the IGF policy FRAME model canvas (Formulation, Resource, Action, Measurement, Evaluation).

1. FORMULATION

List, identify or plan your **diagnostic and formulation activities/plans:**

- IGF-disaggregated data collection (including climate and financial vulnerabilities)
- Review and alignment with existing environment and climate change policies, including complementary climate financial plans/ strategies:
- Enabling financial inclusion policies or strategies
- IGF barriers challenges and opportunities
- Target group and sectors
- Green taxonomy listing / green definition
- Preliminary IGF vision and mission statement
- Key IGF objectives and pillars aligned with IGF 4P policy framework
- Identification of key stakeholders
- Institutional coordination sensitization and structure plan

2. RESOURCE

What resources are required? **How are you planning to mobilize your resources and for what purposes** (human resources, capacity building, refinancing, national green budget, etc.)?

3. ACTION

What IGF-related action items (refer to vision/mission/ objectives /pillars/ green taxonomy set out under Formulation) are foreseen for **short, medium and long-term** phases? Set timelines, if possible.

4. MEASUREMENT

When aligning your IGF objectives, set clear **measurable targets.** What measurement methodology and disaggregated indicators could be adopted in your organization? Segregate measurement indicators from both the supply side and demand side, if possible.

5. EVALUATION

Align action deliverables and targets to **achievement of status results, means of verification and identify responsible agency/organization.**

42 Developed by the FISPLG Subgroup on Inclusive Green Finance

The composition of the FRAME model canvas may be interlinked, cross-cutting or open sequenced/hierarchical, as per the member institution's convenience. The FRAME model, explained below, mainly provides policymakers with efficient pre-planning and builds capacity towards formulating the main policy document.

FORMULATION

The formulation follows the NFIS development cycle, including the pre-formulation to draft the green NFIS. Activities may involve diagnostic studies, synergizing national climate policies cum data collection, mapping of climate vulnerabilities and risks in the country, gender-sensitive mapping exercises of existing initiatives and gaps to financial inclusion goals, development of the concept note, setting the vision and mission statement, identifying challenges and setting objectives, stakeholder sensitization and consultation, etc.

RESOURCE

After the green NFIS is formulated, mobilization of resources (setting up of national green funds or arrangements to access international funds), budget for capacity building and sensitization, institutional arrangements, human resource developments are initiated. This activity falls under an implementation/M&E phase but can be considered for pre-implementation activities. Resource allocation may accordingly also be considered to incorporate requirements of the next phase of action.

ACTION

Action may mean considering the future implementation plan or formulating solid green NFIS action items aligned to the vision, mission, key objectives, taxonomy, etc. This may involve articulating phased action items for short-, medium- and long-term implementation plans.

MEASUREMENT

The measurement phase is also linked to resource mobilization and action goals/targets. This is a very crucial phase that includes pre-planning to adopt disaggregated measurement methodologies for both demand- and supply-side data collection. It is recommended that measurement is merged together with the overall financial inclusion data indicators.

EVALUATION

This phase refers to post-implementation evaluation with the development of efficient gender-sensitive M&E result frameworks. This phase may involve aligning IGF goals/objectives/action items/green taxonomy with time-bound target settings and also establishing clear roles of responsible organizations/departments/agencies.

The phases of IGF policy FRAME model are detailed next.

PHASE I: PRE-FORMULATION

During the pre-formulation phase, a formal concise concept note, which takes into account vulnerable groups (women and youth), is set and developed. This phase consists of setting up an institutional coordination mechanism for task direction, planning and assessment of available information. The concept note provides guidance to understanding the rationale behind the formulation of IGF and the processes involved.

This section guides all countries with the preliminary prep-rationale(s) distinctively applicable to four components:

1) diagnostics and analysis;
2) building the team;
3) conceptualizing the NFIS, and
4) development of the institutional structure for NFIS formulation and implementation.

Components of these four prep-rationales are common to all countries.

DIAGNOSTICS AND ANALYSIS: FINDING SOLUTIONS THROUGH MAPPING OF STAKEHOLDER INITIATIVES

Diagnostic studies are carried out at the pre-formulation phase, and include collection and review of data, publications and literature, to inform the background analysis and identify problems and solutions.[43]

Background review assists the team in building their capacity to assess the current situation in the country, map cross-stakeholder initiatives, explore best practices and identify priority policy areas to enable the formulation of the concept note or the policy document itself. It also helps in identifying the roles of key players and the demand-side needs for IGF.

While measurements may be available through climate change surveys, data and research, economic citizen surveys, supply-side and demand-side financial inclusion surveys, it is expected that limited IGF information will be available due to the novelty of the concept and limited climate vulnerability data in most countries. At this phase, it would be advisable to consider exploring and reviewing data resources that are published in national environmental agencies, statistical bureaus and governance offices. Nevertheless, if a country is planning a financial inclusion disaggregated demand-side survey, it would also be plausible to include a portion of IGF questions in the instrument to gauge potential barriers.[44]

The internal technical team can conduct a small budget micro-level disaggregated diagnostic survey as an option to gauge IGF perspectives with the national statistical bureaus or environmental commission offices. The team could also explore mapping climate change vulnerability across specific sectors, target groups (women and youth) and geographic regions to understand which of these could provide the traction needed or qualify for certain interventions to access IGF support. Alternatively, cross-sectoral green finance initiatives, climate finance programs, policies and strategies could also be mapped and incorporated into an IGF diagnostic study report. Finally, stakeholder consultations can also provide insightful information towards a diagnostic study.

The following steps are recommended:

> taking stock and making self-assessments with regard to understanding the key challenges

> mapping the national-level stakeholder initiatives towards climate change mitigation/adaptation plans and natural resources management, and implementing a coordination mechanism, including all relevant actors

> identifying IGF-related financial regulations and exploring the demand-side needs or instigating value proposition for introducing IGF

It is recommended that IGF policies are planned appropriately, rather than established as an aftermath of a climate-related event or crisis. It is also crucial to ensure these policies are gender sensitive during the policy development. Before formulating an IGF policy, it is equally important to strategically plan a background study.

43 AFI. 2020. National Financial Inclusion Strategy Policy Model. Available at: https://www.afi-global.org/publications/policy-model-for-national-financial-inclusion-strategy/

44 AFI. 2021. Guideline Note 42: Demand-side Approach to Inclusive Green Finance Data Collection. Available at: https://www.afi-global.org/publications/demand-side-approach-to-inclusive-green-finance-data-collection/

It is recommended that a separate dedicated team be identified. This team will be given enough time to map or make a feasibility study to initiate IGF. This exercise can be carried out in-house or outsourced to consultancy firms, depending on the resources available. This is the foundational exercise that will provide baseline indicators to develop IGF strategies or roadmaps.

Questions that need to be addressed in the mapping or making a feasibility study may include the following:

> What is the national vision/mission/principal values/objectives/action plan on climate change or SDGs? Was "green" defined in any national policy document?

> What are the national financial strategies/action plans and public policies on climate financing? Are financial vulnerabilities considered in these strategies?

> Which key agencies (government, non-governmental organizations [NGOs] or the private sector) are involved in the implementation or planning of the climate change policies and SDGs? What are the respective roles of these agencies and what have they achieved or implemented?

> What challenges are outlined in the national climate change mitigation, adaptation or action plans or SDGs? Is access to finance reflected in the challenges? If so, what solutions are outlined to address challenges related to access to finance? Has the financial sector been approached to supplement the national climate change plans?

> Do the financial policymakers and regulators have any regulations/policies on climate change or SDGs? Are they and FSPs aware of climate change mitigation and SDG plans? If so, what are their respective roles and specific actions towards complying with these regulations/plans/policies?

> Are any FSPs (banks, microfinance institutions, insurance companies, etc.) already providing loans with regard to green initiatives or does the national stock exchange issue any green instruments or insurance related to climate events? Are there any other general green initiatives in the country? If yes, what is the uptake and if no, what could be the possible reasons and possibilities?

> What are the intersections between IGF and vulnerable groups (women, youth and forcibly displaced persons)? How can these intersections be used to increase financial inclusion in a holistic way?

The consultant or the in-house technical team can:

1) assess the existing green taxonomy, definitions and policies,
2) assess capacity of the government, financial policymakers and regulators and FSPs and
3) map overlapping or standalone initiatives to propose possible priority areas of focus and solutions through IGF.

The report should contain information addressing the following areas of mapping/feasibility outcomes:

> Definition of "green" at the national level (if any)

> Definitions used by FSPs in their lending activities (if any)

> Sufficient and relevant challenges and needs for IGF

> Adopted SDGs or environmental protection principles/values/legislation/policies or climate change mitigation/adaptation plans, including climate finance plans and strategies

> Recommended priority focus climate change vulnerability areas to be considered for IGF aligned to the SDGs and climate change mitigation and adaptation plans (across regions, target population groups, such as women and youth, and sectors)

> Sector-specific and key stakeholders' involvement for IGF collaboration with an efficient coordination mechanism

> Recommendations of possible financial products and services or instruments for implementing IGF to priority focus areas or specific target groups

> Information on fund mobilization through strategic funding sources (e.g., Green Climate Fund, Green Environment Facility, etc.)

