

Microfinance Durable en Tunisie

WEBINAIRE



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En:

Quick housekeeping

Interpretation is offered in French and Arabic; please click on the language you want to listen to. For Arabic translation, please select Spanish interpretation

Please introduce yourself in the **chat** and feel free to ask questions there throughout the workshop- Select everyone

A friendly reminder to speakers – Please **mute** yourself when you are not speaking

Fr:

Informations importantes:

L'interprétation est offerte en Français et en Arabe ; Veuillez cliquer sur la langue que vous souhaitez pour l'écouter. Pour la traduction arabe, veuillez sélectionner l'interprétation en Espagnole.

Veillez-vous présenter dans le chat et n'hésitez pas à poser des questions tout au long de l'atelier – sélectionnez « tout le monde » avant d'envoyer.

Rappel aux intervenants – Veuillez vous mettre en **mute** sauf si vous allez présenter.

:Ar

معلومات مهمة:

للاستماع إلى الترجمة المباشرة باللغتين الفرنسية و/أو العربية. يرجى النقر على اللغة التي ترغب في الاستماع إليها. **تنبيه:** للترجمة العربية يرجى اختيار اللغة الإسبانية.

نطلب منكم تقديم أنفسكم في المكان المخصص للدردشة, يمكنككم أيضا طرح الأسئلة و تعليقات طوال ورشة العمل – يرجى تحديد "الجميع" قبل الإرسال.

تذكير للمتحدثين - يرجى كتم الصوت إلا عند التحدث

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WEBINAIRE HÔTES



Kateryna Morton
Finance in Motion for
SANAD Fund for
MSMEs Technical
Assistance Facility



Mahmoud Mansour
Autorité de Contrôle
de la Microfinance



Dr.-Ing. Natalia Realpe Carrillo
HEDERA Sustainable Solutions
Modératrice

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Autorité de Contrôle de la Microfinance
سلطة رقابة التمويل الصغير

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FOR DEVELOPMENT
A PROGRAM OF CSAP

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WEBINAIRE PANÉLISTES



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Khereddine Cahia
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Dr. Nadia Mansour
Economic Research Forum



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Opening session

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Microfinance in Tunisia



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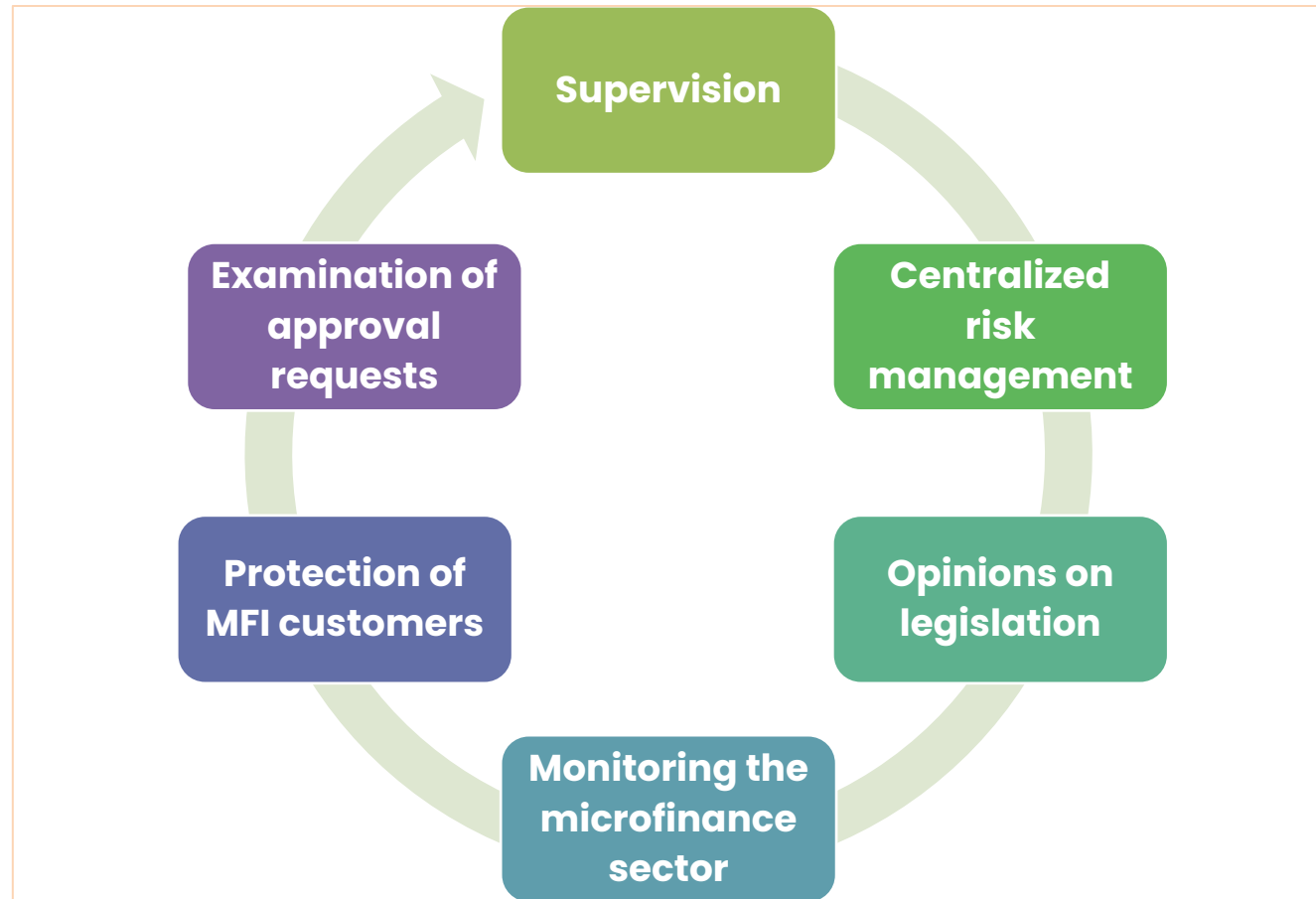


