

GREEN INCLUSIVE FINANCE

Case Studies Series on Essential Practices

Essential Practice No.1:

Define their environmental strategy



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About the Green Essential Practices Case Studies Series

The “Green Essential Practices Case Studies Series” highlights the experience of Financial Service Providers (FSPs) with good practices in the 8 key areas identified in the Green Index 3.0.¹ The Case Studies under this series offer practical examples of how an FSP developed its practices to inspire and facilitate the journey of others.

The **8 Green Essential Practices (EPs)** provide a roadmap for FSPs to maximize their green impact:

- **EP1:** Define their environmental strategy
- **EP2:** Implement their environmental strategy
- **EP3:** Identify client or portfolio-level environmental risks and opportunities
- **EP4:** Identify institutional-level environmental risks and opportunities
- **EP5:** Manage client or portfolio-level environmental risks and opportunities
- **EP6:** Manage institutional-level environmental risks and opportunities
- **EP7:** Offer green financial products and services
- **EP8:** Offer green non-financial products and services



Each Case Study in the series follows the same structure:

1. **Background** of the FSP and the context in which it operates.
2. **Evidence** of how the FSP is demonstrating good performance in the Essential Practice that is being highlighted. This is the main section of the Case Study and offers – as relevant – a review of what has enabled the FSP to reach its results, and what these results are:
 - *Capacity:* how did the FSP acquire the capacity to implement the activities needed? (e.g., internal training, training through external partnerships, technical assistance, financial support, etc.)

¹ For more details about the Green Index 3.0, refer to these links: https://www.e-mfp.eu/sites/default/files/resources/2022/11/Green%20Index%203.0_final.pdf and https://hedera.online/gicsf_ag_tools/green-index-digital.html

- *Tools*: which tools did the FSP use to implement the needed activities? (e.g., indicators, documents, materials, IT solutions, etc.)
 - *Outreach*: what were the FSPs' quantitative results? (e.g., outreach, implementation status, etc.)
3. The FSP's **journey** to implement the identified good practice, and lessons learned.
 4. The FSP's **next steps** – if any – to continue to improve in this area.

Green Essential Practice No. 1: Define your environmental strategy

In **Green Essential Practice No. 1 (EP1)**, the Financial Service Provider (FSP) focuses on defining its environmental strategy. EP1 focuses on having clear environmental goals, complying with standards and regulations, and having a comprehensive strategy that covers all the minimum key strategic components:

- *Environmental aspirations*
 - What are the FSP's **environmental goals**?
 - Who are the FSP's **target clients or sectors**?
 - Are the FSP's environmental aspirations well documented in a comprehensive strategy?
- *Standards and regulation*
 - What are applicable national or international environmental laws and regulations?
 - What are applicable national or international environmental taxonomies (i.e., EU taxonomy)?
 - What are **environment or climate frameworks** relevant to the FSP?
 - What is the FSP's compliance with all the above?
- *Environmental partners*
 - What are partnership guidelines (with suppliers, technical assistance providers, other local or international parties)
 - What types of green organizations will the **FSP partner** with?

The FSPs highlighted in Case Studies on the **Green Essential Practice No.1 (EP1)** demonstrate good practices in defining their environmental strategy and setting the stage for its successful implementation.

EP1: Definition of an environmental strategy for Assilassimé Solidarité

A. Background

About Assilassimé Solidarité

Assilassimé Solidarité is a Togolese social microfinance institution with associative status, promoted by the French NGO [Entrepreneurs du Monde](#). It targets vulnerable people with limited access to conventional financial institutions, particularly in urban and peri-urban areas of Greater Lomé, as well as in rural areas on the coast and in the center of the country. In March 2023, Assilassimé Solidarité had 41,275 active customers, including 25,322 borrowers, and outstanding loans of EUR 5.6 million. Of these customers, 92% are women and 38% live in rural areas. 7% of the institution's portfolio is dedicated to agriculture.

Assilassimé Solidarité started taking direct action to protect the environment in 2016, through energy credits which enabled its customers to acquire solar lamps and improved gas stoves, in partnership with a social enterprise specialized in the distribution of energy solutions in Togo, [Mivo Énergie](#). It has also carried out awareness-raising initiatives for its staff and customers on various environmental themes and set up waste sorting and recycling systems in branches and at head office.