> Recommendations of key financial players and processes involved

> Recommendations on payment channels: digital financial services (DFS) or FinTech engagements in IGF

> Possible recommendations on the regulatory space

> Existing disclosure policies/mechanisms at the national level (sustainability reporting guidelines), if any. Sex and age disaggregated data on people's coverage level against climate event or contribution portfolios to GHG emission reduction.

BOX 3: CARRYING OUT A DIAGNOSTIC STUDY

Diagnostic studies are carried out at both pre-formulation and formulation phases. They consist of the collection and review of disaggregated data, publications and literature reviews to inform the background analysis, and enable identification of problems and solutions.

Background reviews assist the team to build their capacity to assess the current situation in the country, map cross-sectoral initiatives, explore best practices, identify priority policy areas and find the way forward towards the formulation of the gender-sensitive concept note or the policy document itself. It also helps in identifying the roles of key players and the demand-side need for IGF.

While measurements may be available through climate change surveys, economic citizen surveys, disaggregated supply-side and demand-side financial inclusion surveys, limited information is currently expected because IGF is new to most countries. However, if a country is planning a disaggregated demand-side survey, it would be plausible to include a portion of IGF survey questionnaires.

In collaboration with the national statistical bureaus or environment commission offices, the technical team can plan smaller disaggregated micro-level diagnostic surveys immediately with a smaller budget as an option to gauge IGF perspectives. Alternatively, consultants can be hired to map out cross-sectoral green finance initiatives and produce a diagnostic study report on the IGF. Additionally, stakeholder consultations can also provide insightful information towards a diagnostic study.

A diagnostic study should probably answer some following questions to gauge the current state of IGF:

- **Stakeholders' roles:** which agencies are already carrying out climate change initiatives? Is there any duplication of roles among the stakeholders? Which agencies are complementing each other?
- **Align to national goals:** after identifying the agencies involved, try to find out the national sustainable goals on climate change that also identify access to finance as barriers. Are there any constitutional mandates set by the government? Where in the development philosophy does access to finance for green areas fit? Is there any climate policy in different sectors that could be relevant to the financial sector? What climate change vulnerability areas are focused (sector specific)?
- **Align to organizational goals and provisions:** once the national goal is identified, supplement formulation of IGF through regulatory roles or provisions. Do the acts or regulations of the financial policymakers and regulators allow formulation of strategies, policies, guidelines, roadmaps, etc.? If so, try to expand and define the scope of integrating IGF into the NFIS.
- **International best practices:** Which country or regions can be best compared to your country in terms of economic indicators, size, geographic location? What climate change vulnerability areas are considered in these countries or regions? Explore to see if these countries implemented IGF or, if not, how they are coping with climate change in terms of financial sector areas.
- **Gauging the financial sector:** does any financial institution within the country specifically cater to gender-sensitive green finance including financial policymakers and regulators, telco(s), investment companies, pension funds? If so, what financial instruments, regulations and methodologies have been used and how? Do any financial institutions provide green finance as a part of their corporate social responsibilities? What type of priority lending has been given in terms of climate change mitigation? Explore green projects that have been financed by the lending institutions, if any. Explore all specific gender dimensions to assess the level of intersectionality.
- **Gauging the private sector:** do any private sector agencies, including SMEs and NGOs, provide climate change-friendly services or products? If so, identify the type and services provided.
- **Gauging the government sectors:** what plans have been set by the agriculture, land commission, health, economic affairs and any other government agencies, such as the women/family ministry, in terms of climate change mitigation/promotion plans? Explore supplementing government efforts and collaboration areas. Gauging government sectors can also assist the technical team to identify priority areas for green finance and may also support defining green finance in the respective country.
- **Gauging the general public:** if possible, through the small-scale disaggregated surveys, explore people's perspectives to IGF in terms of access, usage, quality and impact.

The gender-sensitive diagnostic study to answer the above areas can be very productive for policymakers to gauge the current state. However, it also limits the dynamic environment as a country progresses over time, examples being digital revolutions and changed political scenarios. Therefore, special attention must be given to formulating sunset clauses, time-bound restrictions, rigid regulations or any other pertinent provisions that may become obsolete over time.

BUILDING THE TEAM

It is important to build the internal technical team and an external stakeholder team to carry out the IGF concept note and gender-sensitive policy formulation. The team could be chaired by one or two senior level management experts as a link to the organizational management. The team can oversee the mapping/feasibility study and compile outcomes and recommendations to focus on strategizing IGF activities. It can also identify potential content/issues towards the formulation of the concept note. It is recommended that the teams enhance their technical capacity and explore knowledge exchange and peer reviews with countries which have already adopted IGF policies.

a) Internal technical team

An internal technical team should have a clear lead and it should consist of mid-level officers. The internal technical team may consist of staff from the regulation and supervision department, sustainable finance or green finance department, financial inclusion office, legal division, payment system/digital financial service and research departments of the organization/financial policymakers and regulators. It is of utmost importance that the internal technical team enhances their knowledge capacity on climate change and green finance. The internal technical team can focus on devising an activity strategy and identify potential content/issues which will contribute to the formulation of the concept note.

The core responsibility of the team is to decide on the type of IGF policy document (national policy document, roadmap, strategy, regulation or guideline). A standalone national policy may have limitations due to the complex bureaucratic processes in various countries. Some AFI member institutions have adopted green finance roadmaps, guidelines or even integrated the IGF concept into their NFIS.[45] Preparatory activities on the concept note can lead to necessary dialogues and discussions with other agencies. With regard to this, the formation of an external team is also recommended, if possible.

b) External stakeholder team

During the concept note preparation, consultation is key to understand the implications and practice of different stakeholders. The stakeholders may differ from country to country. However, an external team of key stakeholders as identified by the internal technical team is essential. It might also be beneficial to consider the creation of a specific working group or a dedicated committee, either of which should include a gender focal point. Representatives can include focal points from key financial institutions, relevant government agencies on financial inclusion or climate change, national academics, national statistical or data-gathering agencies and preferred international organizations (IOs) or NGOs.

c) Peer-to-peer learning

Peer-to-peer learning between global or regional financial policymakers and regulators can include best practices on integrating IGF into financial inclusion initiatives as they exchange experiences on different practices. These can include practices on how to best shape the regulatory environment to enhance the relevance of IGF in enabling climate change mitigation and adaptation, and curbing environmental degradation.

BOX 4: IGF CONCEPT NOTE CHECKLIST

It is recommended that the IGF concept note includes:

- a clear title: e.g. “Concept Note: Green Finance for Financial Inclusion” or “Concept Note: Inclusive Green Finance”;
- a literature review and national background supported by good data collection to validate the rationale for developing IGF;
- a clear scope (legal, regulatory and other mandates) aligned with the national and organizational goals;
- a definition of IGF (aligned to country context, if possible) with good IGF principles;
- a clear rationale on the need for the IGF for financial inclusion;
- the setting of priority sectors/activities, methodology and principles adopted and tasks involved;
- tasks with clear roles and responsibilities, and
- a list of actions with a timeline.

45 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

CONCEPTUALIZING THE NFIS: IGF-SPECIFIC COMPONENTS IN THE CONCEPT NOTE

Related tasks can be initiated and discussed to identify methodologies for integrating IGF into an NFIS. Tasks should at least be steered towards the disaggregated data collection, identification of rationales and key issues, methodologies for integrating IGF into NFIS, structural chapter contents of the concept paper, budget implications and a clear activity timeline to meet the planned deadlines.

INSTITUTIONAL STRUCTURE FOR NFIS FORMULATION AND IMPLEMENTATION

To ensure proper integration of IGF into an NFIS, it is important to pay attention to the institutional capacity of the coordinating bodies under the NFIS governance framework while adopting the 4P policy framework.

IGF policy coordination and governance structures

Coordination and implementation of an IGF plan should be built during the IGF policy development process. A gender-sensitive IGF policy should be developed through a consultative process that involves all relevant stakeholders from the outset. Different mechanisms can be used to coordinate across these different stakeholders and may yield a relatively formal structure that will endure through the implementation period of an IGF policy. It is highly recommended that a separate IGF working group be coordinated under the main NFIS Steering Committee or NFIS Council, depending on the NFIS governance structure of a country.[46]

IGF policy coordination and consultation can be carried out through a variety of mechanisms, including the following:

> **Coordination workshops/meetings on green finance:** can be organized in the early formulation phases of IGF policy to present the initiative to all public and private stakeholders, collect input and contributions, and seek sign-off on IGF policy prior to launch.