Plan

- 1. The Microfinance Control Authority: Role and missions**
- 2. The microfinance landscape in Tunisia**
- 3. The microfinance sector in Tunisia in figures**
- 4. ACM's priority themes**

The Microfinance Control Authority: Role and missions

Article 43 of
Legislative
Decree no.
2011-117



The Microfinance Landscape in Tunisia

✓ 288 AMCs approved under Act no. 99-67 of July 15, 1999 on microcredit granted by associations, of which 187 AMCs (including IMF AMCs) received financing from BTS in 2022.



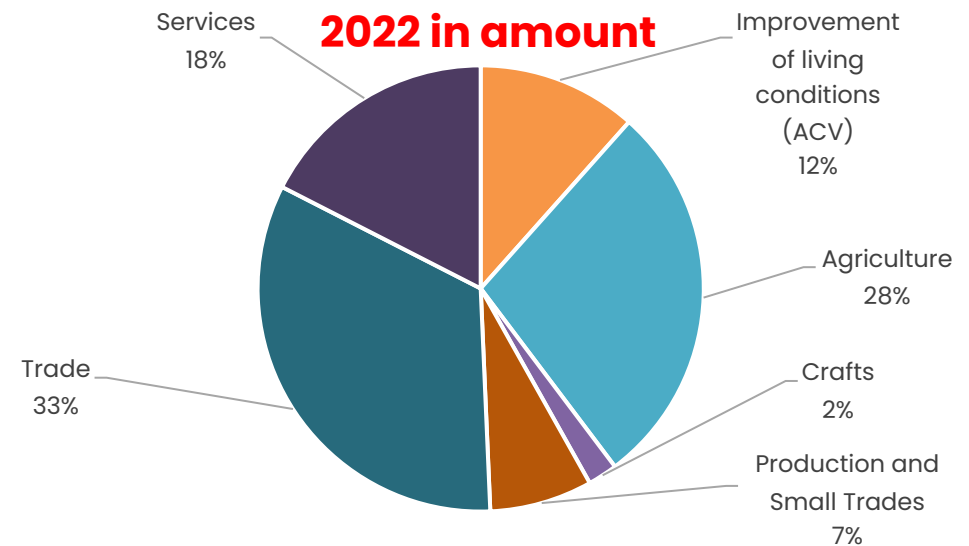
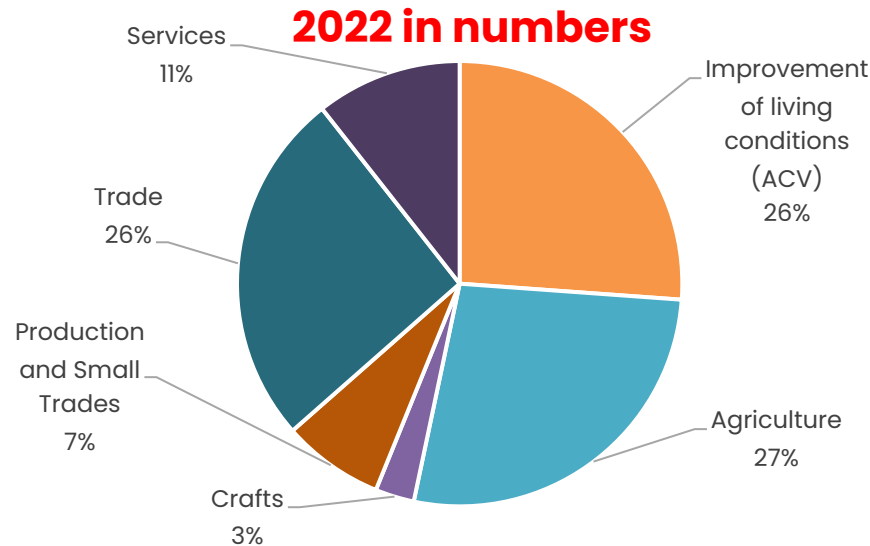
✓ 01 IMF AMC compliant with the provisions of decree-law no. 2011- 117 as amended by law no. 2014-46 of July 24, 2014.



