

# GREEN INCLUSIVE FINANCE

## Case Studies Series on Essential Practices

### Essential Practice No.4:

Identifying 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.efmd.com/ratings/indices/green-index-3.0/> 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. 4: Identify environmental risks and opportunities at institutional level

In **Green Essential Practice No. 4 (EP4)**, the focus is on identifying the institutional level environmental risks and opportunities for FSPs:

- The FSP assesses the environmental risks and the adverse environmental impact of its activities on its staff and property – both at the headquarters and branch levels – using a methodology and indicators specified in an international regulation or standards.
- The institution trains its loan officers and back-office staff on the assessment of the institution adverse environmental impact of its activities through its own internal human resources or experts (local or international).
- The institution assesses its own opportunities to develop and implement an environmental strategy, an environmental and/or climate risks management system, and green products and services - in relation to its objectives.

The FSPs highlighted in Case Studies on the **Green Essential Practice No. 4 (EP4)** demonstrate good practices in identifying institutional level risks and opportunities.

# EP4: Identifying institutional environmental risks and opportunities at Tamweelcom

## A. Background

### About Tamweelcom

Tamweelcom is a Jordanian Microfinance Company that started with JOD 30,000 (USD 42,000), five employees, and one branch in 1999; with the purpose of elevating employment rates, fostering socio-economic advancement and empowering low-income individuals within Jordan.

Today, Tamweelcom has a JOD 63 million (USD 88 million) portfolio, serving more than 98,300 active clients and enterprises through over 500 employees spread across a network of 39 branches. Tamweelcom caters to underserved income-generating enterprises and financially excluded citizens through a diverse range of financial services to improve the living standards of the retail clients (individuals and groups) by financing education, health-related expenses (i.e., medication), marriage costs, home improvements, vehicles licensing and maintenance, and energy efficient appliances; as well as to the business sector by offering financial solutions for micro and small enterprises (MSEs) to support growth and business sustainability of these MSEs which constitute the majority of enterprises in the Jordanian economy.

Tamweelcom's green agenda started in 2016 when the institution started identifying its own environmental risks at headquarters and branch level, and since then, Tamweelcom have been continuously improving its own environmental opportunities (use of solar system in headquarters and 18 branches, minimizing electricity consumption, and minimizing emissions using electric vehicles). In 2018, the company started assessing the social and environmental risk of the projects it financed mainly by adopting exclusion lists.

Tamweelcom's next green goals are to:

- Offer sustainable loans for agriculture (by 2023)
- Develop an environmental strategy with some partners (such as Hedera, which supported a Green Index assessment in 2022)

### What context does Tamweelcom operate in?

Jordan ranks as the fifth most water-stressed country in the world, and water scarcity and management remains the most pressing issue in terms of climate vulnerability as temperatures are forecast to increase annually, and groundwater levels are declining by as much as 12 meters per year.<sup>2</sup>

The Jordan Government has adopted many general and sector-specific climate policies and has actively engaged diverse actors on these issues at domestic, regional, and international levels, implementing significant measures to adapt to climate change, especially regarding water and energy. However, while it has achieved some successes, important gaps and shortcomings in policy and action remain, due to a mix of legislative, regulatory, institutional, political, and economic factors.

Besides Jordan's overarching 2025 National Vision and Strategy and National Green Growth Plan, the country's major policy on climate change is the National Climate Change Policy, which has now been extended to 2050<sup>3</sup>. In it, Jordan has put the emphasis on adaptation rather than mitigation, with the aim of achieving both socio-economic development and environmental resilience. The priority sectors it identifies include water, agriculture, energy, land use, and desertification. On water, the key policies are

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<sup>2</sup> [Jordan's climate-related security risks: A challenge to achieving the 2030 agenda \(2020\)](#)