Assilassimé Solidarité recently formalized its [Environmental Strategy](#), covering the period 2022-2026. All these actions have been encouraged and supported by the NGO [Entrepreneurs du Monde](#). Specific partnerships have been forged with Togolese social enterprises, the NGO [ADA](#), the [Grameen Crédit Agricole Foundation](#) and the [European Investment Bank](#).

How does Assilassimé Solidarité operate?

Togo is a low-income country, with 69% of rural households living below the poverty line ([UNDP, 2021](#)). Assilassimé Solidarité's [Environmental Strategy](#) clearly outlines Togo's situation regarding climate change and the environment.

With one ton of greenhouse gas (GHG) emissions per capita per year, the country is in line with the objectives of the Paris Agreement. On the other hand, according to [the ND-GAIN index](#), Togo is the 50th most vulnerable country to climate change (particularly its agriculture) and the 45th least prepared to cope with it. According to the IPCC (Intergovernmental Panel on Climate Change), the countries of West Africa will be affected by extreme heat, drought, intense rainfall and flooding, which will affect agricultural productivity in the region and further jeopardize food security.

Other perils threaten Togo:

- Significant deforestation: 10% of the country's forest area disappeared between 1990 and 2020 according to the World Bank; 0.21% per year between 2000-2015 ([source: REDD+](#));
- Air pollution (from coal-fired cooking);
- Water and soil pollution (chemicals in agriculture and poor waste management, especially of plastics).

Since 2018, Togo has a national climate change adaptation plan which prioritizes the agricultural and livestock sectors (water reservoirs, promotion of climate change-resistant crop varieties, combating soil degradation), water resources, coastal erosion, land use and forestry. No environmental regulations apply to Togolese financial institutions, and there is no national framework for microfinance institutions on this subject.

B. Essential Practice No. 1 at Assilassimé Solidarité

At the core of Assilassimé Solidarité's vision is the fight against poverty, and at the core of its mission is the provision of access to social microfinance services tailored to help vulnerable people improve their living conditions. Considering the impact of the environment on the living conditions of its customers, Assilassimé needs to focus on environmental issues.

The environmental strategy has been based on several elements:

- Assessments of the institution's environmental performance carried out in 2018, 2020 and 2022 (environmental module of the [SPI5 tool \(Dimension 7\)](#) which is consistent with [Green Index 3.0](#));
- Consideration of environmental and gender issues in the 2022 revision of the institution's vision, mission and values;
- Technical assistance in drawing up the environmental strategy, which took into account best practices in the sector, the priorities of the African Union and the government, as well as the [United Nations' Sustainable Development Goals \(SDGs\)](#);
- The views of the Board of Directors (of which [Entrepreneurs du Monde](#) is a member) and the Executive Committee (strategic workshops), as well as those of the staff (see the survey below in the "Keys to success" section).

The company's environmental commitments are formalized in the [Environmental Strategy](#) adopted in 2022.

Environmental objectives

Assilassimé Solidarité has built on the elements that the environmental performance assessments had identified as weaknesses. L'IMF environmental objectives are:

1. **To be a reference** in the field of microfinance in environmental protection;
2. **Manage** internal and external environmental **risks** (reducing customer vulnerability and the negative impacts of climate change on customers and the institution, and promoting positive environmental impacts);
3. **Promoting ecological and resilient solutions.**

➤ *Objective No.1: To be a benchmark for environmental protection*

For Assilassimé Solidarité, being a benchmark in the microfinance sector in terms of environmental protection means improving the institution's environmental performance, as measured by the [Green Index 3.0](#), and strengthening its position in the field of green inclusive microfinance.

➤ *Objective No. 2: Manage internal and external environmental risks*

Internal risk management: for Assilassimé Solidarité, internal risk management involves reducing the production of plastic waste and cutting energy and paper consumption. In addition, the following actions are planned:

- Installation of solar panels at the head office and in 4 branches in Lomé, with installation planned in the remaining branches to 2024;
- Setting up a waste sorting and recycling system with [Miawodo](#).

