

Meeting Note

Event: *The role of finance in the Green Economy in Ethiopia: A consultative meeting*

Organisers: Ethiopian Institute of Corporate Governance (EICG) & Enterprise Partners (EP)

Date: November 21, 2017 (09:00-12:30)

Venue: Sapphire Addis Hotel



I. Summary

The half-day consultative meeting was successfully held on November 21, 2017. Twenty four participants including staff of EP and EICG attended the event (See Annex 1). The participants were drawn from micro-finance institutions, banks, insurance companies, government ministries, sector associations and research institutes. In addition to the opening session, the meeting comprised various slots, namely “inputs session”, “reflection session”, and “actions session”.

The opening remark was delivered by Ato Frezer Ayalew, Director of Micro-finance Institutions Supervision Directorate of The National Bank of Ethiopia. In his remark, Ato Frezer emphasised that Ethiopian financial institutions need to examine and address their triple-bottom-line (ESG responsibilities) and that it is important for them to participate in the green economy.

In the inputs session, Ato Girum Bahri (Green Growth Advisor, EP) gave a presentation titled, *Finance and green growth: a conversation*. The objective was to provide the scientific and business-case imperative as to why financial institutions need to align their operations to the green economy. Ato Ayele Assefa (board member of EICG) introduced the Institute and made a case on the importance of adopting modern good corporate governance principles by companies.

Two working group sessions involved in-depth reflection and brainstorming by the participants followed by feedback presentations. The participants were divided into three groups, namely MFIs, Banks & Insurance, and “Policy”. The policy group comprised regulators, associations, ministries, civil research organisations and civil society.

II. Results from Working Session One

This working session sought to gauge the following aspects: understanding of green growth and the green economy; what is already being done in this space; and opportunities, challenges and risk in participating in the green economy. The findings are presented in Table 1 below.

Table 1: Reflection and analysis on Ethiopian FIs and green economy

Group	Understanding, work so far, opportunities, challenges and risks
MFIs	<p><u>Understanding of green growth</u> Reducing impact (carbon emissions); Repairing the damage</p> <p><u>What is being done so far</u> Green products; Product related policies (e.g. VFE); WEDP; Operational procedures (exclusion list)</p> <p><u>Opportunities</u> Huge market; Sustainability; Social impacts; Less pressure on the environment (land); New businesses</p> <p><u>Challenges</u> Lack of coordination; Loanable fund; Dependency syndrome; Lack of after-sales services</p> <p><u>Risks from participating in the Green Economy</u> High PAR; Consumption products; Standard and quality issues</p>
Banks	Specialised green products (financial); Guarantee scheme and/or matching grant; Green bond in which FIs can participate; Sponsorship; Capacity building of banks to assess green financing;

Group	Understanding, work so far, opportunities, challenges and risks
	Enforcement and management of green financing
Policy	<p>Understanding Clean energy source; Reducing CO₂ emissions; Climate adaptation; Emissions can increase in the future; source of energy; Growth is must but not at the expense of nature; integrate green concept in all spheres; Mitigating negative impacts; Carbon sink (afforestation); Promoting green technology; Energy efficiency (reduce depletion); It is an opportunity as we are only just starting; Waste disposal management; Environmental friendly measures to support agricultural development; Awareness creation; Control deforestation (increase afforestation); research on environment & climate as input for policy; Green finance study (as opportunity & challenge); Awareness & training on CSR (environmental protection); Industrial feasibility studies to consider environmental concerns; Promoting green buildings and green cities</p> <p>Opportunity CRGE policy; International conventions; Hot agenda; MFI have experience with energy efficient products; Potential clients on the rise;</p> <p>Risks/Limitations Limited knowledge/awareness; Customised products; Funding capacity limited; Stringent requirement by financiers/lenders; Limited bankable green projects; lack of policies, guidelines and incentives to engage in green financing</p>

III. Results from Working Session Two

This group-work sought to examine the specific areas of interest and preferred action areas of the groups. The findings are presented in Table 2 below.

Table 2: Issues for concrete action

Group	Ideas and areas for engagement
MFIs	Green energy financing; Facilitate coordination of after-sales services & different actors; Creating awareness; Introducing climate-oriented policies & procedures; Coping mechanism & technology; Study into which activities fit the local ecology; Developing business case (incentive)
Banks	Setting up funds/pull of funds; Green loan products; Greening a financial product; Get a matching grant; Get third party guarantee of loan to be paid; Use of funds to be well defined; More discussions with associations
Policy	Development partners (government, private sector, donors) need to intensify awareness creation amongst FIs on the green economy; Develop capacity of FIs in the evaluation and financing of green projects; Enhance the financing capacity of FIs; Incentives to FIs [by government and other actors] to mainstream green financing

IV. Way forward

At the end of meeting, participants were asked to complete an evaluation questionnaire, which were completed by 19 participants. All of them affirmed their interest to continue to work in this space with EP, EICG and other partners. They also indicated their personal/company interest for follow-up action. EP agreed to do an assessment of the proposed areas for action and to get back to the group with suitable activities/interventions with a view to address some of the needs and constraints.

V. Annex 1: List of Participants

Name	Organization	Position
Ayele Assefa	EICG/IPS	Board Member
Demissew Abebe	Abyssinia	Chief Enterprises Services Officer
Elias Asnake	Development Bank of Ethiopia	External Fund & Credit Management Directorate, Energy Coordination Team Manager
Frezer Ayalew	National Bank of Ethiopia	Director, Micro Finance Institutions Supervision Directorate
Gebrehiwot Ageba	EDRI	Director of Programs
Gebreu Mengesha	Ethiopian Bankers Association	Manger, Reserach
Getcahew Tache	Private	Micro-finance expert
Girum Bahri	Enterprise Partners	Green Growth Advisor
Habtamu Dejene	AGGAR	Corporate Services Director
Hailu Mekonnen	Nile Insurance	CEO
Jebessa Dugassa	Wasasa Microfinance Institution	Operations Manger
Kinfemichael Yibkaw	EP	TA Manager
Maurice Koppes	EP	Financial Inclusion Sector Lead
Mengesha Hailemeleket	EICG	Board member
Muluken Demissie	Vision Fund	
Muluneh Aboye	Awash Bank	Director, SME Banking Directorate
Rahel Kidane	EP	Investment Lead
Samuel Ademe	Nib Insurance	Risk and Compliance Manger
Tarekegn Assefa	United	
Teshome Kebede	AEMFI	A/Executive Director
Wegayehu Asrat	Metemamen	General Manger
Woinishet Tibebe	EICG	Manager
Yegeta Cherenet	Ministry of Environment Forest and Climate Change	