✓ 07 IMF SA approved in accordance with decree-law n°2011-117.

Tunisia's microfinance sector in figures

Breakdown of the number and amount of microfinance loans granted by MFIs by sector of activity



Sector of activity	Year 2021				Year 2022			
	Number	(%)	Amount	(%)	Numer	(%)	Amount	(%)
Improvement of living conditions (ACV)	114 028	25%	\$56 996	11%	123 847	26%	\$64 602	12%
Agriculture	131 061	28%	\$153 014	29%	128 661	27%	\$156 915	28%
Crafts	13 122	3%	\$11 448	2%	13 414	3%	\$11 982	2%
Production and Small Trades	35 894	8%	\$42 309	8%	34 936	7%	\$41 513	7%
Trade	123 532	27%	\$180 374	34%	122 562	26%	\$185 211	33%
Services	47 376	10%	\$90 254	17%	50 236	11%	\$97 481	17%
Total	465 013	100%	\$534 396	100%	473 656	100%	\$557 704	100%

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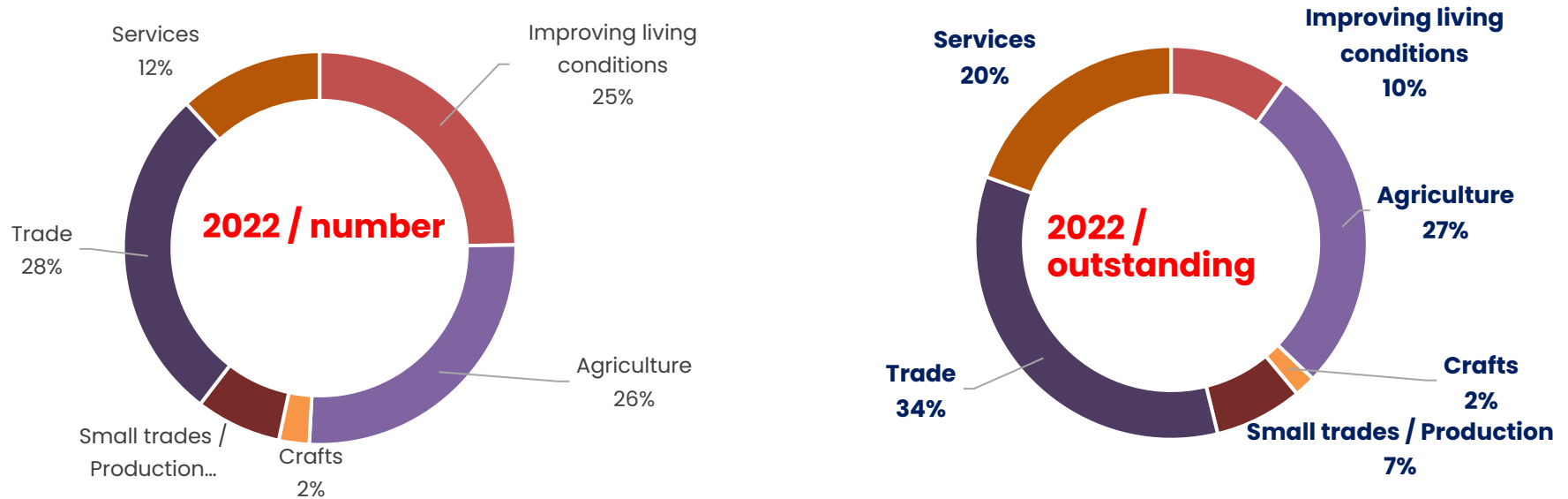