External risk management: external risk management involves the following actions:

- Reducing the proportion of customers with a negative impact on the environment. Assilassimé Solidarité has drawn on the findings of various field surveys to identify these customers;
- Converting customers using chemical products to adopt organic storage solutions. Assilassimé Solidarité had identified that the storage of cereals sometimes lacked attention and involved a risk for the customer and for the repayment of the loan. Moreover, the storage credit product had initially been requested by customers, and Assilassimé Solidarité designed this product to incorporate ecological solutions. On the production side, agricultural technical advisors provide advice on environmentally friendly techniques, although this is not a feature of the loan itself, as the process is more complex;
- Converting charcoal (or firewood) sellers to develop other income-generating activities;
- Discouraging restaurant owners and retailers from using plastic bags and packaging.

These actions were selected during strategic workshops held as part of the environmental strategy development process. They are based on the detailed diagnosis carried out at the corporate level, and build on the achievements Assilassimé has already made: a pilot scheme for collecting water bags from women's groups, energy credits and raising customer awareness regarding fuel poverty, and an agroecology project carried out with the NGO [ADA](#).

➤ ***Objective No. 3: Promote ecological and resilient solutions***

For Assilassimé Solidarité, minimizing environmental risks is not enough. It is also necessary to support customers by increasing activities likely to improve their resilience to climate change and reduce negative impacts on the environment.

Assilassimé Solidarité focuses on the following actions:

- Raising awareness and training agricultural credit customers in resilient and ecological farming practices;
- Providing access to healthier, greener energy sources;
- Involving groups in plastic waste collection.

Necessary elements for its implementation

Assilassimé Solidarité's [Environmental Strategy](#) specifies the elements required for its implementation and includes an [action plan](#). In fact, by April 2023, the MFI was working on its operational plan.

Expected results

More specifically, Assilassimé Solidarité, has broken down the strategic objectives into key results and performance indicators to be achieved by 2026:

- Improve its environmental performance management (Green Index score) and strengthen its position in the field of green inclusive microfinance;
- Reduce in-house plastic waste production by 80%;
- Reduce internal energy and paper consumption by 50%;
- Reduce the proportion of customers with a negative impact on the environment;
- Raise awareness and train at least 75% of its agricultural credit customers in resilient and ecological farming practices;
- Encourage at least 50% of the customers using chemical products to adopt organic storage solutions;
- Encourage 30% of the customers who sell charcoal (or firewood) to convert to other income-generating activities;
- Discourage the use of plastic bags and packaging in over 80% of restaurants and retailers;
- To have enabled 60% of customers to access healthier, more environmentally-friendly energy sources;
- Involve at least 25% of the groups in plastic waste collection.

Assilassimé Solidarité will use the indicators contained in the essential practices of the [environmental dimension of the SPI tool](#) to measure the achievement of objectives.

Specific objectives

The [Environmental Strategy](#) has defined a theory of change: "ASSILASSIME's vision clearly expresses the importance of acting in favor of a climate system compatible with human life, where Assilassimé Solidarité's activities contribute to mitigating climate change and fostering the resilience of the people the institution supports".

The strategy has translated specific objectives into sub-objectives and activities, and the five-year action plan has been broken down into annual action plans.

For example, under the objective of managing external environmental risks: "converting customers using chemical products to adopt organic storage solutions" (see above), this is broken down into eight activities, including:

- (i) Identifying customers who are already using organic storage so that they can train others and share their experience;
- (ii) Raising awareness about organic storage among customers of storage credits, based on existing modules;
- (iii) Setting up partnerships with suppliers of organic preservatives;
- (iv) Setting up a mechanism for the distribution of biofertilizers and biopesticides manufactured in the production units initiated by Assilassimé Solidarité in rural areas.

Resource requirements

The environmental strategy has defined the resources (i.e., human, financial) required for its implementation. In terms of human resources, the strategy defines the role and sharing of responsibilities between key staff: the person identified as the focal point, the board of directors, the management committee and the branch managers.

Assilassimé Solidarité also relies on a network of key partners. Its [Environmental Strategy](#) lists, for each specific objective, the type of existing or to be set up partners. These include technology suppliers ([Mivo Energie](#) for clean energy), training organizations (Micro énergie pour l'énergie propre), technical operators ([Miawodo](#) for plastic waste collection), technical assistance providers, investors ([ADA](#) for agro-ecology, [Grameen Crédit Agricole Foundation](#)), financial supporters ([European Investment Bank](#)). The NGO [Entrepreneurs du Monde](#) has facilitated certain partnerships.