> **Periodic formal events:** can be organized to permit different stakeholders to update each other and advance agendas in harmony. For instance, some countries have created a Financial Sector Forum as a coordination mechanism for relevant financial sector regulators to convene yearly.

This section of the IGF policy development process should explicitly describe the entity or governance framework that will lead the implementation of IGF policy, including the following elements:

> membership, internal organization and composition of the leading entity or governance structure

> mandate of the leading entity or governance structure (as part of the institution's original mandate, through political endorsement or issuance of legislation)

> roles and responsibilities of the governance structure that has been mandated to lead the work

> decisions about how this entity will be staffed, what budget it has, what other resources are needed and available, and the secretariat functions

> optionally, details regarding its functioning (frequency of meetings, internal rules

Ultimately, FSPs deliver financial products and services to the population so they should be involved in the strategy design and target-setting phases, and have a say in the coordination and implementation mechanism in place. The financial industry has shared ownership of IGF policy.

The involvement of the private sector is also important to ensure that regulators and policymakers are providing an environment conducive to innovation and piloting of new products and delivery mechanisms without compromising the focus on financial stability, consumer protection and financial integrity.

Further details can be provided (through terms of reference) with regard to the roles and responsibilities of all the stakeholders involved in the execution of the strategy, particularly those that may not be part of the formal governance structure, either as a standalone section or as part of the overall coordination and implementation mechanism.

46 IGF policy coordination and governance structures vary greatly from one country to another (examples from 15 countries, including Colombia, India, Madagascar, Mexico, Paraguay and Peru are available in World Bank publications). Further guidance on the institutional set-up, composition and operationalization of IGF policy can be found in IGF strategy coordination structures in the World Bank's brief.

Source: World Bank. 2013. Coordination Structures for Financial Inclusion Strategies and Reforms. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/350551468130200423/coordination-structures-for-financial-inclusion-strategies-and-reforms

PHASE II: FORMULATION — NFIS POLICY ACTIONS AND IGF

INTEGRATING IGF INTO NFIS

IGF can be a separate and independent output towards achieving the overall vision of an NFIS. IGF can rightly be a means to financial inclusion and not an end in itself. Alternatively, in addition to common topics of focus, IGF can be a separate activity under access to finance for priority areas (rural farming, technology advancement).

IGF can be integrated into many other policy documents. For instance, IGF components can be integrated into bank lending regulations, built in with corporate social responsibility (CSR) mandates, financial sector development plans, digital financial service regulations, climate-index insurance, investments in clean energy, climate-risk assessment and Environmental and Social Risk Management (ESRM) guidelines.

However, monitoring and measuring IGF may be difficult if it is vaguely embedded into too many policies/ strategies/regulations. Concrete results may be seen once IGF is streamlined and effectively integrated into other strategies.

Therefore, integrating IGF as an NFIS pillar, along with highlighting the linkages to other pillars, such as gender, is highly recommended. Countries that are developing a new NFIS can easily incorporate IGF as one of the vectors of NFIS. In addition, countries transitioning their NFIS to a new phase can also incorporate IGF as a new element. Finally, countries already implementing their NFIS have the opportunity to incorporate IGF during their annual or midterm reviews.

PLANNING THE STRATEGIC VISION (GOALS), OUTCOMES (PILLARS), OUTPUTS AND ACTIVITIES

Integrating IGF throughout the NFIS holistically needs to start by formulating a compelling vision/ mission statement, identifying target the population and sectors, and identifying strategic IGF-inclusive outcomes/objectives followed by an outline of relevant outputs and activities under each outcome.

The vision statement is an aspirational description of how IGF will be deployed in a specific country in the future. Typically, it will touch upon the importance of gender-sensitive IGF, what can be achieved through effective financial inclusion strategy implementation, its alignment with national relevant policies and the outcomes that can be achieved in the short, medium and long term.

> “We shall catalyze and support socially responsible and environmentally sustainable development initiatives, inter alia including fuller financial inclusion of underserved productive sectors and bringing in needed new dimensions in financial markets and institutions; to facilitate broad-based growth in output, employment and income, for rapid poverty eradication and inclusive economic and social progress.”
>
> Bangladesh Bank’s commitment vision[47].

> “Improving the contribution of finance to sustainable and inclusive growth by funding society’s long-term needs and strengthening financial stability by incorporating ESG factors in lending decision-making.”
>
> Bank of Ghana’s Imperatives, Sustainable Banking Principles and Sector Guidance[48].

> “Provide support for the development of green financial services and products for individuals, households and MSMEs that reduce negative environmental impacts or provide environmental benefits.”
>
> Reserve Bank of Fiji, Fiji’s National Financial Inclusion Strategic Plan[49].

To develop a nationally agreed classification framework of activities that contribute to climate change mitigation, adaptation, pollution prevention, resource conservation, and livelihood improvement in the context of green finance—Mongolia’s green taxonomy[50].

47 Bangladesh Bank and Economic Research Group. 2019. Socially Responsible Financing: Guidance Note Drafting Initiative. Special Research Work: SRW 1905. October 2019. Available at: https://www.bb.org.bd/pub/research/sp_research_work/srw1905.pdf

48 Bank of Ghana. 2019. Sustainable Banking Principles and Sector Guidance Notes. Available at: https://www.bog.gov.gh/wp-content/uploads/2019/12/Ghana-Sustainable-Banking-Principles-and-Guidelines-Book-1.pdf

49 Reserve Bank of Fiji. 2020. Fiji’s National Financial Inclusion Strategic Plan, 2016-2020. Suva. Available at: https://www.rbf.gov.fj/wp-content/uploads/2019/04/2016-2020-Fiji-Financial-Inclusion-Strategic-Plan_-Aug26.pdf

50 Mongolia. 2019. Mongolian Green Taxonomy. Available at: https://www.ifc.org/wps/wcm/connect/0c296cd3-be1e-4e2f-a6cb-f507ad7bdfe9/Mongolia+Green+Taxonomy+ENG+PDF+for+publishing.pdf?MOD=AJPERES&CVID=nikyhlh

FIGURE 3: SAMPLE STRATEGIC PLANNING TO INTEGRATE IGF INTO THE NFIS

NFIS VISION/GOAL STATEMENT

e.g., enhanced access and usage of quality and affordable formal financial services by (country name) through an inclusive and sustainable financial system.

PRIORITY OUTPUT 1

Establish IGF as a relevant topic in the financial sector to pursue sustainable finance.

ACTIVITY 1.1

Conduct comprehensive climate vulnerability assessments and environment-related risks.

ACTIVITY 1.2

Facilitate dialogue and collaboration around inclusive green finance development at the national level.

PRIORITY OUTPUT 2

e.g.: Strengthen financial capability of (country citizens).

ACTIVITY 2.1

Building internal capacities on IGF and promoting national coordination to address climate change in the financial sector.

ACTIVITY 2.2

Development of taxonomies and definitions of green finance, including definitions of what green finance means for individuals and MSMEs.

PRIORITY OUTPUT 3

Enhance targeted IGF.

ACTIVITY 3.1

Tailoring existing policies and regulation to incentivize and facilitate a greening of the financial system at the base of the economic pyramid, such as lending schemes, refinancing schemes, lowering base rates, lowering reserve requirements, post-disaster facilities.

ACTIVITY 3.2

Setting up innovation investment funds for green projects.

Setting a separate vision or a mission is recommended only if IGF is formulated as a separate policy document in a particular country. However, if IGF is integrated into NFIS, it is sufficient to include a broad vision of financial inclusion incorporating IGF elements as a component of NFIS with its own strong priorities and rationales.

IDENTIFY STRATEGIC OUTCOMES OR STRATEGIC OBJECTIVES: SPECIAL SECTION TO ALIGN WITH IGF'S 4P POLICY MODEL

Identification and formulation of strategic objectives or outcomes aim to specify the vision outcomes, and is part of the process to make the goal statement more concrete. Decisions should be based on identified gaps from the diagnostics and analysis exercise, and development of hierarchical priorities within specific timeframes throughout the design process. In addition, it would be useful to have a realistic understanding of available resources to achieve these outcomes and an overview of existing efforts that can be leveraged.

The country-specific initiatives aligned to the 4P policy framework are given below.

More examples and references are available in the:

- **IGF Policy Landscape Report[51], view here**
- **IGF Resources Database[52], view here**

DEFINING ACTIVITIES AND SETTING TARGETS

Once activities are defined, the whole planning tree is said to be met with a concrete, detailed and gender-sensitive action plan. Implementing agencies/officials know all details of expected performances at the ground level to match the policymaker's strategic plans. Once activities are specified in detail, it is easier to identify responsible organizations with a set of budget portfolios. In the process, as responsible organizations are identified and timeline completion dates and budgets are set, gender-sensitive monitoring becomes traceable. A separate action plan/framework is not required if the activities are set within IGF document.

