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MicroNOTE

GOING GREEN: GLOBAL TRENDS & CURRENT STATE OF PRACTICE IN PURSUING TRIPLE BOTTOM LINE IN PAKISTAN

Authored by Saba Abbas, Saquiba Aziz and Maham Liaqat

INTRODUCTION

In recent years, microfinance sector in Pakistan has seen the momentum being built towards achieving the double bottom line i.e. weaving social performance management in mainstream operations in addition to financial management. Several MFPs have made efforts to build their internal capacity to define and monitor and strengthen their social functions. As the industry matures and journey towards social performance management is covered in leaps and bounds, the next frontier to which practitioners and other stakeholders should turn their attention, is the third bottom line, i.e. environmental management. Given the devastating effects of climate change seen at a global scale and increased focus on sustainability in the post-2015 developmental agenda, it is imperative for the microfinance sector to make a concentrated effort in going green.

"Green microfinance" may broadly be defined as the practice of promoting environment friendly products and solutions as well as inculcating principles of environmental sustainability in the MFPs day-to-day operations, supporting economic growth in a clean, resilient and sustainable manner. Quite often, green microfinance is limited to credit products offered for clean energy solutions (solar lamps and eco-friendly stoves), however, it can and should include a comprehensive set of practices encouraging positive environmental impact while dissuading from 'do not harm policies'. European Microfinance Platform and MiX,1 have identified four different types of strategies, or essential practices, which constitute green microfinance:

a) Managing internal environmental risks – This practice entails that MFIs are proactively managing their ecological footprint by reducing their paper, water and energy consumption and reducing waste and carbon emissions.

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b) Managing external environmental risk – This practice necessitates that MFIs are monitoring and managing potential negative impact of the activities financed through its products, usually through an exclusion list or making clients more aware.

c) Provision of green products – This entails that MFIs are fostering green impacts through provision of products and services which either encourage eco-friendly businesses (recycling, use of organic fertilizers and insecticides) or help consumers adopt clean energy practices (solar energy solutions, improved stoves, bio-gas apparatuses).

d) Formal pursuit of triple bottom line – This pertains to inclusion of an environmental agenda in the MFPs' mission and vision with a formal strategy pertaining to environment, designated resources and systemized reporting. It may include all or some of the aforementioned practices.

This paper takes a closer look at green microfinance developments globally and map current state of practice in Pakistan. More specifically, it aims to establish the need for microfinance to go green in section 2. Section 3 analyses the characteristics of microfinance providers with robust environmental ethos in an attempt to see what propels some institutions to go green while others don't. Section 4 maps current state of practice vis-à-vis green microfinance in Pakistan followed by conclusion in section 5.

2. Fostering Green Practices; Building a Business Case

To understand the need to achieve the triple bottom line, we first need to understand the potential environmental impact microfinance activity is capable of.

There are three fundamental areas in which microenterprise activities impact the environment; unsustainable use of natural resources, pollution (air, water and solid waste), and occupational health and safety.2 Microenterprise activity breeds a lot of factors that can potentially harm the environment such as use of productive inputs (inorganic fertilizers and pesticides), overutilization of natural resources, production of waste (in the form of trash, or diesel smoke), or harmful production methods (such as burning or mining). Such microenterprise

1 Assessing Green Microfinance: Qualitative and quantitative indicators for measuring environmental performance by European Microfinance Platform.
Source: https://www.researchgate.net/profile/Natalia_Realpe_Carrillo/publication/300013162_Assessing_Green_Microfinance_Qualitative_and_quantitative_indicators_for_measuring_environmental_performance/links/5730640b08ae744151910a93/Assessing-Green-Microfinance-Qualitative-and-quantitative-indicators for-measuring-environmental-performance.pdf The Missing Bottom

2 The Missing Bottom Line: Microfinance and the Environment by Joan C.Hall, Liam Collins, Elizabeth Israel & Mark D. Wenner
https://dfedericos.files.wordpress.com/2012/02/missing-bottom-line_microfinance-and-environment_seep-2008-

activity, although efficient and seemingly productive, may result in long term harmful impact to the environment.

It is also important to understand who the agents and victims of environmental degradation of unregulated microenterprise activity are. Unfortunately, microenterprises and the poor who run them are often the agents as well as victims of environmental degradation. In addition to microenterprises being concentrated in sectors that involve destructive environmental impact, waste of natural resources and occupational safety hazards, microenterprise also tend to operate in areas that are outside of environmental and legal regulatory framework especially in developing countries. In absence of incentive schemes such as subsidies to promote adoption of healthy environment friendly technologies designed to minimize environmental damage, the harmful impact on the environment only increases. Population growth in third world countries is also poses another threat to the environment. With uncontrolled population growth resulting in economic growth and increasing industrialization, natural resources are in danger of scarcity or depletion on local, regional and global scale.3

With the expanding outreach of the microfinance providers (currently 5.2 million borrowers in Pakistan), cumulative environmental impact of these 5 million clients' activities will be significant. If the industry is to make serious efforts to address its environmental responsibility and impact, it is better to start early before its environmental impacts begin to reach critical mass.4 Considering the social agenda on which majority of the microfinance providers operate and their commitment to sustainable development, it is imperative for them to measure the social and environmental impact of their and their clients' activities, necessitating the move towards triple bottom line.

Secondly, from a risk management perspective, having clientele engaged in socially and environmentally negative activities pose two kinds of risks to the MFP; if the provider is extending credit to clients for hazardous activities, it leads to reputational risk. Secondly, clients working in unsafe environments are more prone to work-related injuries leading to repayment issues.5

Lastly, as the momentum builds towards achieving triple bottom line, an increasing number of donors and investors, especially those with a social outlook, are putting more stringent criteria in place, pertaining to the social and environmental impact of the MFPs. According to MIV survey reports by Symbiotics,6 more and more investors are integrating environmental parameters in their investment decisions (Figure 1) and MFPs with greener practices are in a better position to get access to credit on favorable terms.