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Tunisia's microfinance sector in figures

Breakdown of the number and amount of microfinance loans granted by SA MFIs by sector of activity



Secteur d'activité	At 31/12/2022				At 31/12/2022			
	Number	(%)	Amount	(%)	Number	(%)	Amount	(%)
Improving living conditions	121 674	23,5%	\$44 486	9,5%	137 206	25%	\$50 957	10%
Agriculture	138 844	26,9%	\$128 535	27,5%	144 719	26%	\$140 760	27%
Crafts	13 152	2,5%	\$8 436	1,8%	13 861	2%	\$9 139	2%
Small trades / Production	37 659	7,3%	\$35 382	7,6%	39 134	7%	\$37 427	7%
Trade	145 371	28,1%	\$161 212	34,5%	153 791	28%	\$176 864	34%
Services	60 256	11,7%	\$89 057	19,1%	65 794	12%	\$100 834	20%
Total général	516 956	100%	\$467 108	100%	554 505	100%	\$515 982	100%

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ACM work

Study carried out on the risks of digitizing the microfinance business in Tunisia with the support of ADA Microfinance.

Digital Finance

Capacity-building for ACM supervisors through certification training provided by the Frankfurt School of Finance & Management



Involvement of MFIs

ACM supervision manual for digitized activities provided by MFIs

Revision of regulatory texts



Digital Finance Expert Certificate

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1

Financing line for Micro, Small and Medium Enterprises in Tunisia under the 72.6 million Euro Loan Agreement signed on May 22, 2014 between the Republic of Tunisia and the IBRD.

Sustainable Finance

2

Credit line of 15 million euros and financial inclusion support fund of 7 million euros for the private sector development and financial inclusion support program in the social economy sector

MFI eligibility:

Compliance with environmental and social standards

ME eligibility:

Loans must comply with the country's environmental and social safeguard requirements and be acceptable to the IBRD.

MFI eligibility:

Have a mission and values marked by an interest in and commitment to the development of the SSE sector, the development of the country's most isolated regions, and a strategy for employment and support for young entrepreneurs.

ME eligibility:

Operate in the SSE sector
Be in compliance with tax, social security and environmental legislation in Tunisia

ACM activities and projects

3

Study for the design and implementation of a system of standards, indicators and monitoring of the social performance of microfinance institutions in Tunisia (2023).

Indicators dedicated to sustainable finance

Sustainable Finance

Sharing experience and inspiring best practice

4

ACM supervisors take part in webinar series on 'Sustainable microfinance in the MENA region'.

The Tunisian experience will be presented on September 13, 2023.

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Merci !

Microfinance Control Authority

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Results of a study on sustainable microfinance in Tunisia



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Sustainable microfinance in the MENA region



<https://sanad.lu/events-press/sustainable-finance-in-the-mena-region-state-of-development-challenges-opportunities-for-microfinance-insitutions>