As the mobilization of financial resources is an important component of the strategy, since it affects the success of the implementation, it is planned to specify in the environmental strategy the financial requirements and the funding method, and to adjust them regularly. For 2023, Assilassimé Solidarité has earmarked a budget of 45,000 Euros, including 10% from its own resources.

Performance monitoring

Regarding monitoring and evaluation, the MFI plans to draw up quarterly scorecards, and to carry out an annual review, a mid-term review and a final evaluation. An analysis will be made of what has worked, the enabling factors and constraints, and what needs to be adjusted and/or replicated.

Assilassimé Solidarité's [Environmental Strategy](#) complies with industry initiatives such as the [Green Index 3.0](#) approach and the environmental dimension of [SPI5 \(Environmental Dimension 7\)](#) co-developed by [CERISE-SPTF](#) and the [e-MFP Green Inclusive and Climate Smart Finance Action Group \(GICSF AG\)](#). The institution had in fact undergone several assessments of its environmental performance with these tools since 2018. In addition, the technical assistance involved in the strategic exercise was provided by CERISE, one of the main developers of the SPI5 tool.

C. Assilassimé Solidarité's path with Essential Practice N°1

Starting point

Assilassimé Solidarité had initiated green actions on an ad hoc or pilot basis since 2016. Then, in 2020, the institution began developing its strategic environmental process. The trigger for this was the low score obtained on the environmental part of the social and environmental performance evaluations (SPI) carried out in 2018 and 2020.

Technical assistance provided as part of the [African Facility](#) program² strengthened internal skills in this area and supported the process of defining an environmental strategy. [Entrepreneurs du Monde](#) also played a key role as Assilassimé Solidarité's main partner, as this NGO has profoundly reoriented its activities towards the environment in recent years.

² The [African Facility](#) is "a scheme set up in 2013 by the Grameen Credit Agricole Foundation, in partnership with AFD.

Keys to success

The success of the strategic environmental process was based on a number of factors: the determination of the Board of Directors, the leadership of the Managing Director, the technical assistance of CERISE as a facilitator rather than as a "writer" or prescriber and taking into account employees' opinions. In fact, Assilassimé Solidarité conducted a survey of staff attitudes towards the environment.

The environmental strategy document summarizes the main results: "they reveal that the majority of employees have a favorable attitude towards the subject:

- 77% say they have a personal interest in environmental issues
- 79% say they are ready to change to more environmentally friendly practices
- 64% believe that it is part of Assilassimé Solidarité's mission to help customers adopt more environmentally friendly practices.
- 60% believe that Assilassimé Solidarité has the capacity to make customers more combative in the face of climatic and environmental risks.
- Only a small minority (5-6%) seem totally resistant to the subject".

On this last point, Assilassimé Solidarité considers that the minority who are resistant to the subject have not been really or effectively sensitized and need to be.

Challenges

According to the [Environmental Strategy](#), the first challenge lies in the tension between environmental strategy and economic profitability. After a difficult period linked to Covid, and in a complicated economic context, Assilassimé Solidarité's activities were not sustainable at the end of 2022. In fact, the staff survey revealed concerns about the financial impact of implementing environmental criteria and the investments to be made as part of the environmental strategy.

The other major challenge lies in the tension between environmental strategy and social mission. For example, banning certain activities for environmental reasons, such as the sale of charcoal, penalizes vulnerable populations given this is a highly profitable activity for them. Another significant challenge is the investment cost of solar panels, which is often not subsidized by partners.

At the start of the strategic process, concerns also arose about the feasibility of implementing the environmental strategy (how to do it? how to find the time to implement the environmental agenda?), especially as Assilassimé Solidarité needed to develop specific technical skills in environmental matters. At the end of the planning process, however, the environmental strategy has gained strong approval, and the actions planned for the next stages will win everyone's support.

These challenges highlight the importance of identifying the constraints and potential negative consequences of implementing the environmental strategy upstream, in order to find solutions that will enable environmental objectives to be achieved in a sustainable way, while reconciling the institution's other objectives.