3. Pdf
An Overview of Microfinance and Environmental Management by Abhishek Lal
http://www.gdrc.org/icm/environ/abhishek.html

4 The Missing Bottom Line: Microfinance and the Environment by Joan C.Hall, Liam Collins, Elizabeth Israel and Mark D. Wenner https://dfedericos.files.wordpress.com/2012/02/missing-bottom-line_microfinance-and-environment_seep-2008-3.pdf

5 Triple bottom line for Microfinance by Geert Jan Schuite and Alberic Pater. Source: https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-the-triple-bottom-line-for-microfinance-dec-2008_0.pdf

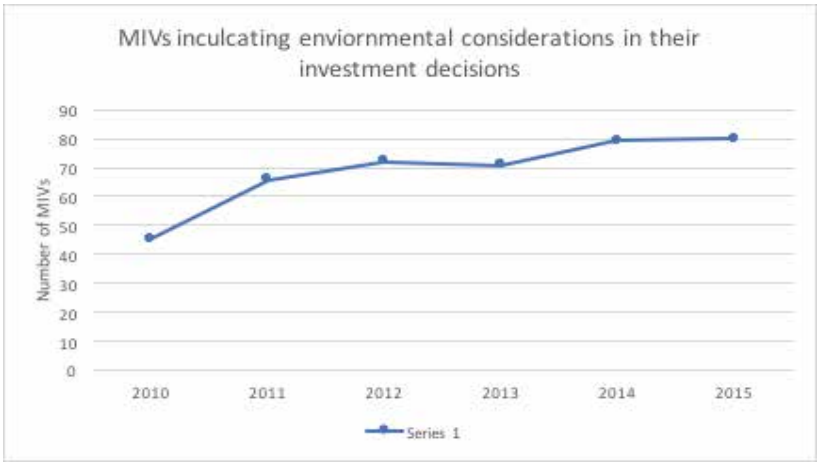


Figure 1: Environmental Issues integrated in investment decisions

3. Characteristics of MFPs with Strong Environmental Management Practices

Although the microfinance industry is evolving towards touching the triple bottom line, characteristics of MFPs which are successfully achieving better environmental management are still unknown. This section will outline some of the characteristics of MFPs that are more prone to achieving triple bottom line because of inherent structural advantages (such as size, maturity, financial performance), long-term vision or legal status. It will use the results from an extensive study conducted by Marion Allet and Marek Hudson called 'Green Microfinance: Characteristics of Microfinance Institutions Involved in Environmental Management', focusing on size, financial performance, age and legal status of the institutions and their link with achieving the triple bottom line.[7]

• Size of the Institution

On a general level, several studies reveal that larger firms are more likely to engage in activities pertaining to environmental management. Some of the reasons for better environment management at larger firms are higher reputational risks and stronger pressures from investors and other stakeholders.[8] Larger MFPs are also more likely to have better environmental management because they can benefit from scale economies in their effort to go green.[9] As developing a new financial product entails significant cost in research and development phase with a potential of no or less return, it might not be feasible for smaller scale microfinance institution.

6 Symbiotic MIV Surveys 2010-2014. Source: https://symbioticsgroup.com/publications/symbiotics-microfinance-investment-vehicles-miv-survey/

7 Marion Allet and Marek Hudson's study on 'Green Microfinance: Characteristics of Microfinance Institutions Involved in Environmental Management'

8 Scholtens, B., & Dam, L. (2007). Banking on the equator. Are banks that adopted the equator principles different from non-adopters? World Development https://tinyurl.com/yc6h6crf

9 Lefebvre, E., Lefebvre, L., & Talbot, S. (2003). Determinants and impacts of environmental performance in SMEs.

• Financial Performance

Second most common relationship that literature on environmental management is linked to financial performance. Research suggests that firms with low profitability will focus more on meeting the economic and financial demands of their stakeholders and focus less on achieving the triple bottom line. Better financial performance can thus be an indicator of better environmental performance.[10]

• Maturity of the Institution

In addition to the size and financial performance of the institution, maturity of the institution also plays a critical role when analyzing the environmental performance. As the institution matures, it also improves its visibility, capacity and resources, and management processes. Most authors identify four main stages of organizational life cycles; 1) birth/early growth/start-up, 2) rapid growth/ emerging growth, 3) maturity, and 4) decline/redevelopment/transition.[11] There are two differing views when it comes to a microfinance institution's maturity and environmental management. Some authors argue that an MFP in the start-up phase is more likely to engage in environmental strategy as a differentiation strategy to survive in the industry.[12] Others argue that as financial pressures on a start-up MFP are very high, they are more likely to focus on their short-term performance objectives and environmental performance objectives take a back seat till an MFP has slack resources to engage in green microfinance initiatives.[13]

• Legal Status

There are four legal statuses that are widely used to categorize MFPs; banks, non-bank microfinance institutions, cooperatives and non-governmental organizations (NGOs). In the research conducted in the past, two of these emerged with better environmental performance; banks, because of their greater exposure to environment liability and better risk assessment and NGOs, because of the integrated approach to microfinance and more inclination to use 'Microfinance Plus' approach.[14] However, when it comes to non-bank microfinance institutions, their likelihood to engage in green microfinance initiatives broadly depends on their interest and the interest of their shareholders. Thus, keeping the research done on environmental management and non-bank MFIs in mind, it is slightly difficult to draw an easy correlation between the two.