July - October 2022

Sector study

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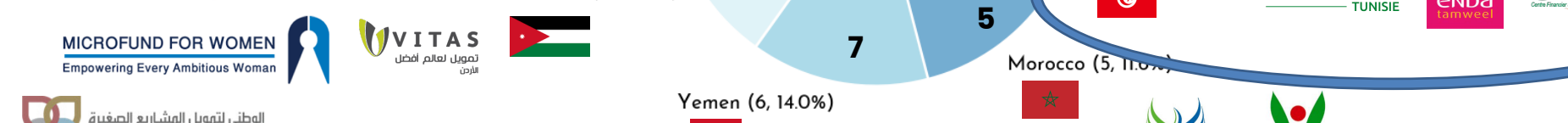
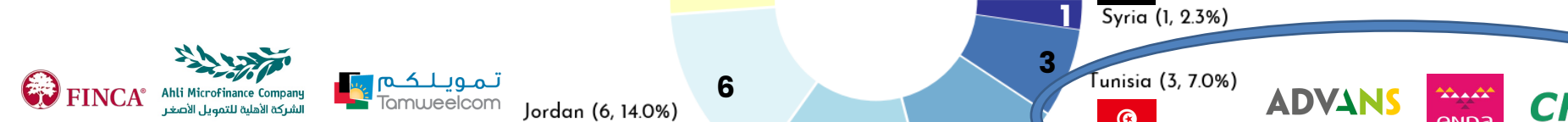
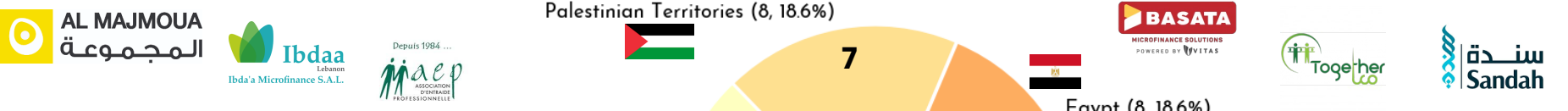


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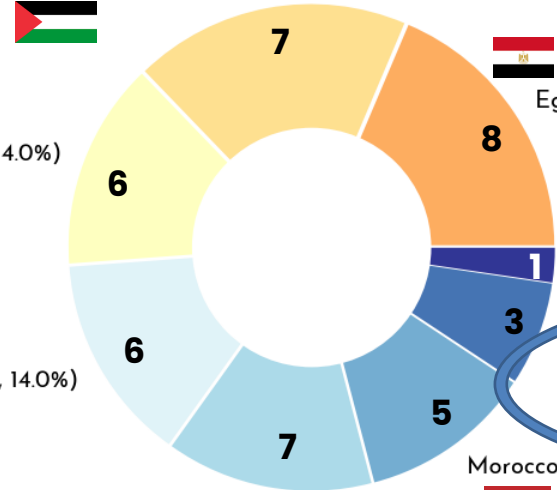


IMFs Participants

N = 45
 40 MFIs
 1 NGO
 1 Startup
 3 Networks



Palestinian Territories (8, 18.6%)



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Measurement frame

Financé par :



En partenariat avec :





Green microfinance penetration index



Objectives:

Identify the implementation of inclusive green finance in a specific area

Assessing the environment

Financé par :



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Offer

Produits financiers et non financiers verts

What do MFIs propose to improve the climate resilience of their institutions and customers?

INDICATORS

Financial income

Scope of financial income

Non-financial services

Portée des services non financiers

BEGINNER

BASIC

COMPETENT

ADVANCED

Financé par :



En partenariat avec :



Execution

Environmental strategy and risk management

To what extent are MFIs implementing their environmental policy and risk management procedures?

INDICATORS

Activities and aspirations of institutions

Corporate commitment to implementing an environmental strategy

Reports

Institutional transparency on Key Performance Indicators achieved related to environmental initiatives at customer and institutional level

Risk management at corporate level

Strategies and actions to manage the institution's negative environmental impact and reduce its vulnerability

Customer risk management

Strategies and actions to reduce customers' vulnerability and the negative environmental impact of their activities

BEGINNER

BASIC

COMPETENT

ADVANCED

Financé par :



En partenariat avec :



Favourable environment

To what extent is the context in which the MFI operates vital to the development of green finance?