To achieve the shared vision and enable the M&E of progress, the strategic goals need to be translated into a set of quantified and measurable targets.

To be effective, IGF targets should be designed and monitored with certain principles in mind. First, targets should be ambitious but achievable. Second, national financial inclusion targets should not promote or justify actions that adversely affect the stability or competitive equilibrium of a country's financial system. Targets around the usage of credit products and needs of the country, and the different groups who will be using the products, should be carefully considered in the context as they will have differing needs.

There are several benchmarking approaches that can be used to support the analytic process of inclusive green financing target setting. A useful initial exercise is to project IGF growth rates. This process can provide a lower-bound estimate for target setting, reflecting the fact that IGF in each country could likely improve naturally over time as a result of economic growth, financial sector development and technological advances.

Benchmarking against country peers can also be a useful exercise to establish a range of target values. Depending on the time span of the target, a country could examine the levels of IGF across its geographic region or income group country peers examining "high performers" within each comparator group to generate target values.

At the end of the analytic process for target setting, there will likely be a range of values to choose from for each key performance indicator (KPI). These values would then undergo a consultative process with a wide range of stakeholders. The goal would be to arrive at one target value per KPI that is broadly accepted and aligned with the principles listed above.

One of the IGF-related goals set by Bangladesh Bank was that the "Environment-friendly green financing will be enhanced by 10 percent from the current level of BDT1.12 billion[53]." This was also a part of Bangladesh's Maya Declaration Commitments which has already been achieved.

51 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

52 AFI. 2020. Inclusive Green Finance (IGF) resource database. Available at: https://www.afi-global.org/blog/2020/07/igf-resource-database-0

53 At the time of writing, this amount was equivalent to USD13.2 million.

TABLE 2: THE AFI MEMBER INSTITUTIONS 4P POLICY INITIATIVES

PROMOTION

BANGLADESH	Publishes quarterly reports called “Green Banking Activities of Banks & Financial Institutions and Green Refinance Activities of Bangladesh Bank.”
BHUTAN	National stakeholder capacity building and coordination workshop for the development of a national green finance roadmap.
MOROCCO	Sensitization and awareness-raising on green finance and climate risks in the financial sector.
PHILIPPINES	Research and data gathering on the impact of disasters on banking operations.
THAILAND	Capacity building on ESG risks.

PROVISION

ARGENTINA	Relaxed conditions for loans packaged with climate insurance.
ARMENIA	Offered longer-term financing to financial institutions to on-lend to MSMEs for products such as renewable energy.
BANGLADESH	Introduced an annual green finance regulatory target equivalent to 5% of loans disbursed. Uses refinancing facilities to promote transition to low-carbon technologies.
EGYPT	Required banks to allocate 20% of their portfolio to finance MSMEs, including renewable energy and climate-resilient agriculture.
ESWATINI	Offers financial services for climate-smart technologies to build resilience into agricultural supply chains.
FIJI	Issued a renewable energy loan ratio requirement equivalent to 2% of deposits and similar liabilities.
MOROCCO	Created an Innovation Investment Fund to support start-ups, including renewable energy and cleantech.

PROTECTION

ARMENIA	Established and supervised the Agricultural Insurers’ National Agency, a public-private partnership for agriculture insurance market development.
FIJI	Allowed people to withdraw 20% from their retirement accounts to rebuild their homes following a disaster.
GHANA	Supported the development and initial implementation of the Ghana Incentive-Based Risk-Sharing System for Agricultural Lending to increase the total amount of credit available to the agriculture and agribusiness sectors[54].
MOROCCO	Introduced climate multi-risk insurance products to protect investments in major cereal crops from climate-related damages, including drought, excess moisture, hail, frost, wind and sandstorms.

PROTECTION

BANGLADESH	Introduced Environmental Risk Management Guideline and Environmental Due Diligence Checklists (2011)[55] to regulate financial institutions.
BRAZIL	Issued detailed guidelines to support adoption of a Social-Environmental Responsibility Policy (Política de Responsabilidade Socioambiental)[56] and made the application of these guidelines an operational condition for commercial banks.
NEPAL	Adopted Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions (2018) which apply to bank lending for SME finance, commercial leasing, term finance and project finance.
PARAGUAY	Flexible Guide for the Management of Environmental and Social Risks (2018) that encourages inclusion of non-financial risk in credit decisions.

54 See Ghana Incentive-Based Risk-Sharing System for Agricultural Lending. Available at: https://www.girsal.com/

55 Bangladesh Bank. 2011. Environmental Risk Management Guideline and Environmental Due Diligence Checklists. Available at: https://www.bb.org.bd/aboutus/regulationguideline/jan302011erm.pdf

56 Stuber, W. 2014. Brazil: The Social-Environmental Responsibility Policy of the Brazailian Financial Institutions (Política de Responsabilidade Socioambiental). Available at: https://www.mondaq.com/brazil/financial-services/311440/the-social-and-environmental-responsibility-policy-of-the-brazilian-financial-institutions

Some examples of targets are listed below for guidance:

> Increase access to IGF country-specific available green products: number of green savings, green loan account, climate risk insurance) from____% to ____% by 20___.

> Improve/increase household/MSME's financial products (savings, credit, insurance, pension, etc.) for climate change events from ____% to ____% by 20__.

> Improve/increase women-owned or women-led MSME's access to credit for green purposes/resilience building from ____% to ____% by 20__.

ESTABLISHING THE M&E FRAMEWORK

Once the strategic vision, goals, theory of change, results chain and related results framework are finalized, the following step consists of the alignment of IGF-related sex-disaggregated data collection and gender-sensitive monitoring systems to define baseline indicators or factors used to describe the situation prior to a development intervention. Target indicators derived from an explicit statement of the desired and measurable results at a specified point in time ensures efficient and effective tracking of IGF-related outputs and outcomes within NFIS. The goal of the M&E results framework is to provide a structure for assessing progress towards the policy objectives using well-defined and quantifiable indicators and targets.[57]

An M&E results framework should include several elements:

> a connection to strategic goals and planned actions;

> KPIs, including
- baseline values or baseline indicators (to include the gender dimension)
- target indicators (to include the gender dimension)
- a timeline to reach said targets

Indicators should be defined by quantitative and qualitative data collected from both primary and secondary data sources. Primary sources of data (program monitoring reports, changes in legislation and regulation, rules and guidelines, interviews with stakeholders, etc.) will be used to inform output indicators tracking the progress of main activities defined in the NFIS. Secondary data (national statistics, reports from third-party demand-side surveys, indicators from administrative data reported by the FSPs, etc.) will inform outcome indicators linked to the defined targets in the NFIS.[58]

A results framework, which is basically a matrix linking specific baseline and target indicators to outputs and outcomes, should be defined through a previous data gap analysis during the formulation phase of the NFIS to identify data for collection and analysis to build or inform IGF indicators.

Baseline indicators

It is advised that a small working group establishes the baseline during the diagnostic stage because stakeholders may not have all the data at that time. The baseline and target indicators will share the same units of measurement.

Target indicators

A target is the specific, planned level of results to be achieved within an explicit timeframe sharing the same unit as the baseline.

In setting targets for an NFIS, the FISPLG has observed two dominant approaches:

1) adjusting the current financial inclusion level of the relevant variable to reflect the expected goal of the strategy.

2) using a benchmark-based approach that involves at least three key steps:
   i. selecting a group of benchmark countries
   ii. using the current levels of financial inclusion of these countries as a baseline
   iii. adjusting these baselines to reflect expected strategy goals

Both sets of indicators should reflect strategic objectives and pillars of IGF policy and leverage the full range of available data.

The measurement of progress towards IGF objectives set out in a green NFIS requires an M&E system that should be gender sensitive, well-resourced, well-coordinated and broadly accepted among the full range of stakeholders.

57 AFI. 2021. National Financial Inclusion Strategy Monitoring and Evaluation Toolkit. Available at: https://www.afi-global.org/wp-content/uploads/2021/02/AFI_FIDWGFISPLG_toolkit_AW_digital.pdf

58 AFI. 2021. National Financial Inclusion Strategy Monitoring and Evaluation Toolkit. Available at: https://www.afi-global.org/wp-content/uploads/2021/02/AFI_FIDWGFISPLG_toolkit_AW_digital.pdf

When these conditions are met, an M&E system can be a powerful and effective tool for identifying obstacles, demonstrating results and the efficient allocation of resources. The M&E section of an IGF policy is a valuable opportunity to lay the foundation for a comprehensive M&E system for IGF that extends far beyond simply tracking outputs of a strategy or updating a results framework.

The structure of this section should reflect some key elements of an M&E system (see below).

> Relevant and reliable IGF data, from both the supply and demand side, provides a comprehensive overview of the access, usage and quality of financial services. An M&E results framework establishes KPIs and associated targets in line with national priorities.