10 Husillos, J., & A ´ lvarez-Gil, M. J. (2008). A stakeholder-theory approach to environmental disclosures by small and medium enterprises (SMEs).

11 Elsayed, K., & Paton, D. (2007). The impact of financial performance on environmental policy: Does firm life cycle matter? Business Strategy and the Environment

12 Elsayed, K., & Paton, D. (2007). The impact of financial performance on environmental policy: Does firm life cycle matter? Business Strategy and the Environment

13 Be´de´carrats, F., Baur, S., & Lapenu, C. (2011). Combining social and financial performance: A paradox? Enterprise Development and Microfinance, 23(2), 241–258.

14 Marion Allet and Marek Hudson's study on 'Green Microfinance: Characteristics of Microfinance Institutions Involved in Environmental Management'

GREEN CASE STUDY
PAKISTAN MICROFINANCE NETWORK

GRAMEEN SHAKTI

INTRODUCTION

Grameen Shakti was founded in 1996, by Professor Muhammad Younus, in Bangladesh with a vision of addressing the problems of insufficient energy resources by providing environment-friendly solutions. It has launched several successful market based programs and social businesses to implement latest renewable energy technologies for domestic and commercial purposes.

Challenges and Initiatives

Bangladesh has a high population concentration in rural areas. Around 60% of population has no access to electricity and only 3% of total population is supplied natural gas.(Grameen Shakti Chairman Biography n.d.) Bangladesh is identified as a highly vulnerable country to climatic changes. The only viable solution could be the one which fulfills the energy needs without posing any threat to the environment.

Solar PV Program

In 1996, GS launched its Solar Home System (SHS) project for rural areas. The villagers were mostly unaware of the solar energy and its benefits. Its cost of purchase and installation were not affordable, so it was seen as a huge investment with unproven results. Moreover, the lack of trained manpower made the maintenance of SHSs difficult.

GS had a humungous task of promoting its product. Door-to-door visits, demonstrations and other marketing techniques were employed to raise awareness among the people. Local youth and women were trained as GS technicians to look after the maintenance of SHSs. GS used its experience of Grameen Bank to devise innovative financial products based on installments which made SHS affordable for an average villager, the details of which are given below(Financing Solar Home Systems n.d.):-

- The user has to pay 15% of total price as down payment. The remaining 85% is to be repaid in 36 months at 6% (flat rate) service charges.

- The customer has to pay 25% of total price as down payment. The remaining 75% of the cost is to be repaid within 24 months at 4% (flat rate) service charges.

- Micro-Utility: One entrepreneur installs the system at his own premise and shares the load with some of his neighbors. Owner is responsible for making payments to GS, more than 50% of which is covered by rent he collects from the users.

- 4% discount is allowed on printed price in case of cash purchase.

As of December 2012, GS had installed more than one million SHSs with more than 22,500 installed per month. SHS is regarded as a successful venture with positive social and environmental effects.(Grameen Shakti Evolving as a Social Business to Meet the Energy Needs of the Rural People n.d.)

Bio Gas and Improved Cooking Stove Program (ICS)

Biomass, crop residue, plant debris and animal dung are conventional sources of fuel for villagers in Bangladesh. Highest consumption of fuel is for cooking purposes producing indoor pollution which harms women. These conventional fuels also cause deforestation, soil erosion, floods and other environmental issues.

In rural areas, people usually live as joint family or as groups. GS identified such potential groups who can share the cost and benefits of biogas plants. Biogas is the best alternative as it provides cleaner environment and sustainable waste management system. GS acted as a facilitator and provided loans for its purchase.

Biogas plants are successfully employed for several domestic and commercial purposes. Slurry is the by-product of biogas which can be effectively used as organic fertilizer. Organic fertilizers, unlike chemical fertilizers, are less harmful for the soil and increase productivity. Bangladesh has a potential of around 5 million biogas plants. GS intends to develop a five year plan to scale up its operation (Green Solutions n.d.).

Cooking with Improved Cooking Stove consumes less fuel and produces less smoke which can make cooking easier and safer. Improved Cooking Stoves are provided through local technicians and local manufacturers who produce and commercialize ICSs on behalf of GS. As of December 2012, GS has installed 595,516 ICSs in with more than 14,000 ICSs installed per month. (Improved Cooking Stove Program (ICS) n.d.)

4. Mapping of Green Microfinance in Pakistan's microfinance industry

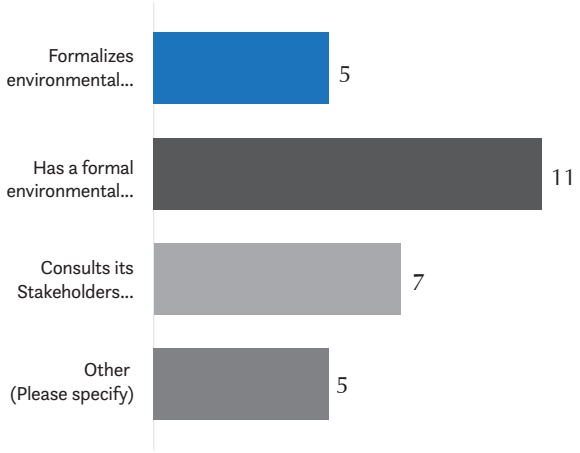
This section maps the state of sector pertaining to environmental practices among the microfinance providers in Pakistan, to understand the extent to which green practices are currently institutionalized and adhered to, as well as to gauge the level of sophistication prevalent among them. This section presents consolidated data gathered from 19 microfinance providers15 in Pakistan, through an online survey. The participating organizations included 6 microfinance banks and 13 Nonbank Microfinance Companies (NBMFCs). These 19 MFPs constitute approximately 61 percent of the market in terms of number of clients and approximately 70 percent in terms of gross loan portfolio, so the data can be considered representative of the industry.

