

## GREEN INCLUSIVE FINANCE Case Studies Series on Essential Practices

### Essential Practice No.6:

Manage institutional-level environmental risks and opportunities



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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.<sup>1</sup> 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 maximise 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.)

<sup>1</sup> 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](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](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. 6: Manage environmental risks and opportunities at institutional level

In **Green Essential Practice No. 6 (EP6)**, we focus on managing the institutional level environmental risks and opportunities for FSPs:

- The FSP mitigates environmental risk to its staff and property, both at the headquarters and branch levels
- The FSP has a contingency plan (and budget) in place to mitigate risks resulting from the effects of climate change
- The FSP avoids, minimizes and/or offsets the adverse environmental impact of its activities
- The FSP raises staff awareness on environmental risks to its staff and property
- The FSP trains its staff on good practices to mitigate environmental risks through various engagement methods

In addition:

- The FSP is certified to meet the requirements of an accredited green building program or is certified under an environmental standard such as ISO 14000
- The FSP has purchased certified carbon credits in the reporting period
- The FSP is resourcing and planning for its climate strategy and implementation

The FSPs highlighted in Case Studies on **Green Essential Practice No. 6 (EP6)** demonstrate good practices in identifying institutional level risks and opportunities.

## EP6: Managing environmental risks and opportunities at RENACA-Benin's institutional level

### A. Background

#### About RENACA-Benin

The Réseau National des Caisses Villageoises d'Épargne et de Crédit Autogérée du Bénin (RENACA-Benin) was created on November 22, 2005. It is a network of 8 savings and credit cooperatives, all licensed, with 36 branches in 7 of Benin's 12 departments. Its head office is in Bohicon, in the center of the country, in the Zou department.

RENACA-Benin's mission is to offer sustainable, quality financial and non-financial services to vulnerable populations, particularly in rural areas, to enable them to meet their own needs.

By March 31, 2023, RENACA-Benin had 227,469 customers. The loan portfolio amounted to USD 23.5 million (or FCFA 14.2 billion), for 49,627 active borrowers. RENACA is aimed at people engaged in income-generating activities, particularly low-income rural populations, whether or not organized in groups, as well as young graduates from agricultural colleges and training centers. 60% of RENACA-Benin's clients are women, and 75% live in rural areas.

The first green finance activities date back to 2017. These involved loans for solar solutions for domestic use (solar kits and TVs), followed by loans for solar equipment for productive use (refrigerators or freezers and irrigation equipment/solar pumps), as part of the partnership with CIDR Pamiga, a partner in the [Green People Energy](#) project implemented by the German cooperation agency

RENACA-Benin developed a social and environmental policy, validated in 2020, and regularly trains its staff and customers on the subject. The current business plan covers the period 2021-2024 and includes environmental objectives. Since 2020, RENACA-Benin has been promoting sustainable agricultural practices, and in 2023 will launch a specific project for its customers.

RENACA-Benin's main partners are [ADA](#), the ADAPAMI project, [CIDR Pamiga](#), [GIZ/GBE](#), GIZ ProFinA, [Fondation Grameen Crédit Agricole / SSNUP](#), and [SOS Faim Luxembourg](#).

#### What is RENACA-Benin's background?

Benin is a low-income country where 39% of the population lives below the poverty line ([UNDP 2019](#)). Even though Benin is a low emitter of CO<sub>2</sub> (0.69 tons of CO<sub>2</sub> per capita, 73<sup>ème</sup> countries out of 184, according to [UN Climate](#)), Benin is in 152<sup>ème</sup> position in the [ND-GAIN 2020](#) index out of a total of 182 countries. It is the 15<sup>ème</sup> country most vulnerable to climate change and the 53<sup>ème</sup> least prepared. According to the [United Nations Common Country Assessment for Benin for 2022](#), "Benin should expect longer periods of drought and more intense rainy seasons. In coastal areas, rising sea levels could threaten the habitat of a large proportion of the population. Agricultural yields will suffer from extreme climatic conditions. Rising temperatures and rainfall intensity could also cause an increase in infectious diseases, as well as energy shortages. Water resources will also be affected by extreme climatic conditions.

Benin is a signatory to the Paris Agreement and has had a Climate Change Act since 2018. In terms of climate finance, the Fonds National pour l'Environnement et le Climat (FNEC) has, since 2019, been the national implementing entity for United Nations Green Climate Fund projects. The FNEC has also been accredited as the national implementing entity for Climate Change Adaptation Fund projects for the period 2020-2025. Benin drew up a [National Climate Change Adaptation Plan](#) in 2022.

A regulatory framework relating to the environment applies to activities financed by RENACA-Benin, within the framework of sectoral provisions (agriculture, energy, vulnerable populations). Exclusion lists for environmentally damaging activities are common practice in Benin's decentralized financial sector. In addition to the sectoral ministries and the FNEC mentioned above, the key players encouraging the adoption of green practices in Benin are a number of specific projects.