> An IGF policy M&E section should also describe the mechanics of coordination and implementation of the M&E system, which may include a working group and/or a dedicated technical team.

> A robust M&E system is based on available first-class disaggregated data. As such, it is appropriate to outline the group of IGF data which can support M&E activities as they relate to the achievement of IGF policy targets.

> A data landscape table can usefully outline available data at the time of publication of the IGF policy. In most countries, this will include supply-side data collected through offsite supervision processes and demand-side data collected through individual-level or firm-level surveys. This section should include a brief analysis of any gaps in the IGF data landscape for the respective country. It can also highlight gaps between indicators readily available and the full depth and breadth of the objectives and actions defined in the IGF policy. This can serve to motivate additional efforts and increase the scope of quality of data in certain areas, as it relates to financial capability and product quality. These efforts could be upgrades to offsite supervision data collection processes or the modification of existing household survey inititatives. As such, the M&E framework should maintain a certain degree of flexibility to incorporate these data sources, indicators and targets as they become available.

PHASE III: IMPLEMENTATION

IMPLEMENTATION PROCESS

National implementation of a green NFIS will depend on each country's endowments, exposure to climate change impacts, circumstances and capacities. Measurement frameworks can help countries to identify clear goals and indicators for measuring progress. Each country will need to establish its own indicators and gender-sensitive measurement framework which will not necessarily be entirely comparable with other countries.

At the start of the implementation phase, different specific activities set out in the implementation plan need to be executed by implementing agencies facilitated by the working groups or special committees. These activities and the implementation plan should be reviewed and adjusted to reflect changes regarding IGF policies or revision of IGF targets agreed upon during an NFIS midterm review.

ONGOING MONITORING AND MEASUREMENT

The definition and measurement of progress which supplements M&E frameworks is critical to moving policies forward. Indicators and measurement frameworks present one of the available tools for putting green policies into practice. There are some well-known examples of measurement frameworks and metrics, such as the system of environmental-economic accounting (SEEA), the green economy progress measurement framework, the economics of ecosystems and biodiversity, and the family of human development indices. Countries are also innovative at the national level, an example being Bhutan's gross national happiness index.

The SEEA is a universal statistical standard for environmental accounting. Indicators hosted in the system can be selected depending on country priorities and interests, and can help countries to define the green economy in their particular context. This will require selecting indicators that effectively inform their policy processes. In the Asia-Pacific region, a few countries have experience with measurement frameworks, including China, Indonesia and the Philippines. There is also ongoing research in India and significant experience and expertise in Australia. International organizations, such as the World Bank and the Economic and Social Commission for Asia and the Pacific, have been promoting this work.

One of the challenges in establishing measurement frameworks is that collecting of the necessary data is time- and resource-intensive. Furthermore, if there is a perception that new metrics will detract from growth, it is unlikely to be politically acceptable, particularly in the least developed countries. Another challenge is posed by the difficulties in defining indicators. This could be the case when defining the transition to greener economies. This transition is indeed progress, and different types of greening initiatives will be needed in different sectors and markets – indicators can thus be be difficult to define.

Post-Implementation evaluation: In addition to monitoring progress, it is important that gender-sensitive evaluations of key IGF policy actions are conducted to assess their efficiency, impact and the degree to which they contribute to national-level IGF policy objectives and targets, as well as increasing women's financial inclusion.

The exact scope of these evaluation activities will naturally depend on the availability of resources, the precise output evaluated and the appropriate methodology for capturing the intent of evaluation. A key role of an institution responsible for M&E will be to coordinate, oversee and mobilize resources for these evaluations.

There are a range of tools, methods and approaches for conducting evaluations some of which include:

i) gender sensitive impact evaluations;

ii) cost-benefit and cost-effectiveness analyses,

iii) process evaluations, and

iv) rapid appraisal methods (including focus groups, cognitive interviews and direct observation).

There is a range of resources that inform and support evaluation activities. The first is the the AFI National Financial Inclusion Strategy Monitoring and Evaluation Toolkit[59] The second is the World Bank's Impact Evaluation Toolkit[60] which provides guidance and templates for terms of reference, research protocols, questionnaires, training manuals and fieldwork supervision manuals. Thirdly, there is the World Bank's Toolkit[61], which provides tools for monitoring and evaluating financial capability programs and recommendations for choosing appropriate methods and their proper application.

AFI National Financial Inclusion Strategy Monitoring and Evaluation Toolkit[5]

> View here

MEASUREMENTS ACROSS AFI NETWORK

The following three examples of green data gathering can be found in the AFI network. Other institutions are currently working on developing definitions and data collection systems, including demand-side surveys for IGF.[62]

1. **Bangladesh Bank** has made a steady effort to collect and share data on green financing activities, beginning in 2013 with the publication of the Sustainable Finance Department's Quarterly Review Report on Green Banking Activities of Banks & Financial Institutions and Green Refinance Activities. Bangladesh Bank also includes a chapter on sustainable banking in its annual report[63] that highlights the progress of green banking activities. This has been emulated by the rest of the country's banks and financial institutions. In the beginning of 2018, Bangladesh Bank significantly revised its reporting format which now includes reporting of sex-disaggregated data on green finance.

59 AFI. 2021. AFI National Financial Inclusion Strategy Monitoring and Evaluation Toolkit. World Bank. 2013. A Toolkit for the Evaluation of Financial Capability Programs in Low-, and Middle-Income Countries. Available at: https://openknowledge.worldbank.org/handle/10986/16294

60 World Bank. 2012. Impact Evaluation Toolkit. Available at : https://openknowledge.worldbank.org/handle/10986/25030

61 World Bank. 2013. A Toolkit for the Evaluation of Financial Capability Programs in Low-, and Middle-Income Countries. Available at: https://openknowledge.worldbank.org/handle/10986/16294

62 AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

63 Bangladesh Bank. 2020. Annual Report 2019-2020 (in English). Available at: https://www.bb.org.bd/pub/annual/anreport/ar1920/index1920.php

BOX 5: THE GREEN GROWTH KNOWLEDGE PLATFORM (GGKP) RESEARCH COMMITTEE ON MEASUREMENT AND INDICATORS

The GGKP Research Committee on Measurement and Indicators (2016) classifies the green growth measurement into:

(i) natural assets,
(ii) resource efficiency and decoupling,
(iii) risks and resilience,
(iv) economic opportunities/efforts and
(v) inclusiveness.

NATURAL ASSET MEASUREMENT THEME

1. **Land and soil:** agricultural land area and value, and land degradation (topsoil loss or change in net primary productivity)
2. **Forests and timber:** forest area and forest cover change, value of forest resource depletion
3. **Water resources:** areas/population exposed to water scarcity, water resources exposed to harmful pollution levels
4. **Air:** air pollution, cost of air pollution
5. **Biodiversity:** species abundance
6. Climate: CO_2 and other GHG emissions
7. **Oceans and fish stocks:** sustainable seafood production, value of fish stock depletion
8. **Minerals and energy resources:** available stocks and reserves or depletion (minerals, crude oil, gas)

RESOURCE EFFICIENCY AND DECOUPLING MEASUREMENT THEME

1. **Productivity/efficiency and resource preservation:** GHG intensity and GHG footprint, natural resource productivity, land productivity and biodiversity damage potential caused by direct and indirect land use (biodiversity footprint)
2. **Waste:** waste generation, collection and treatment
3. **Recycling and renewables:** reuse and recycling rates (households, construction sector and phosphorus)

RISKS AND RESILIENCE MEASUREMENT THEME

1. **Climate and disaster risk's impacts:** fatalities (loss of life, casualties, homelessness), economic damages
2. **Exposure and vulnerability to risks**: people/assets in high-risk areas (low-elevation coastal zones), population with exposure to harmful levels of air pollutants, assets vulnerable to environmental and climate risks
3. **Responsiveness/adaptation:** government action for disaster risk prevention, time to rebuild/reconstruct physical capital

ECONOMIC OPPORTUNITIES AND EFFORTS MEASUREMENT THEME

1. **Environmental regulation and planning:** environmental action plan or strategy in place, environmental standards and tariffs
2. **Environmental taxes and government spending:** environmentally related taxes, fossil fuel subsidies, public environmental expenditure
3. **Innovation and business environment:** R&D expenditure (green, total, public and private), green patent counts
4. **Green transformation/opportunities:** green investments (renewables, public and private), value added of environmental goods and services sectors, exports of environmental goods and services sectors

INCLUSIVENESS MEASUREMENT THEME

1. **Access to environmental goods and services:** air pollution, water, sanitation, modern energy services (exposure by socioeconomic group)
2. **Participation in environmental decision-making:** representation in environmental agencies and bodies (by minority, location, gender), control over environmental resources (land) by social groups (minorities, indigenous people, gender)
3. **Distributional impacts of environmental policies**

Sources: N. Ulf, Tomasz Kozluk, Ainsley Lloyd. 2016. Measuring Inclusive Growth at the Country Level - Taking stock of Measurement Approaches and Indicators.[64]

64 AFI. 2021. AFI National Financial Inclusion Strategy Monitoring and Evaluation Toolkit. World Bank. 2013. A Toolkit for the Evaluation of Financial Capability Programs in Low-, and Middle-Income Countries. Available at: https://openknowledge.worldbank.org/handle/10986/16294 =

In late 2020, Bangladesh Bank issued its Sustainable Finance Policy for Banks and Financial Institutions outlining annual targets, ratings and rewards.[65] These targets are set in the annual net budget allocation of the financial institutions and banks, and the attainment of the green finance and sustainable finance targets are linked to sustainable performance ratings and recognition through rewards/incentives. The measure also facilitates disaggregated reporting of sustainable and green financing activities among banks and financial institutions in the country.