The survey consisted of 10 questions divided along four essential green practices highlighted in section 1, i.e. formal pursuit of triple bottom line, monitoring internal ecological footprint, monitoring external ecological footprint and provision of green products and services. The findings from the survey are organized as follows: (1) survey question(s), (2) summary of findings captured in graphs and tables, and (3) short descriptive analysis of the results.

15 MFPs who reported data include: First Microfinance Bank (FMFB), Kashf Foundation, Jinnah Welfare Society (JWS), UBank, Khushhali Microfinance Bank Limited (KBL), FINCA Microfinance Bank, NRSP-Bank, Mobilink Microfinance Bank, Soon Valley Development Programme (SVDP), Safco Support Foundation (SSF), FFO Microfinance Company, Agahe Pakistan, Support with Working Solutions (SWWS), Punjab Rural Support Programme (PRSP), National Rural Support Programme (NRSP), Mojaz Foundation, Damen Support Programme (DSP), Microoptions (MO), Rural Development Support Programmes (RCDP).

Parameter 1:
Formal pursuit of triple bottom line

Question 1: Does the institution define/have a formal environmental policy/strategy?



ANSWER CHOICES	RESPONSES	
Formalizes environmental protection in the official vision, mission or values. (1)	26.32%	5
Has a formal environmental policy. (2)	57.89%	11
Consults its stakeholders on environmental issues (Clients, Employees, Investors, Environmental organizations, etc. (3)	36.84%	11
Other (Please Specify) (4)	26.32%	5
Total Respondents:		19

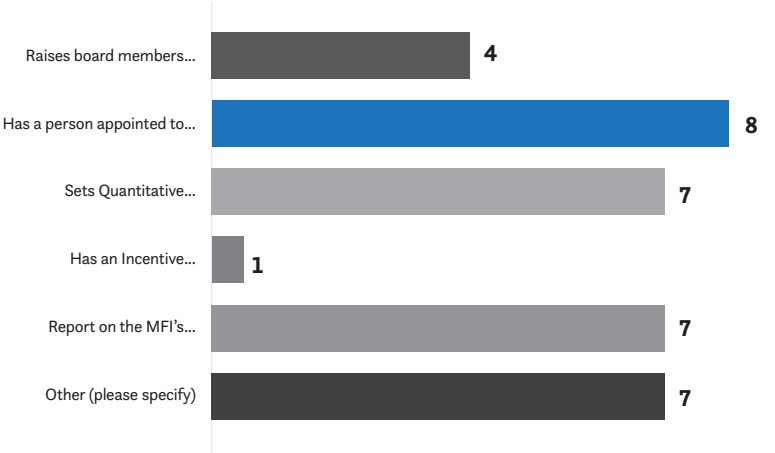
BASIC STATISTICS

MINIMUM	MAXIMUM	MEDIAN	MEAN	DEVIATION
1.00	4.00	2.00	2.43	0.98

Survey findings: While having a formal environmental policy is one of the four essential practices of green microfinance, as is put forth in Section 1, the survey reveals that a formal written environmental policy is neither a sufficient nor a necessary condition for engaging in the provision and tracking of green activities. Of the 19 survey respondents, 11 reported having a formal environmental policy while 5 have an environmental aspect added to their organizational mission, vision and values. However, only 7 reported that they consult their stakeholders on environmental issues.

Question 2:

Does the institution implement its environmental strategy?



ANSWER CHOICES	RESPONSES	
Raises board members' awareness on environmental issues (regulation, risks and opportunities).(1)	21.05%	4
Has a person appointed to manage environmental issues.(2) Sets quantitative objectives to manage environmental	42.11%	8
risks and/or foster green opportunities.(3)	36.84%	7
Has an incentive system to encourage employees to take into account specific environmental objectives.(4)	5.26%	1
Reports on the MFI's environmental practices (annual reports, reports to Board, investors, etc.)(5)	36.84%	7
Other (please specify)(6)	36.84%	7
Answered		**19**

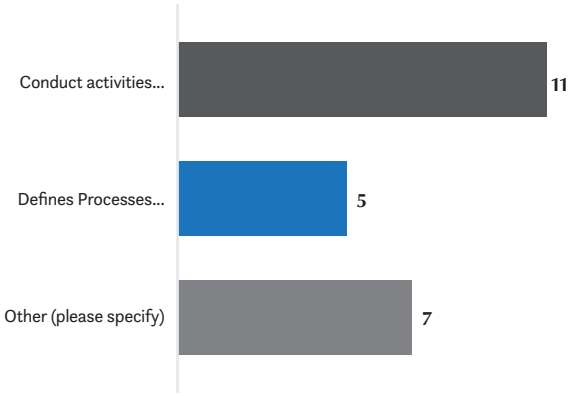
BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	S. DEVIATION
1.00	6.00	3.00	3.59	1.75

Survey findings: Survey Results reveal that of the 19 total respondents and the 11 respondents who have a formalized environmental policy, only 8 organizations have a dedicated manager appointed to oversee and manage environmental concerns and only 7 formally document their environmental practices in the form of yearly reports and updates to the different stakeholders.

Similarly, only 4 respondents make an effort to escalate environmental issues at Board Level and work actively to increase the board members' awareness of these issues. While 7 respondent organizations have set quantitative objectives for management of their environmental risks and nurturing green opportunities, only 1 respondent has a mechanism in place to systematically incentivize employees to acknowledge and include environmental objectives in their work practices.

Parameter 3:
Monitoring Internal Ecological Footprint

Question 1: Has the institution undertaken any initiatives to reduce its internal ecological footprint ?