INDICATORS

Request

Demand for green products and services

Regulations

Guidelines for MFIs in place at national level that encourage/oblige them to offer green financing under favorable conditions

Partners

Partners supporting MFIs in developing green finance projects

Dedicated programs

Initiatives underway for MFIs to develop green finance

NO

Bottom

MEDIUM

TOP

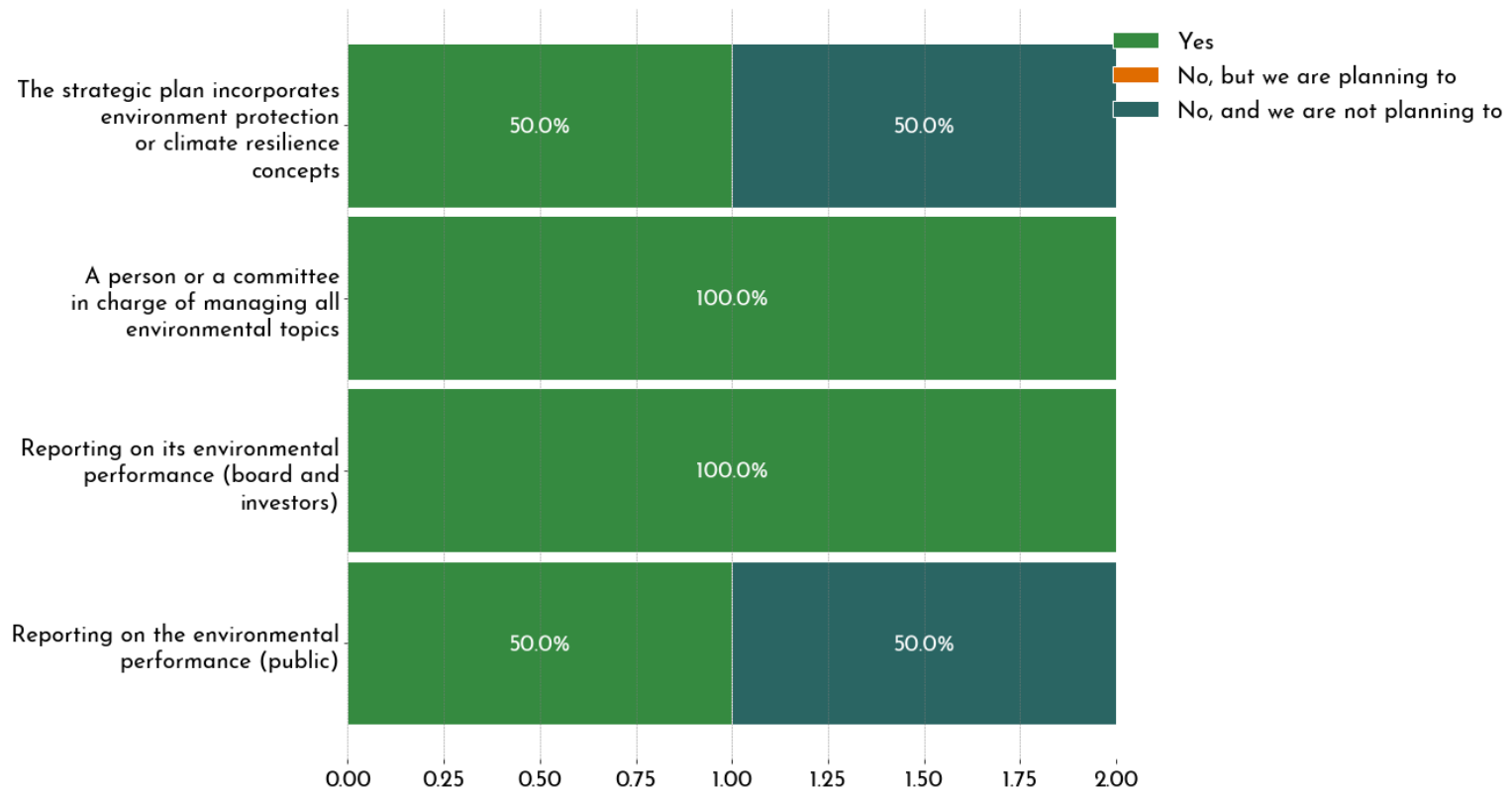
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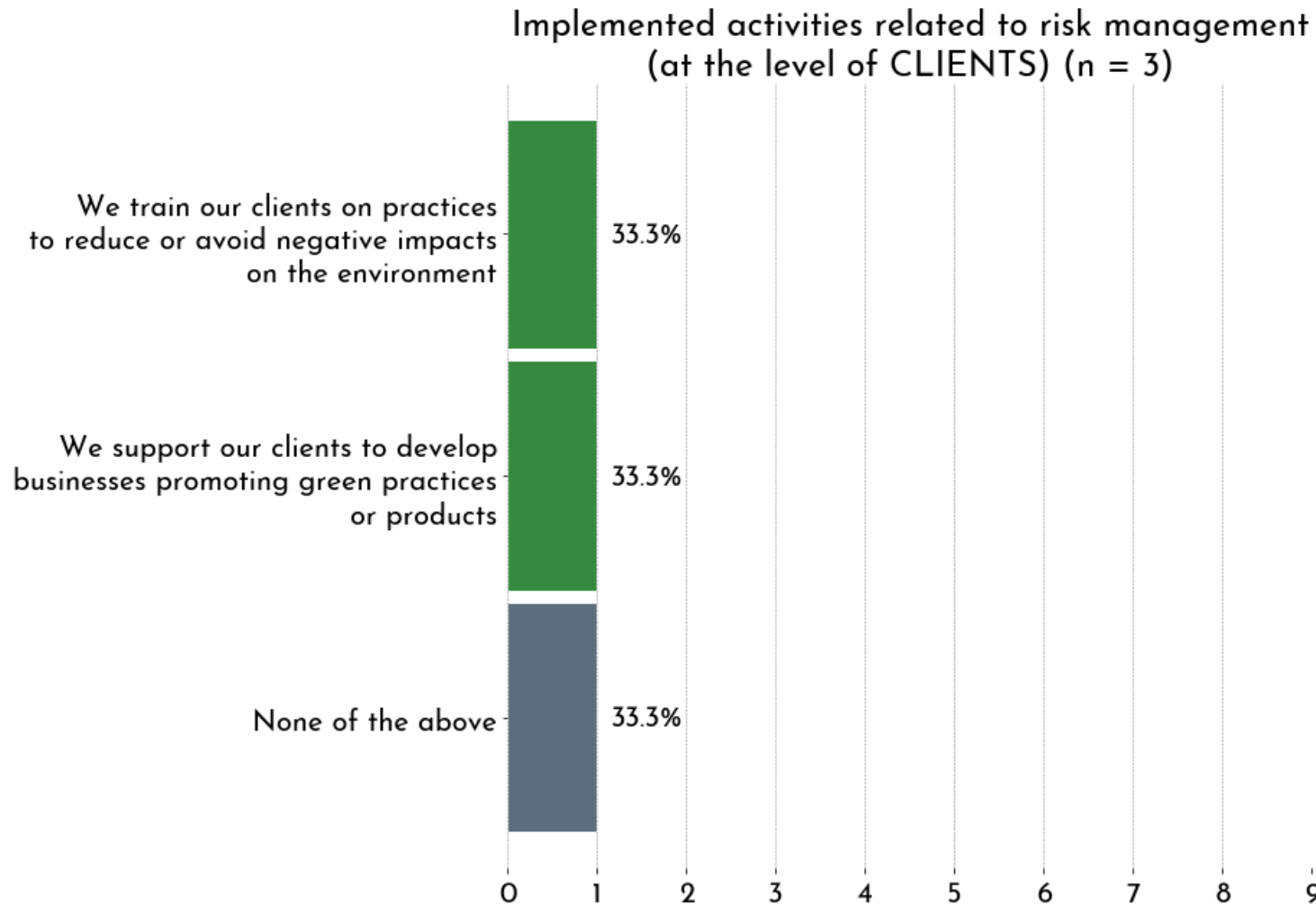
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Green strategy