2. **The Bangko Sentral ng Pilipinas (BSP)** is gathering data and researching the impact of extreme natural disasters on banking operations at municipal and branch levels. The BSP has been collecting branch-level information on types of deposits, loans, loan loss provisions and net income since 2008[66]. This data is matched (or cross-referenced) with data from weather stations across provinces provided by the Philippine Atmospheric Geophysical and Astronomical Services Administration, to determine the quantitative impact of extreme natural disasters on banking performance. The BSP also intends to improve reporting requirements to facilitate more specific data collection for the monitoring and assessment of climate and environment-related risks[67].

3. **Reserve Bank of Fiji** initiated a demand-side survey that incorporates IGF elements into demand-side data collection. The questionnaire[68] gathers more knowledge-based and experience-sharing information on climate-related events within a particular period. It also elaborates on financial coping mechanisms or behavioral financial responses towards preparedness and post-climate change events. This type of study, such as the one conducted in Fiji, will practically gauge and portray scientific needs-based evidence of relevant target groups that can enable policymakers to formulate smart solutions and interventions where necessary.

Through various policies and initiatives, financial regulators across the AFI network are helping to mainstream climate action into the financial system[69]. While some financial regulators collect and share information on green finance, data collection on green finance activities is still relatively basic. This policy area is at an early phase, but financial regulators might consider data collection in future policy efforts. This includes defining data needs and identifying the gaps and challenges related to IGF data collection.

IGF MEASUREMENT ALIGNMENT

IGF is a multifaceted focus concerning the economic, social and environmental dimensions. Therefore, data collection and measurement may be focused on a country's needs, goals and definition of green. Measurement indicators for member institutions could also be focused on provision policies of the financial policymakers and regulators and enablers to set green policies and themes. Identifying the green policies, indicators and clusters may, again, differ from country to country.

IGF policies are formulated at the level of financial policymakers and regulators, national or financial sectors for any country, depending on the priority focus, implemented with enabling infrastructures, digital channels and financial literacy support.

They can be measured at appropriate timing intervals based on the financial inclusion measurement indicators of access, usage, quality and impact. The FIDWG and the Inclusive Green Finance Working Group (IGFWG) are working together to develop guidance for financial regulators on establishing an IGF measurement framework.

Measurements can be carried out on two levels:

1. the financial sector level that measures the impact of specific IGF policies and
2. the national level that measures the overall environment and climate change indicators (GHG emissions and quality of air/water as a collective result of IGF policies).

IGF policies should be taken as a means to achieving the ultimate underpinning goal of environmental protection and climate change adaptation and mitigation.

65 Bangladesh Bank. 2020. Sustainable Finance Policy for Banks and Financial Institutions. Available at: https://www.bb.org.bd/mediaroom/circulars/gbcrd/dec312020sfd05.pdf

66 Bangko Sentral ng Pilipinas. 2021. Philippine Banking Sector Outlook Survey First Semester 2021. Available at: https://www.bsp.gov.ph/Media_And_Research/PBSOS/PBSOS_1s2021.pdf

67 AFI. 2021. Promoting Inclusive Green Finance Initiatives and Policies. Available at: https://www.afi-global.org/wp-content/uploads/2021/01/AFI_IGF_promoting_sp_AW_digital_isbn2.pdf

68 Reserve Bank of Fiji. 2020. Financial Services Demand Side Survey.

69 AFI. June 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

BOX 6: ESTABLISHING AN IGF MEASUREMENT FRAMEWORK

Some AFI members, such as Bangladesh Bank and Bangko Sentral ng Philipinas, have already undertaken efforts to collect and publish green financial metrics. Nevertheless, the collection and sharing of data on green finance activities is still largely undeveloped across the AFI network.

For financial regulators, there are two main perspectives on IGF reporting. The first is the monitoring of credit risks in the context of environmental and social risk, and the second is monitoring the provision and uptake of inclusive and green financial services in the economy.

The FIDWG and IGFWG, led by the Reserve Bank of Fiji, released recently the AFI Guideline Note 42 "Demand-side Approach to IGF Data Collection."[70]

> View here

This knowledge product proposes the first approach to collecting IGF-related data from the demand-side which is necessary to assess the needs of vulnerable populations, potential economic impacts of climate events and help policymakers drive effective policy interventions. This can be used to inform data collection and eventual definition of indicators from the demand-side and in measuring the impact on actual and potential users and beneficiaries of IGF policies.

Currently, as a second phase of the project, IGFWG and FIDWG are working together to define an IGF data framework from the supply-side and basic IGF indicators based on empirical data which show implementation of different IGF policies and regulations.

The joint subgroup is also developing guidance on collection of sex-disaggregated supply-side data to augment the core set with "green" measures and to establish a gender-sensitive measurement framework that can be used to inform IGF policy development and monitor and evaluate implemented IGF policies through an inclusive gender lens.

The report will have a strong focus on providing guidance for the establishment of clear IGF definitions, potential sex-disaggregated green data that regulators can collect for the stress test or climate-related risk management, potential indicators for the M&E of green loans, green insurance or any other potential products that help build resilience to climate-related risks or mitigate the climate change causes. Background IGF data and indicators, including the relative size of green finance penetration, climate-related and agricultural insurance, green loans and green investments should be measured in the diagnostics to justify the incorporation of IGF policies and targets in NFIS. Additional data on climate vulnerabilities and climate change impact should also be considered to justify IGF interventions.

Sources: AFI. 2021. Demand-Side Approach to Inclusive Green Finance Data Collection. (42)

70 AFI. 2021. Demand-Side Approach to Inclusive Green Finance Data Collection. Available at: https://www.afi-global.org/publications/demand-side-approach-to-inclusive-green-finance-data-collection/

CONCLUSION

Financial inclusion is essential to achieving sustainable, resilient, low-carbon and gender-inclusive development. There is an urgent need for financial regulators to implement financial inclusion policies to build resilience against the impacts of climate change and environmental degradation particularly among vulnerable communities and empowering them to reduce their potential negative impact on the environment.

Incorporating environment and climate change-related elements into an NFIS is highly dependent on the context of a specific country, the level of financial inclusion, climate change vulnerabilities and climate change policy developments. In developing an IGF policy, it is important to consider specific climate vulnerabilities that both the population and specific geographic areas and sectors are facing, particularly among women and young people.

> The inclusion of IGF elements into an NFIS as policy agenda not only accelerates green developments in the financial sector, but also aligns with the overall national and international effort to combat climate change.

In addition, it contributes to the implementation of the Paris Agreement and the SDGs.

Therefore, when developing an NFIS, the member institutions should consider integrating goals aimed at environmental protection and adaptation, and the mitigation of climate change. Due to the novelty of the concept, it is highly recommended that countries pursuing climate change agendas in the financial sector adopt the "diagnostic-based" intervention approach. To complement this approach, it would be immensely useful to identify green taxonomies among other green policy approaches in order to to help policymakers in defining "green" and "IGF."

This guideline note addresses various aspects that should be considered when developing an NFIS that aims towards green financial inclusion. An NFIS is a powerful mechanism to unify and coordinate the efforts of different policymakers and stakeholders to accelerate financial inclusion.

The green NFIS will allow the financial inclusion efforts to become more environmentally friendly, to manage environmental risks effectively and to allocate financial resources optimally. This would include achieving a balanced relationship between access and use of the financial system. It will also help advance financial inclusion to build resilience, increase disaster resilience, address climate change vulnerabilities and mitigate contributions to climate change, through financial policies.

Therefore, this guideline note aspires to provide guidance to policymakers with regard to the development and implementation of a green NFIS by sharing ideas/insights and relevant approaches which were drawn from better practices related to the integration of IGF in an NFIS, as applied across the AFI network.