ANSWER CHOICES	RESPONSES	
Conducts activities to raise employees' awareness of good practices in paper, water and energy consumption, waste management, etc.	57.89%	11
Defines processes and/or implements mechanisms to reduce paper, water, and energy consumption, reduce/ treat waste, and/or reduce carbon emissions.	26.32%	5
Other (please specify)	36.84%	7
Answered		**19**

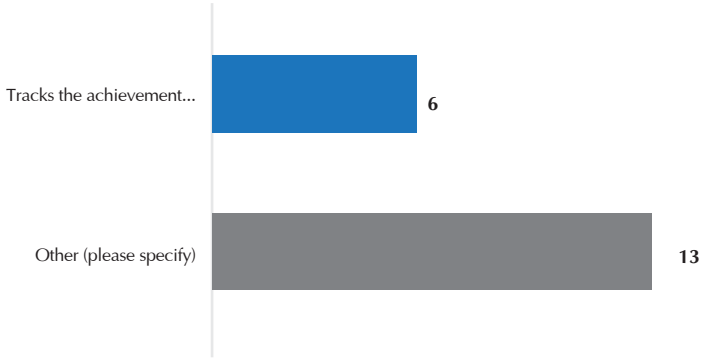
BASIC STATISTICS

MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	3.00	2.00	1.83	0.87

Survey Findings: Organizational capacity/knowledge building to promote environment friendly practices is an essential part of environment policy management. In this regard, 11 of the 19 respondents showed positive trends and reported that they conduct activities to raise employee awareness about green practices including waste management and reduction in natural resource consumption. However, only 5 of the respondents formally define processes and have mechanisms in place to work on waste management and reduction of pollutants.

Parameter 4:
Monitoring external ecological footprint (of clients)

Question 1: Q4: Does the institution monitor its internal environmental risks?

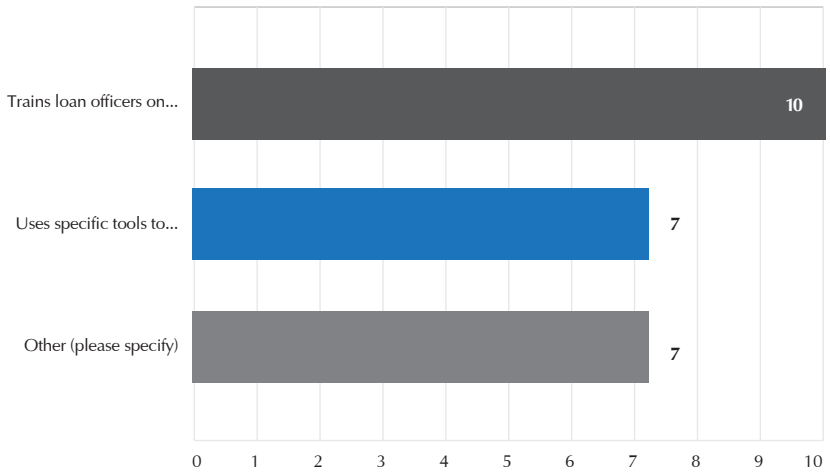


ANSWER CHOICES	RESPONSES	
Tracks the achievement of quantitative objectives set for paper, water, and energy consumption, waste management, and/or carbon emissions.	6	31.58%
Other (please specify)	13	68.42%
Answered		**19**

BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	2.00	2.00	1.68	0.46

6 of the 19 responders reported that they track the achievement of quantitative environmental objectives like those pertaining to energy consumption, waste management, carbon emissions etc.

Question 2. Does the institution evaluate the level of environmental risk of its clients?

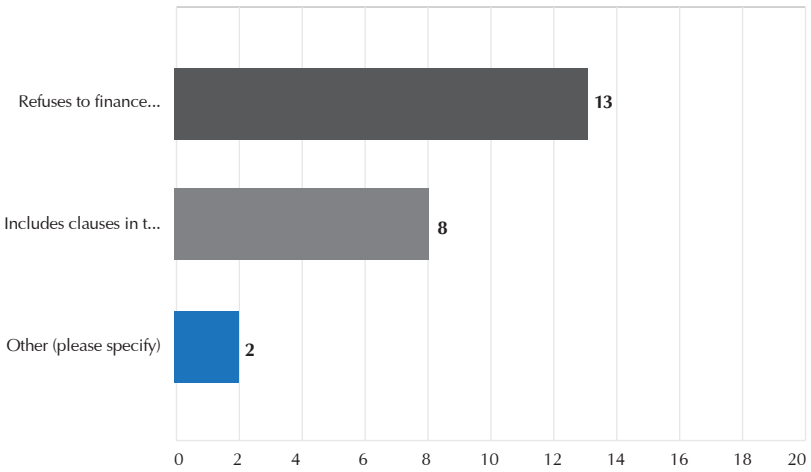


ANSWER CHOICES	RESPONSES	
Trains loan officers on how to evaluate the environmental risks of their clients' activities.(1)	10	52.63%
Uses specific tools to evaluate the environmental risks of clients' activities (categorizing clients per level of risk using sectorial factsheet, surveys, exclusion list, etc.)(2)	7	36.84%
Other (please specify)(3)	7	36.84%
Answered		**19**

BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	3.00	2.00	1.88	0.83

To determine whether environmental considerations are incorporated into client selection by the MFPs, the respondents were questioned about their loan giving practices 10 of the 15 respondents reported that their loan officers are trained in the evaluation of the potential environmental concerns of a prospective client's business activities. 7 respondents further reported the employment of specific tools to assess the environmental risks arising from a client's practices and categorizing clients based on their level of environmental risk.

Question 3: Does the institution include the level of environmental risk as a factor in the loan approval process?