<sup>3</sup> [National Climate Change Policy of the Hashemite Kingdom of Jordan 2022-2050, UNDP \(2023\)](#)

the Water for Life: Jordan's Water Strategy (2008-2022), the National Water Strategy for 2016-2025<sup>4</sup>, and the Climate Change Policy for a Resilient Water Sector. On energy, the key policies are the Master Strategy in the Energy Sector (2015-2025), and the policies based on the 2012 Renewable Energy and Energy Efficiency Law (REEEL). But, so far, Jordan's efforts on climate change, including on water and energy, have remained limited in ambition and action. These issues have not been prioritized (e.g., compared to employment), in part due to a lack of understanding of the costs and benefits of action/inaction. Another reason is fragmented policymaking, with plans and institutions that lack consistency, comprehensiveness, links, and common purpose.<sup>5</sup>

Climate action at scale is also severely under-funded, and adaptation would require large investments, for example in more efficient infrastructure for water and energy. In addition, implementing adopted policies in specific sectors would push for major changes in people's practices, but this could affect the interests or livelihoods of significant parts of the population (e.g., with higher prices on water and electricity). Similarly, population growth, combined with internal migration to cities and the large presence of refugees, has all led to competition for land use and essential goods and services, with difficult policy choices remaining.

In the 2021 survey on climate change risks and green finance survey,<sup>6</sup> conducted by the Association of Banks in Jordan (ABJ) in coordination with the CBJ, the 17 participating banks confirmed that the most important precautionary measures that could reduce the impact of climate change on their current and future standing are:

- Gearing up financing renewable energy and energy efficiency projects of businesses (and individuals).
- Allocating funds to support sectors particularly affected or at risk of being affected by climate change.
- Adopting a national green policy for financial operations to support and motivate projects and products aligned with climate action and green investments.
- Developing new in-house competencies and specializations.

## B. Essential Practice No.4 at Tamweelcom

Tamweelcom is committed to implementing energy-saving measures in its buildings. However, before embarking on an energy-saving program, it was important for the microfinance institution (MFI) to understand where it was currently using energy and where there was room for improvement. The best way to do this was to assess the adverse impacts of its internal activities on the environment (ecological footprint).

The institution assessed its own opportunities to develop and implement an environmental and/or climate risks management system to fulfil its social and environmental responsibility. The MFI is firmly convinced that an Environmental Management Systems (EMS) can be used to reduce the organization's environmental impacts and improve operating efficiencies while demonstrating to stakeholders and interested parties that real action is being taken.

Carrying out a Green Index assessment has permitted the institution to understand what they need to implement, including developing green products, formalizing the existing environmental strategy, and risk management.

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<sup>4</sup> [National Water Strategy](#) for 2016-2025 for Jordan, UNEP

<sup>5</sup> [619\\_Jordan\\_Environment\\_Policies\\_and\\_Engagemt.pdf](#) ([publishing.service.gov.uk](http://publishing.service.gov.uk))

<sup>6</sup> [Newsletter Template - Bold](#) ([giz.de](http://giz.de))

Since 2019, the MFI has been using a solar system in headquarters and 18 branches, minimizing emissions through the usage of electric transport, and minimizing electricity consumption. Some of the key quantitative impacts on Tamweelcom's energy, paper and fuel expenses are presented below:

- In terms of electricity consumption (not Renewable Energy) at headquarters and branches on a yearly basis (in kWh/FTE), the Wheeling project saved 587,000 KW/hr.
- The institution also reduced the volume of paper printed from 6900 to 900 files.
- The fuel consumption at headquarters and branches reduced in 2019 from 28,800 L to 12,800 L which expected to achieve 11,000 L.

In addition, the institution trains its loan officers and back-office staff. In 2022, it developed a training on the implementation of the Environmental and Social (E&S) Assessment policy of the projects financed.

## C. Tamweelcom's journey with Essential Practice No.4

The institution started identifying its own environmental risks at headquarters and branch level driven by the Board of Directors & management's interest in the implementation of environmental initiatives that could contribute to the institution's core values. And later, the implementation of the digitization strategy contributed to the decrease of paper use in daily operations at head office and with its clients. Moreover, the assessment of the opportunity to develop green products resulted from research aiming to assess the market's agricultural needs in selected areas.