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

1 NO POVERTY
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

ACRONYMS

4P	Provision, Promotion, Protection and Prevention
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Risk Management
FIDWG	Financial Inclusion Data Working Group
FISPLG	Financial Inclusion Strategy Peer Learning Group
FSP	Financial Service Providers
GHG	Greenhouse Gas
IGF	Inclusive Green Finance
IGFWG	Inclusive Green Finance Working Group
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprises
NFIS	National Financial Inclusion Strategies
NGO	Non-Governmental Organization
SDG	Sustainable Development Goals
SEEA	System of Environmental-Economic Accounting
UN	United Nations
YFI	Youth Financial Inclusion

BIBLIOGRAPHY

1. 2° Investing Initiative, UNEPFI, WRI. 2016. Climate Strategies and Metrics: Exploring Options for Institutional Investors. Available at: https://www.unepfi.org/publications/climate-change-publications/portfolio-carbon-initiative-publications/climate-strategies-and-metrics-2/

2. AFI. 2016. National Financial Inclusion Strategies A Toolkit. (20) Available at: https://www.afi-global.org/sites/default/files/publications/2016-08/Guideline%20Note-20%20FIS-Toolkit.pdf

3. AFI. 2018. Reserve Bank Of Fiji's Experience With Financial Inclusion And Climate Change. Available at: https://www.afi-global.org/wp-content/uploads/publications/2018-11/AFI%20FICC_Fiji_case%20study_AW2_19.11.18_digital_compressed.pdf.pdf

4. AFI. 2019. Effective Stakeholder Coordination for National Financial Inclusion Strategy Implementation. Available at: https://www.afi-global.org/publications/effective-stakeholder-coordination-for-national-financial-inclusion-strategy-implementation/

5. AFI. 2019. Inclusive Green Finance. A Survey of the Policy Landscape. AFI Special Report. Available at: https://www.afi-global.org/sites/default/files/publications/2019-06/AFI_IGF_report_AW_digital_1.pdf

6. AFI. 2019. Sharm El Sheikh Accord on Financial Inclusion, Climate Change & Green Finance. Available at: https://www.afi-global.org/publications/sharm-el-sheikh-accord-financial-inclusion-climate-change-green-finance/

7. AFI. 2020. Climate Risk Insurance for the Agriculture Sector in Armenia. Available at: https://www.afi-global.org/publications/climate-risk-insurance-for-the-agriculture-sector-in-armenia/

8. AFI. 2020. IGF WG Technical Webinar. Increasing Resilience Against Climate and Disaster Risks: The Role of the Supervisor. Available at: https://www.afi-global.org/events/inclusive-green-finance-working-group-igf-wg-technical-webinar-increasing-resilience-against-climate-and-disaster-risks-the-role-of-the-supervisor/

9. AFI. 2020. IGF WG Technical Webinar. Introduction to IGF and The Sustainable Development Goals. Available at: https://www.afi-global.org/events/inclusive-green-finance-working-group-igf-wg-technical-webinar-increasing-resilience-against-climate-and-disaster-risks-the-role-of-the-supervisor/

10. AFI. 2020. Inclusive Green finance (IGF) resource database. Available at: https://www.afi-global.org/blog/2020/07/igf-resource-database-0

11. AFI. 2020. Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition). Available at: https://www.afi-global.org/publications/inclusive-green-finance-a-survey-of-the-policy-landscape-second-edition/

12. AFI. 2020. Inclusive Green Finance: From Concept to Practice. Available at: https://www.afi-global.org/publications/inclusive-green-finance-from-concept-to-practice/

13. AFI. 2020. National Financial Inclusion Strategy Policy Model. Available at: https://www.afi-global.org/publications/policy-model-for-national-financial-inclusion-strategy/

14. AFI. 2021. Greening the Financial Sector through Provision Policies: The Role of Central Bank. Available at: https://www.afi-global.org/publications/greening-the-financial-sector-through-provision-policies/

15. AFI. 2021. Guideline Note 42. Demand-side Approach to Inclusive Green Finance Data Collection. Available at: https://www.afi-global.org/publications/demand-side-approach-to-inclusive-green-finance-data-collection/

16. AFI. 2021. National Financial Inclusion Strategy Monitoring and Evaluation Toolkit. Available at: https://www.afi-global.org/wp-content/uploads/2021/02/AFI_FIDWGFISPLG_toolkit_AW_digital.pdf

17. AFI. 2021. Promoting Inclusive Green Finance Initiatives and Policies. Available at: https://www.afi-global.org/publications/promoting-inclusive-green-finance-initiative-and-policies/

18. ASEAN Capital Markets Forum. 2018. ASEAN Green Bonds Standard (Revised). Available at: https://www.theacmf.org/images/downloads/pdf/AGBS2018.pdf

19. Asian Development Bank Institute. (September 2018). Financial Strategy To Accelerate Green Growth. Hee Jin, N. (218), 23. Available at: https://www.adb.org/sites/default/files/publication/452656/adbi-wp866.pdf

20. Bangladesh Bank. 2011. Environmental Risk Management Guideline and Environmental Due Diligence Checklists. Available at: https://www.bb.org.bd/aboutus/regulationguideline/jan302011erm.pdf

21. Bangladesh Bank. 2017. Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions. Available at: https://www.bb.org.bd/aboutus/regulationguideline/esrm_guideline_feb2017.pdf

22. Bangladesh Bank and Economic Research Group. 2019. Socially Responsible Financing: Guidance Note Drafting Initiative. Special Research Work: SRW 1905. October 2019. Available at: https://www.bb.org.bd/pub/research/sp_research_work/srw1905.pdf

23. Bangladesh Bank. 2020. Annual Report 2019-2020 (in English). Available at: https://www.bb.org.bd/pub/annual/anreport/ar1920/index1920.php

24. Bangladesh Bank. 2020. Sustainable Finance Policy for Banks and Financial Institutions. Available at: https://www.bb.org.bd/mediaroom/circulars/gbcrd/dec312020sfd05.pdf

25. Bangko Sentral ng Pilipinas. 2021. Philippine Banking Sector Outlook Survey First Semester 2021. Available at: https://www.bsp.gov.ph/Media_And_Research/PBSOS/PBSOS_1s2021.pdf

26. Banque de France. 2020. Bolton, P., Morgan Despres, Luiz Awazu Pereira Da Silva, Frédéric Samama, Romain Svartzman. The green swan: Central banking and financial stability in the age of climate change. Available at: https://www.bis.org/publ/othp31.pdf

27. Bank of Ghana. 2019. Sustainable Banking Principles and Sector Guidance Notes. Available at: https://www.bog.gov.gh/wp-content/uploads/2019/12/Ghana-Sustainable-Banking-Principles-and-Guidelines-Book-1.pdf

28. Central Bank of Jordan. 2018. The National Financial Inclusion Strategy 2018-2020. Available at: https://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/2018/The%20National%20Financial%20Inclusion%20Strategy%20A9.pdf

29. Central Bank of Nigeria. 2012. Implementation of Sustainable Banking Principles by Banks, Discount Houses and Development Finance Institutions in Nigeria. Abuja. Available at: https://www.cbn.gov.ng/out/2012/ccd/circular-nsbp.pdf

30. Central Bank of Sri Lanka. 2019. Roadmap for Sustainable Finance in Sri Lanka. 29. Colombo. Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/speech_20190620_roadmap_for_sustainable_finance_in_sri_lanka_e.pdf

31. China Securities Regulatory Commission. 2021. Notice on Issuing the Green Bond Endorsed Projects Catalogue (Unofficial translation courtesy of the Climate Bonds Initiative) Available at: https://www.climatebonds.net/files/files/the-Green-Bond-Endorsed-Project-Catalogue-2021-Edition-110521.pdf

32. Government of the People's Republic of China. 2016. China's National Plan on Implementation of the 2030 Agenda for Sustainable Development. Available at: https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/CHINA%29%20China%27s%20National%20Plan%20on%20Implementation%20of%20the%202030%20Agenda%20for%20Sustainable%20Development.pdf

33. Climate Policy Initiative. 2019. Global Landscape of Climate Finance 2019. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/

34. European Banking Federation. Available at: https://www.ebf.eu/sustainable-finance/spotlight-taxonomy/

35. European Commission. 2017. Defining "green" in the context of green finance. Kahlenborn, Walter (adelphi), Annica Cochu (adelphi), Ivo Georgiev (COWI Denmark), Frederik Eisinger (adelphi), Dominic Hogg (Eunomia). Brussels. Available at: https://ec.europa.eu/environment/enveco/sustainable_finance/pdf/studies/Defining%20Green%20in%20green%20finance%20-%20final%20report%20published%20on%20eu%20website.pdf

36. European Commission. EU taxonomy for sustainable activities. Available at: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

37. GFMA. 2019. Sustainable Finance Survey Report. Available at: https://www.gfma.org/wp-content/uploads/2019/06/gfma-june-2019-sustainable-finance-survey-report.pdf