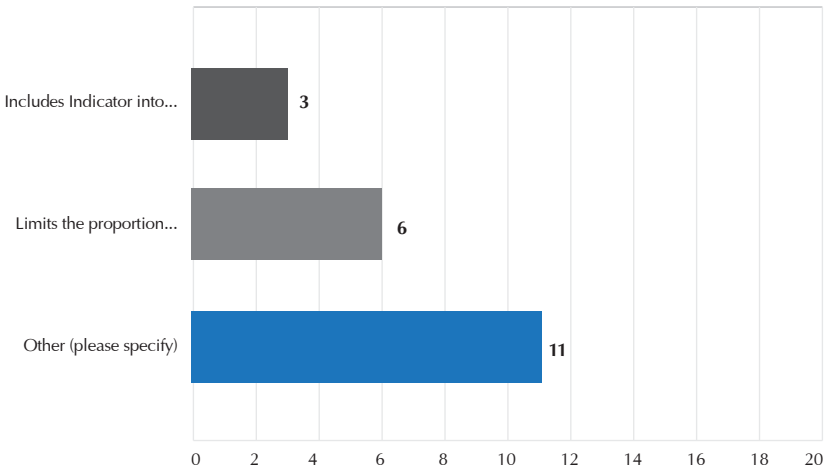
ANSWER CHOICES	RESPONSES	
Refuses to finance environmentally-risky activities.(1)	13	68.42%
Includes clauses in the contract requiring clients to improve environmental practices / mitigate environmental risks.(2)	8	42.11%
Other (please specify)(3)	2	10.53%
Answered	**19**	

BASIC STATISTICS

MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	3.00	1.00	1.52	0.65

Survey Findings: 13 of the 15 respondents yielded positive results with regards to the level of importance environmental factors play in their loan approval process and reported that they refuse the financing of businesses/ activities that pose a risk to the environment. Furthermore, 8 of them formally include a clause in their loan contract that explicitly requires the clients to improve their environmental practices and mitigate environmental risks.

Question 4: Does the institution monitor the external environmental risks?

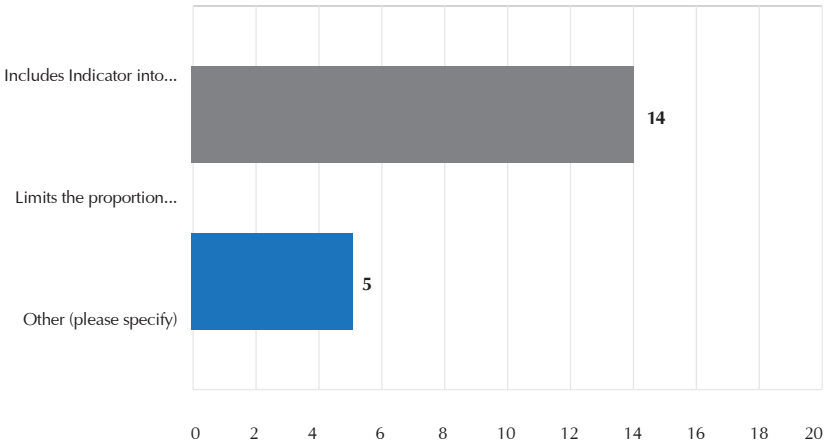


ANSWER CHOICES	RESPONSES	
Includes indicators into the MIS to track the environmental performance of clients.	3	15.79%
Limits the proportion of environmentally-risky activities in the global portfolio.	6	31.58%
Other (please specify)	11	57.89%
Answered	**19**	

BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	3.00	3.00	2.40	0.73

Survey Findings: With regards to the formal incorporation of environmental footprint indicators in their work, only 3 of the 19 respondents reported that they track the environmental performance of their clients through the use of environment related indicators in their MIS. 6 organizations stated that they try to reduce and limit the proportion of environmentally risky activities in their portfolio.

Question 5: Does the institution raise clients' awareness on environmental risks?



ANSWER CHOICES	RESPONSES	
Conducts activities such as training sessions and discussions / displays posters / distributes flyers on environmental impacts.	14	73.68%
Other (please specify)	5	26.32%
Answered	**19**	

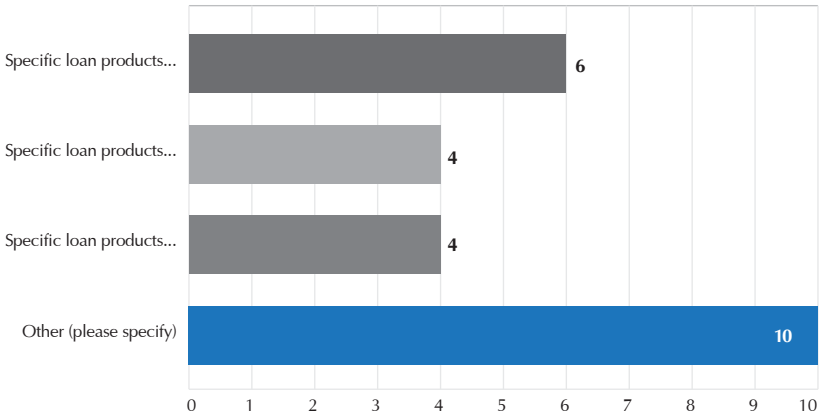
BASIC STATISTICS

MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	3.00	3.00	2.40	0.73

Survey Findings: Pertaining to the importance of disseminating environment preservation knowledge, 14 out of 19 respondents stated that they actively try to build client awareness on this topic. They do this by conducting training sessions/discussions and the use of posters and flyers on environmental impacts.

Parameter 5: Green Products and Services

Question 1: Does the institution provide specific green loan products?