D. What's the next step?

An operational plan

Assilassimé Solidarité must finalize the operational plan for implementing its environmental strategy. This is currently underway.

A modified energy loan product

Assilassimé Solidarité has found that the adoption of gas cooking has particularly improved the comfort of customers, compared with coal cooking, which emitted harmful particles. To scale up, the Miwoè loan will be revamped in 2023 to become 'Crédit vert,' with more flexible and attractive conditions aiming to reach more than 3,000 families in one year.

Improving skills

Assilassimé Solidarité has also learned that to deal with these environmental issues, it is essential to be able to improve environmental skills. This means not only being informed and trained internally, but also and above all knowing how to develop partnerships with key players and listen to customers.

Assilassimé Solidarité first plans to train its staff on the theme of "Environment and Climate", based on its [position paper](#) on climate, drafted and validated by Entrepreneurs du Monde. After that, the training modules that will be developed for customers will be used so that all the players with whom the MFI works have the same understanding. Assilassimé Solidarité intends to formalize its partnership relations with other players active in environmental protection, such as the NGO [Jeunes Volontaires pour l'Environnement](#) and the Cadete Center for Research, Training, Organic and Ecological Production.

In more detail, Assilassimé has also planned the following actions:

- Develop an awareness-raising module for staff on water and energy consumption and waste production in the workplace;
- Develop a tool for loan officers to help them track energy, water, and fuel consumption;
- Develop training modules for customers on the importance of the forest/danger of deforestation, good conversion practices, danger of charcoal, etc.;
- Produce educational videos for distribution in the branches;
- Develop practical information sheets on eco-actions for customers, to serve as reference outside awareness-raising sessions;
- Develop tools to more accurately assess the credit portfolio's exposure to environmental risks (sectoral analysis of each activity in terms of environmental risks);
- Develop leaflets to be distributed to customers after awareness-raising sessions. Assilassimé Solidarité wants to ensure that awareness campaigns are not limited to customers, which is why it has developed leaflets to raise awareness among their families too.

Evaluate implementation and adjust action plan

A new self-assessment using the [SPI5](#) tool ([Dimension 7](#)) is scheduled for 2023. This will enable Assilassimé Solidarité to assess the results obtained and, if necessary, redirect the action plan.

Acknowledgments

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Read more

For more information on Assilassimé's environmental approach, please consult the following resources:

- Link to the Assilassimé website: [Assilassimé Solidarity](#)
- [Assilassimé Solidarité Environmental Strategy](#)
- Cerise's blog: [Environmental performance management in practice \(Cerise\), #1 - Assilassimé Solidarité's testimonial](#)

For more information on essential practices, please consult [Green Index 3.0](#).

Contribute

We encourage you to take an active part in enriching the resources available on good environmental practices.

If you would like to **contribute to the Green Essentials case study series or to 'Green Map'**, please contact Joana Afonso at the European Microfinance Platform (e-MFP) at jafonso@e-mfp.eu.

The e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG)

The e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) is a unique multi-stakeholder think tank that brings together inclusive finance practitioners and researchers to enhance cooperation, exchange experiences and find a common path to deal with environmental issues, improve knowledge and disseminate findings, seize green opportunities and co-create common standards for the inclusive finance sector and new practical tools to advance green inclusive and climate smart finance. Created in 2013, today it counts today more than 150 members affiliated to more than 75 institutions worldwide and represents the majority of sector stakeholders.

The European Microfinance Platform (e-MFP)

The European Microfinance Platform (e-MFP) is the leading network of organisations and individuals active in the financial inclusion sector in developing countries. It numbers over 130 members from all geographic regions and specialisations of the microfinance community, including consultants & support service providers, investors, FSPs, multilateral & national development agencies, NGOs and researchers. Up to two billion people remain financially excluded. To address this, the Platform seeks to promote co-operation, dialogue and innovation among these diverse stakeholders working in developing countries. e-MFP fosters activities which increase global access to affordable, quality sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation. The Platform achieves this through its numerous year-round expert Action Groups, the annual European Microfinance Week which attracts over 400 top stakeholders representing dozens of countries from the sector, the prestigious annual European Microfinance Award, and its many and regular publications.

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