The key factors to Tamweelcom's success can be summed up as follows: board and management support and interest, the availability of technology in Jordan, a strong demand, and capacity to address the challenges of implementation. In contrast, the main challenge encountered was the cost of technology and the difficulties in measuring the payback period and the availability of maintenance. The impact of the investment on the end-users and the cost of the investment is hard to assess.

In general, another problem faced by MFIs is to understand the complex environmental rules and regulations that are imposed by different regulatory bodies, federal authorities, and law-making institutions. Without an environmental specialist within the organization, it is difficult to identify and comprehend the critical environmental legislation and ultimately comply with it.

To minimize these challenges, the institution measures the impact in the long term and builds partnerships with the services and maintenance providers. The support and leadership of the organization's top-tier management team was essential to transfer the practices and policies on environmental management to the employees. The role of the leaders enabled the institution to make employees responsible for the implemented policies and practices.

The institution is investing this year in educating and training in-house experts who can then determine the practices required for compliance. As this might be a challenge, Tamweelcom is also considering hiring an environmental consultant who can suggest appropriate measures and practices to continue assessing the adverse impacts of the MFI's internal activities on the environment (ecological footprint).

From Tamweelcom's experience, the important lessons to share with other MFIs looking to improve their performance in the identification of environmental risks and opportunities at headquarters are:

1. Implementing these initiatives implies changing the behavior of the institution's team and clients towards environmental responsibility. This change is associated with savings through the implementation of green technologies which positively impact the financials of the institution in the long term.
2. Ensuring leadership as well as encouraging employee participation can be a hurdle for an organization. The leaders or top management executives are busy with crucial planning and decision-making for the business. Likewise, it is hard to get employees on board because they have



their own routine tasks to do. Therefore, to promote environmental management, it is essential to understand the importance of environmental practices and how they could benefit the business.

3. Providing training and awareness sessions to help the employees adopt those practices is important.

Businesses need to run operations at their own pace to keep up with the global economy, but they also cannot harm the environment and use resources extensively so that nothing is left for future generations. Environmental management is hence a necessary goal for every organization. However, there are challenges in environmental management that are holding back many businesses. While challenges are always likely to surface, the benefits of implementing a strong environmental management program in the organization should not be underestimated or overlooked. Therefore, there is a need to know well the environmental impacts of the business activities and to plan with the right team and resources to get a fitting environmental management approach. Eventually, overcoming the challenges and implementing an effective management approach is going to raise the institution's environmental performance score and make it more recognized for it.

## D. What's next?

The institution's management is planning to formalize its environmental policy as they already have initiated implementation across the institution and are continuously measuring and reporting its impact. The frequent reporting submitted to the management team will most likely require dedicated trainings and capacity building for the team.

Regarding the market and client level, Tamweelcom is planning to launch specialized green and agriculture products through partnerships with suppliers and vendors. The institution is further planning to engage in partnerships with:

- funders (international)
- Local technologies providers
- Capacity-building institutions (research centers, etc.)
- Develop and implement ESG Strategy

Moreover, Tamweelcom is also planning to organize training this year and next year regarding the proper utilization of water, fuel, and energy.

## Acknowledgments

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## Learn more

For more information about Tamweelcom's environmental journey, we invite you to check the following resources:

- Tamweelcom's website: [Tamweelcom](#)
- Contact information: Abeer Obwah, Marketing & Business Development Manager: [aobwah@tamweelcom.org](mailto:aobwah@tamweelcom.org)

For more information about the Essential Practices, we invite you to check the [Green Index 3.0](#).

## Contribute

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

If you are interested to **contribute to the Green Essential Practices Case Studies Series or the Green Map**, we invite you to contact Joana Afonso at 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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