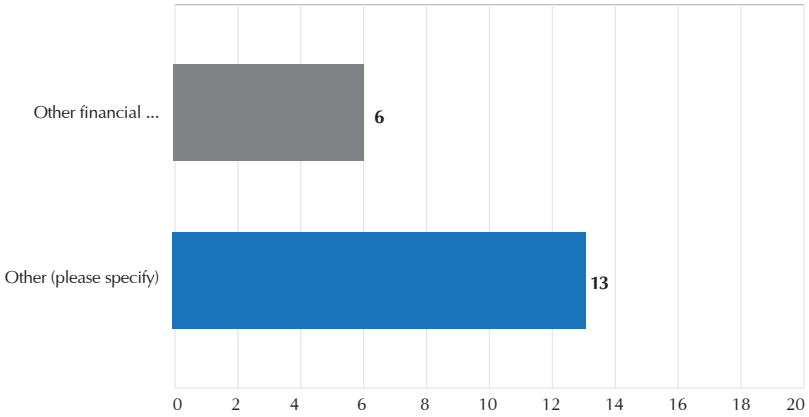
ANSWER CHOICES	RESPONSES	
Specific loan products dedicated to renewable energy (e.g.:solar panels, biogas digesters, etc.) and energy efficiency (e.g: insulations, improved cook stoves, etc.)	6	31.58%
Specific loan products dedicated to promoting environmentally friendly technologies and activities (e.g: organic farming, recycling, waste management, agroforestry or silvopasture, clean water, etc.)	4	21.05%
Specific loan products dedicated to helping clients become more resilient to environmental shocks or climate change (e.g: loans for diversifications of productive activities, loans for adapted seeds, etc.)	4	21.05%
Other (please specify)	10	52.63%
Answered	**19**	

BASIC STATISTICS

MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	4.00	3.00	2.75	1.23

Survey Findings: Aside from environment performance tracking and risk mitigation, a further area of significance in the field of green microfinance is the provision of green loan products. In this regard, 6 out of 19 respondents reported the provision of loans specifically for renewable energy (solar panels, biogas digesters etc) and energy efficiency (insulations, improved cooking stoves etc). 4 respondents offer loans that actively promote environment friendly activities like organic farming, recycling, waste management, agroforestry or silvopasture, etc. 4 respondents also offer loans meant to help improve client resilience to environmental shocks/climate change through diversification of productive activities, loans for adapted seeds, etc.

Question 2: Does the institution offer other green financial products?

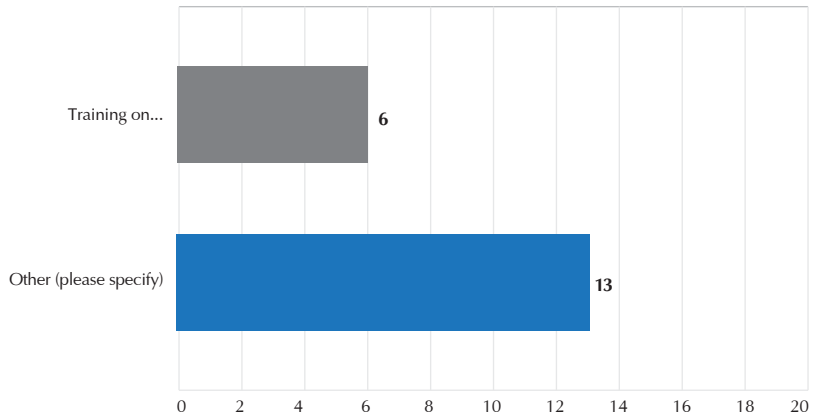


ANSWER CHOICES	RESPONSES	
Other financial products (e.g: savings, micro-insurance, etc.) dedicated to promoting environmentally-friendly technologies and activities (renewable energy, water and waste management, etc.) and/or helping clients become more resilient to environmental shocks or climate change.	6	31.58%
Other (please specify)	13	68.42%
Answered	**19**	

BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	2.00	2.00	1.68	0.46

Survey Findings: Results from the survey also showed that 6 out of 19 respondents offer additional types of financial products (savings/insurance) to promote friendly technologies (clean water, waste management, solar energy, organic farming) and increase cleint resilience to climate change and other environmental shocks.

Question 3: Does the institution provide green non-financial services?



ANSWER CHOICES	RESPONSES	
Training on environmentally-friendly practices or businesses (can be done by the MFI itself or through partnering with environmental organizations).	6	31.58%
Other (please specify)	13	68.42%
Answered	**19**	

BASIC STATISTICS				
MINIMUM	MAXIMUM	MEDIAN	MEAN	STANDARD DEVIATION
1.00	2.00	2.00	1.68	0.46

Survey Findings: Lastly, aside from the financial provisioning offered to clients for better environment related performance, MFPs were also asked about other ways in which they make an environmental contribution. 6 respondents reported that they train clients on ways to adopt environment friendly business practices and lifestyles. They do this either first hand or through collaboration with environmental organizations.

SUMMARY ANALYSIS

Overall, the interest in adopting greener practices seems to be promising, however, it remains in nascent stages and there is a need for concentrated efforts on formalization of processes and protocols. As depicted by the results, most of the providers reported having a formal environmental policy in place but only a few have designated a resource person looking after the green function or has evaluation mechanism in place for regular monitoring. While majority of respondents have environmental considerations built-in their loan approval processes owing the environmental management framework promoted by the Pakistan Poverty Alleviation Fund; post-disbursal monitoring of client activities remains a pain-point. Similarly, although providers are working towards building an eco-friendly ethos within the organization in terms of reducing carbon footprint, efficient energy use and waste management, on ground, there is a dearth of monitoring mechanisms and indicators to gauge whether they are being implemented or not, let alone assessment of their impact.