Although it does not focus exclusively on the environment, the ADAPAMI-Benin project (Appui au Développement, à la Professionnalisation et à l'Assainissement du Secteur de la Microfinance au Benin) implemented by the Association Professionnelle des Systèmes Financiers Décentralisés (APSPD) has provided some microfinance institutions with specific support on environmental issues.

## **B. Essential Practice No.6 at RENACA-Benin**

It is important to note that although Essential Practice EP6 deals with both the management of environmental risks and opportunities at the institutional level, this study focuses on risk management. RENACA-Benin manages its own environmental risks at head office and affiliated SFDs, as well as its own environmental opportunities.

### **Reducing direct environmental footprint**

Indeed, one of RENACA-Benin's key environmental strategies is to reduce the environmental footprint associated with the institution's operations, in particular its consumption of fossil fuels and paper. RENACA-Benin has thus equipped its headquarters with solar panels since 2016, with a capacity of 20kwh, as well as 5 of its rural agencies from 2016 to 2022, with a capacity of 9kwh per agency. The investment was made using the company's own funds, for a total of EUR 58,000 (FCFA 38 million: FCFA 13 million for the head office and FCFA 5 million per branch). Savings are in the range of 15-20% on electricity bills. The initial investment will pay for itself in 10 years.

In addition to reducing energy consumption (10-20%), the equipment provides electricity when the conventional grid fails to supply it (in the case of rural branches in areas not covered by the conventional electricity grid) or during power cuts. The constant availability of electricity has made it possible to implement the digitization project by interconnecting and merging the databases of all the branches and collecting local savings in digital form. Digitization of the institution's credit processes is also underway.

Other actions implemented to reduce RENACA-Benin's carbon footprint include the use of energy-efficient equipment and the reduction of paper consumption. In the future, RENACA-Benin plans to reduce waste production.

### **Raising staff awareness**

RENACA-Benin also raises staff awareness of environmental issues, and in particular of the negative impact of its activities on the environment. The person in charge of social and environmental performance plays a key role in reducing RENACA-Benin's direct ecological footprint.

Several partners are supporting RENACA in green projects, in particular YAPU Solutions and the [Grameen Crédit Agricole Foundation](#) (GCAF) as of 2017 to carry out an environmental management diagnosis and action plan.

In addition, the ADAPAMI-Benin sectoral project (Appui au Développement, à la Professionnalisation et à l'Assainissement du Secteur de la Microfinance au Benin) supported the development of RENACA's environmental and social policy.

## C. RENACA-Benin's journey with Essential Practice No.6

### Starting point

RENACA-Benin's operating context is marked by the following elements:

- Operations in rural areas where conventional electricity is often unavailable;
- Need for electrical energy to power branch equipment (computers, fans, lamps, etc.) to provide high-quality financial information in real time;
- Development of solar energy initiatives in Benin has boosted the supply and quality of such services.

### Keys to success

Initially, the installation of solar energy equipment in the branches and head office was linked to the inadequate coverage of the conventional electricity network. RENACA-Benin has prioritized the installation of solar power systems in branches with no access to the conventional electricity grid. In addition, the availability of uninterrupted electrical power was a prerequisite for the real-time availability of financial information and the digitization of operations at RENACA-Benin. With the rise in energy prices since 2016, the need for solar panels has become even more urgent. The solar solution is also more cost-effective than the electric generator. The digitization of credit processes, shortcomings in the national electricity grid, and the desire to reduce the ecological footprint have all converged to make it necessary to equip branches and headquarters with solar power. The key success factors were the technical support of partners in managing the process and the quality of the solar solutions chosen and installed.

### Challenges and solutions

The first difficulty encountered by RENACA-Benin was the relatively high cost of solar solutions, as well as the modest size of RENACA-Benin's activities, limiting economies of scale. The availability of solar solutions was the other major constraint. Partnering with solar solution suppliers helped to overcome this constraint. Suppliers were interested both in the market for branch and head office equipment, and in the market access that RENACA-Benin's customers represented for them in terms of solar credits.

## D. What's the next step?

### Continue to install solar power and measure carbon footprint

RENACA-Benin plans to progressively equip all its branches, as even those located in areas where the conventional electricity network is available suffer repeated power cuts, sometimes over a long period of the year. Now that processes have been digitized, RENACA-Benin needs to guarantee that electricity is always available. Equipping a branch represents a cost of EUR 8,000 (FCFA 5 million). Own funds or bank financing will be mobilized.

RENACA-Benin also plans to measure its carbon footprint by 2025 (direct and indirect footprint).

### Pursuing other green projects

RENACA-Benin promotes sustainable agricultural practices and is launching a specific project for its customers in 2023.



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## Read more

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

- RENACA website link: [Home \(renacabenin.org\)](https://renacabenin.org)
- [RENACA's social and environmental policy](#)
- Contact: Thomas DOVONOU, Head of Credit Department in charge of New Product Promotion, and Environment Focal Point, [dovonouthomas@yahoo.fr](mailto:dovonouthomas@yahoo.fr) or [tdovonou@renacabenin.org](mailto:tdovonou@renacabenin.org)

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](mailto: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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