38. Ghana Incentive-Based Risk-Sharing System for Agricultural Lending. Available at: https://www.girsal.com/

39. Green Growth Knowledge Platform. Available at: https://www.greengrowthknowledge.org/

40. IFAD. November 2020. Examining the Climate Finance Gap for Small-Scale Agriculture (Climate Policy Initiative). Available at: https://www.ifad.org/documents/38714170/42157470/climate-finance-gap_smallscale_agr.pdf/34b2e25b-7572-b31d-6d0c-d5ea5ea8f96f

41. Lindenberg, N. April 2014. Definition of Green Finance. German Development Institute. Available at: https://www.die-gdi.de/uploads/media/Lindenberg_Definition_green_finance.pdf

42. Mongolia. 2019. Mongolian Green Taxonomy. Available at: https://www.ifc.org/wps/wcm/connect/0c296cd3-be1e-4e2f-a6cb-f507ad7bdfe9/Mongolia+Green+Taxanomy+ENG+PDF+for+publishing.pdf?MOD=AJPERES&CVID=nikyhlh

43. N. Ulf, Tomasz Kozluk, Ainsley Lloyd. 2016. Measuring Inclusive Growth at the Country Level - Taking stock of Measurement Approaches and Indicators. Available at: https://www.oneplanetnetwork.org/sites/default/files/measuring_inclusive_green_growth_at_the_country_level_taking_stock_of_measurement_approaches_and_indicators.pdf

44. Nachmany, M., Fankhauser, S., Davidová, J., Kingsmill, N., Landesman, T., Roppongi, H., Townshend, T. 2015. Climate Change Legislation In Ecuador. The 2015 Global Climate Legislation Study A Review of Climate Change Legislation in 99 Countries. Available at: https://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2015/05/ECUADOR.pdf

45. Nepal Rastra Bank. 2018. ESRM Guideline. Available at: https://www.nrb.org.np/contents/uploads/2019/12/Guidelines-Guideline_on_Environmental__Social_Risk_Management_for_Banks_and_Financial_Institutions_2018-new.pdf

46. Noh, H.J. September 2018. Financial Strategy to Accelerate Green Growth. ADB Working Paper Series Paper 814 Tokyo: Asian Development Bank Institute. Available at: https://www.adb.org/sites/default/files/publication/452656/adbi-wp866.pdf

47. Rakić, Slobodan and Mitić, Petar. 2012. Green Banking: Green Financial Products with Special Emphasis on Retail Banking Products. Sremska Kamenica. Educons University. Available at: https://www.researchgate.net/publication/262635208_Green_Banking_-Green_Financial_Products_with_Special_Emphasis_on_Retail_Banking_Products

48. Registro Oficial 726 ultima modificación 16-sep. (2011). Reglamento General De Actividades Turisticas Artículo 156. Quito, Ecuador. Recuperado el abril de 2020. Available at: https://www.turismo.gob.ec/wp-content/uploads/2015/04/REGLAMENTO-GENERAL-DE-ACTIVIDADES-TUR%C3%8DSTICAS.pdf

49. Registro Oficial Artículo 48. (2017). Ley Orgánica de Agrobiodiversidad, Semillas y Fomento de la Agricultura Sustentable. Quito, Ecuador. Available at: http://www.gptsachila.gob.ec/dtransparencia/21%20LEY_ORGANICA_AGROBIODIVERSIDAD_SEMILLAS_Y_F_A.pdf

50. Registro Oficial N° 23 Suplemento. (2019). DECRETO 840-2019. Quito, Ecuador. Available at: https://apel.ec/biblioteca/decreto-840-2019-se-implementa-como-politica-de-estado-la-primera-contribucion-para-el-acuerdo-de-paris-sobre-cambio-climatico-2020-2025/#

51. Registro Oficial Suplemento 507. (2019). Reglamento Al Codigo Organico Del Ambiente. Quito, Ecuador. Available at: http://bch.cbd.int/database/attachment/?id=19823

52. Registro Oficial Suplemento 983 de 12-abr-2017, Modificación 14-feb-2018. (2017). Código Orgánico del Ambiente. Quito, Ecuador: Registro Oficial. Available at: http://mesadeayuda.ambiente.gob.ec/Documentacion/MesaAyuda/Normativa/CODIGO_ORGANICO_DEL_AMBIENTE%20RO%20983%2012-ABR-17.pdf

53. Reserve Bank of Fiji. 2020. Financial Services Demand Side Survey. Suva.

54. Reserve Bank of Fiji. (2016). National Financial Inclusion Strategic Plan 2016–2020 Available at: http://www.pfip.org/wp-content/uploads/2016/09/2016-2020-Fiji-FI-Strategy-Aug26.pdf

55. Royal Government of Bhutan. 2020. Climate Change Policy of the Kingdom of Bhutan, 2020. Available at: https://www.gnhc.gov.bt/en/wp-content/uploads/2020/02/Climate-Change-Policy.pdf

56. Soundarrajan, P. and N. Vivek. 2016. Green finance for sustainable green economic growth in India N. Agricultural Economics. Prague Vol. 62, Iss. 1, (2016). Available at: https://search.proquest.com/openview/eb3a336ba2167082063a829c5cd791a0/1?pq-origsite=gscholar

57. Stuber, W. 2014. Brazil: The Social-Environmental Responsibility Policy of the Brazailian Financial Institutions (Política de Responsabilidade Socioambiental). Available at: https://www.mondaq.com/brazil/financial-services/311440/the-social-and-environmental-responsibility-policy-of-the-brazilian-financial-institutions

58. UN. One UN Climate Change Learning Partnership. Introduction to Sustainable Finance. Available at: https://unccelearn.org/course/view.php?id=59&page=overview

59. UN. One UN Climate Change Learning Partnership. Available at: https://unccelearn.org/theme/uncc/page_about.php

60. UN. UN Environment Programme (undated). Green economy. Available at: https://www.unenvironment.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy

61. UN. UN News. 2021. Natural disasters occurring three times more often than 50 years ago: new FAO report. Available at: https://news.un.org/en/story/2021/03/1087702

62. UN. UN-SDGs knowledge platform. Available at: https://sustainabledevelopment.un.org/

63. UNDP. September 2011. Blending Climate Finance through National Climate Funds. Available at: https://www.adaptation-undp.org/resources/document/blending-climate-finance-through-national-climate-funds-english

64. UNEP. July 2016. Green Finance for Developing Countries. Geneva. Available at: http://unepinquiry.org/wp-content/uploads/2016/08/Green_Finance_for_Developing_Countries.pdf

65. UNEP. 2018. Unlocking Mongolia's Potential to Become a Sustainable Finance Knowledge Centre in the Region. Mongolia. United Nations Environment Programme, International Finance Corporation and Mongolian Sustainable Finance Association. Available at: http://unepinquiry.org/wp-content/uploads/2018/11/National_Sustainable_Finance_Roadmap_of_Mongolia.pdf

66. United Nations Economic and Social Commission for Asia and the Pacific. 2012. Green Finance. Low Carbon Green Growth Roadmap for Asia and the Pacific : Fact Sheet. Available at: https://www.unescap.org/sites/default/d8files/28.%20FS-Green-Finance.pdf

67. Volz, Ulrich. 2018. Fostering Green Finance for Sustainable Development in Asia. ADBI Working Papers. March 2018 Working Paper No: 814 Asian Development Bank. Available at: https://www.adb.org/publications/fostering-green-finance-sustainable-development-asia

68. World Bank. 2010. Carbon Finance at the World Bank. Available at: https://www.uncclearn.org/wp-content/uploads/library/wb74.pdf

69. World Bank. 2012. Impact Evaluation Toolkit. Available at : https://web.archive.org/web/20150310161410/ http: //web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTHEALTHNUTRITION ANDPOPULATION/EXTHSD/EXTIMPEVALTK/0, ,contentM DK:23262154~pagePK: 64168427~piPK:64168435~the SitePK:8811876,00.html

70. World Bank. 2013. A Toolkit for the Evaluation of Financial Capability Programs in Low-, and Middle-Income Countries. Available at: https://openknowledge.worldbank.org/handle/10986/16294

71. World Bank. 2013. Coordination Structures for Inclusive Green Finance Strategies. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/350551468130200423/coordination-structures-for-financial-inclusion-strategies-and-reforms

72. Yakovlev I.A., Nikulina S.I. Indonesia's Strategy for Sustainable Finance. Financial Journal, 2019, no. 6, pp. 83-95 (In Russ.). DOI: 10.31107/2075-1990-2019-6-83-95. Moscow. Available at: http://oaji.net/articles/2020/8467-1595188833.pdf

Alliance for Financial Inclusion
AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia
t +60 3 2776 9000 **e** info@afi-global.org www.afi-global.org
Alliance for Financial Inclusion AFI.History @NewsAFI @afinetwork