GREEN MONITORING TOOLKITS

Considering the need for efficient and comprehensive monitoring mechanisms, there are various qualitative toolkits available for microfinance providers who plan to introduce green practices in their operations, track progress over time, and identify current and future trends.
Some of the toolkits include:

1. Green Performance Agenda (GPA)

Developed by Hivos and Enclude, Green Performance Agenda is an interactive electronic toolkit introducing green performance management to MFPs. Incorporating the Green Index, the toolkit has an in-built self-assessment system, which allows MFPs to identify gaps in current as well as future environmental performance. The application also includes various tools on environmental reporting, strategy and screening. Case studies documenting journeys of MFPs in developing their environmental management initiatives are also part of the toolkit.

The GPA toolkit has been employed by over 100 MFPs across the globe since 2011.[16]

2. Environmental and Social Governance Toolkit

Another interactive and digital application pertaining to Green Microfinance is the Environmental and Social Governance Toolkit

16 Green Performance Agenda Toolkit for HIVOS. Source: http://encludesolutions.com/engagements/green-performance-agenda-toolkit-hivos/

(E&S Toolkit) developed by FMO, the Dutch Entrepreneurial Development Bank. Designed for MFPs who plan to monitor and reduce the environmental and social risks of their portfolio, this e-learning tool consists of modules on a) introduction to E&S risks, b) development of a pilot action plan for becoming green and c) implementation guides. The tool also comes with an office guide detailing how to align the environmental performance evaluations with MFP's day-to-day credit approval, monitoring and reporting processes.[17]

3. Progress out of Energy Poverty Index

For MFPs and investors who are specifically looking to monitor the impact of financial and energy inclusion programs, Progress our of Energy Poverty Index (PEPI) makes for a comprehensive metric. Developed by a Columbian MFP, the PEPI employs a multidimensional approach to understand the energy access at household level in terms of availability, safety, reliability, quality, affordability, legality, and convenience. The PEPI will assist MFPs in not only understand the energy needs of its clients helping them design clean energy programs but it will also help them measure its impact.[18]

5. CONCLUSION

In a narrow perspective, environmental protection measures are considered as additional costs, but in fact economy is highly dependent on environment. Environmental stewardship should be proposed as a benefit rather than a cost. If strategically inculcated, pursuit of green inclusive finance can lead to job creation, poverty alleviation, risk reduction and increased resiliency, i.e. achieve all objective of microfinance, only in a more sustainable manner. For that, a new creed of entrepreneurs should be trained and financed to create a benefiting situation for MFPs, people and planet. Green microfinance can be beneficial for the business, the society and the environment as it provides new markets for MFPs, helps the poor obtain a better life standard and heals the environment. After successfully, advocating double bottom line, same supporters need to make conceptual leap towards triple bottom line, embracing it as non-negotiable part of microfinance. However, any move towards triple bottom line, should be carefully deliberated upon for starting the journey with a forceful approach to environmental protection may lead to market distortions and inefficacies (including high transaction costs).

17 Environmental, Social and Governance Toolkits. Source: https://www.fmo.nl/estoolkit

18 Assessing Green Microfinance: Qualitative and quantitative indicators for measuring environmental performance by European Microfinance Platform. Source: https://www.researchgate.net/profile/Natalia_Realpe_Carrillo/publication/300013162_Assessing_Green_Microfinance_Qualitative_and_quantitative_indicators_for_measuring_environmental_performance/links/5730640b08ae744151910a93/Assessing-Green-Microfinance-Qualitative-and-quantitative-indicators-for-measuring-environmental-performance.pdf

There are a series of steps that can be taken by piece-meal. First being introducing environmental considerations into the mission statements of the microfinance providers. After acknowledging it as one of their goals, move towards building-in environmental considerations will flow logically and more naturally.

Secondly, through a series of workshops and seminars, the microenterprise operators should be educated about environmental impact of their activities, encouraging them to adopt green practices in their day-to-day operations, mitigating health safety risks along the way. Along with building environmental awareness among microent- repreneurs, educational activities for MFP staff can be another short-term step, vying to embed good green practices within the organization. If needed, staff and clients can be referred to qualified third parties for guidance in environmental management. Such actions need not require excessive effort and can be scaled up reasonably quickly.[19]

In this regard, all stakeholders in Pakistan's microfinance industry needs to come together. So far, majority of MFPs are employing one form of exclusion list in their loan approval process, a feat which can be attributed to the efforts carried out by the PPAF, to ensure compliance of all its partner organizations to the 'Environment and Social Management (ESM) Framework. As PPAF-funded institutions, these MFPs are trained on the ESM framework and required to provide quarterly progress update on ESM compliance. External environmental and/or social performance audits were commissioned by PPAF to monitor and physically verify PO compliance of the ESMF. Finally, MFPs were encouraged to incorporate ESM objectives into the Terms of Partnership that they sign with their respective community based institutions. With the establishment of Pakistan Microfinance Investment Company (PMIC), the sector has a great opportunity to further the work started by PPAF, taking it to new heights. In that regard, some of the tools explained in aforementioned section may be utilized for embedding green practices through various levels of an organization.

19 The Missing Bottom Line: Microfinance and the Environment by Joan C.Hall, Liam Collins, Elizabeth Israel and Mark D. Wenner
https://dfedericos.files.wordpress.com/2012/02/missing-bottom-line_microfinance-and-environment_seep-2008-3.pdf

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Authored by: Saba Abbas, Saquiba Aziz and Maham Liaqat

Tel: +92 51 229 2231, +92 51 226 6215-17, Fax: +92 51 226 6218, Email: info@pmn.org.pk

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