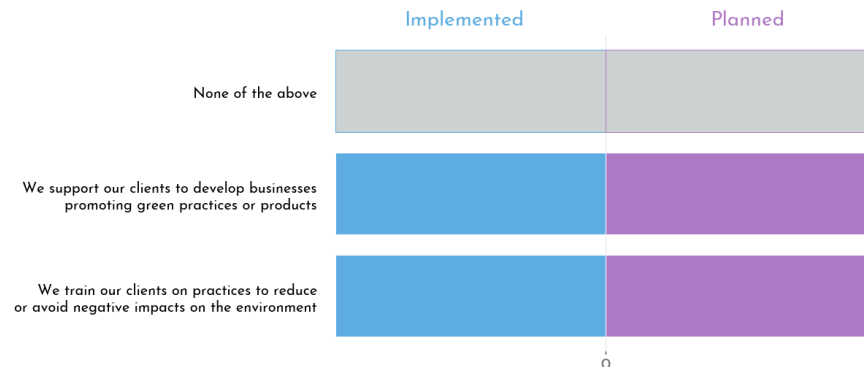


Risk management activities (customers)

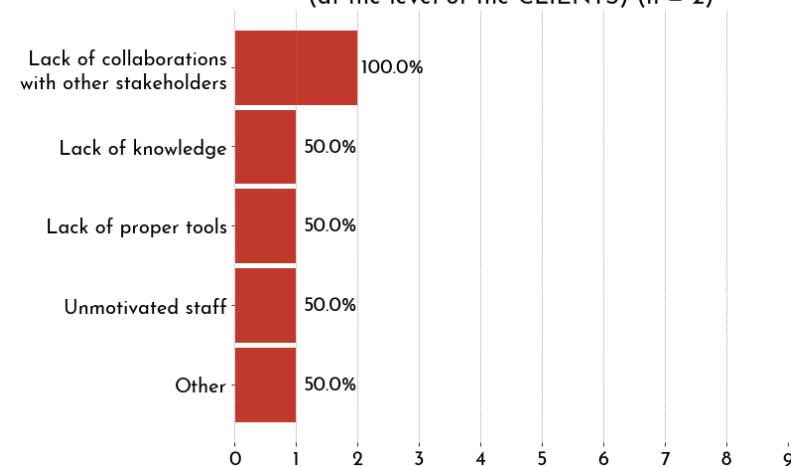


Customer risk management activities and challenges

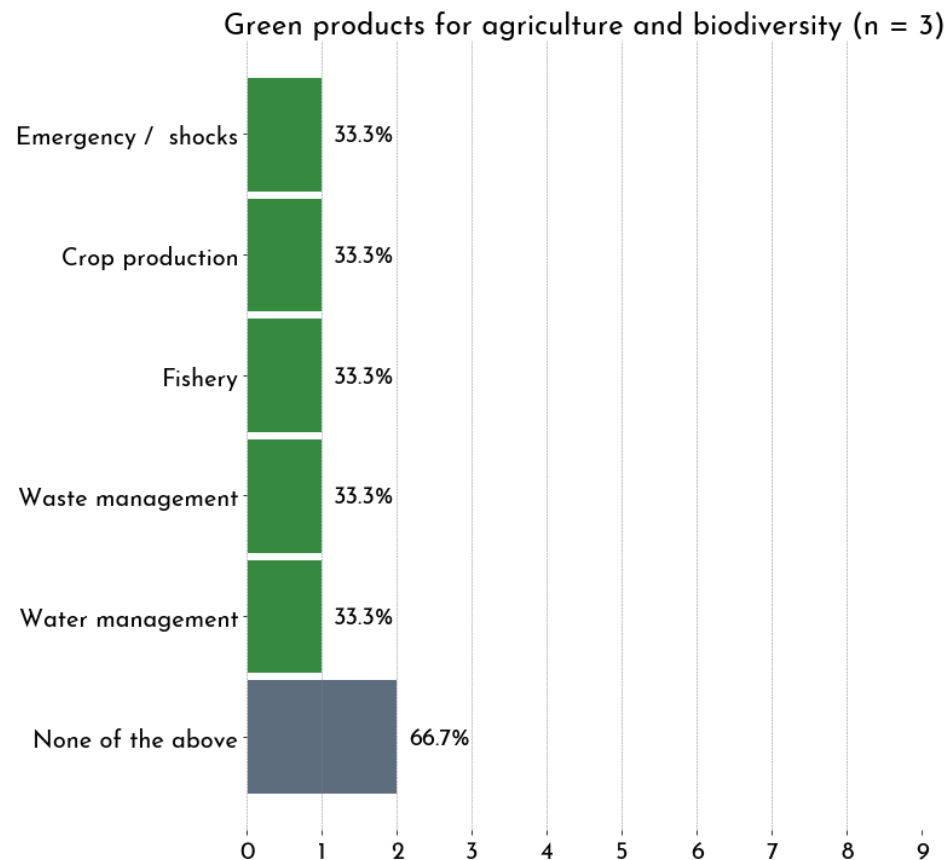
Activities related to risk management
(at the level of clients)



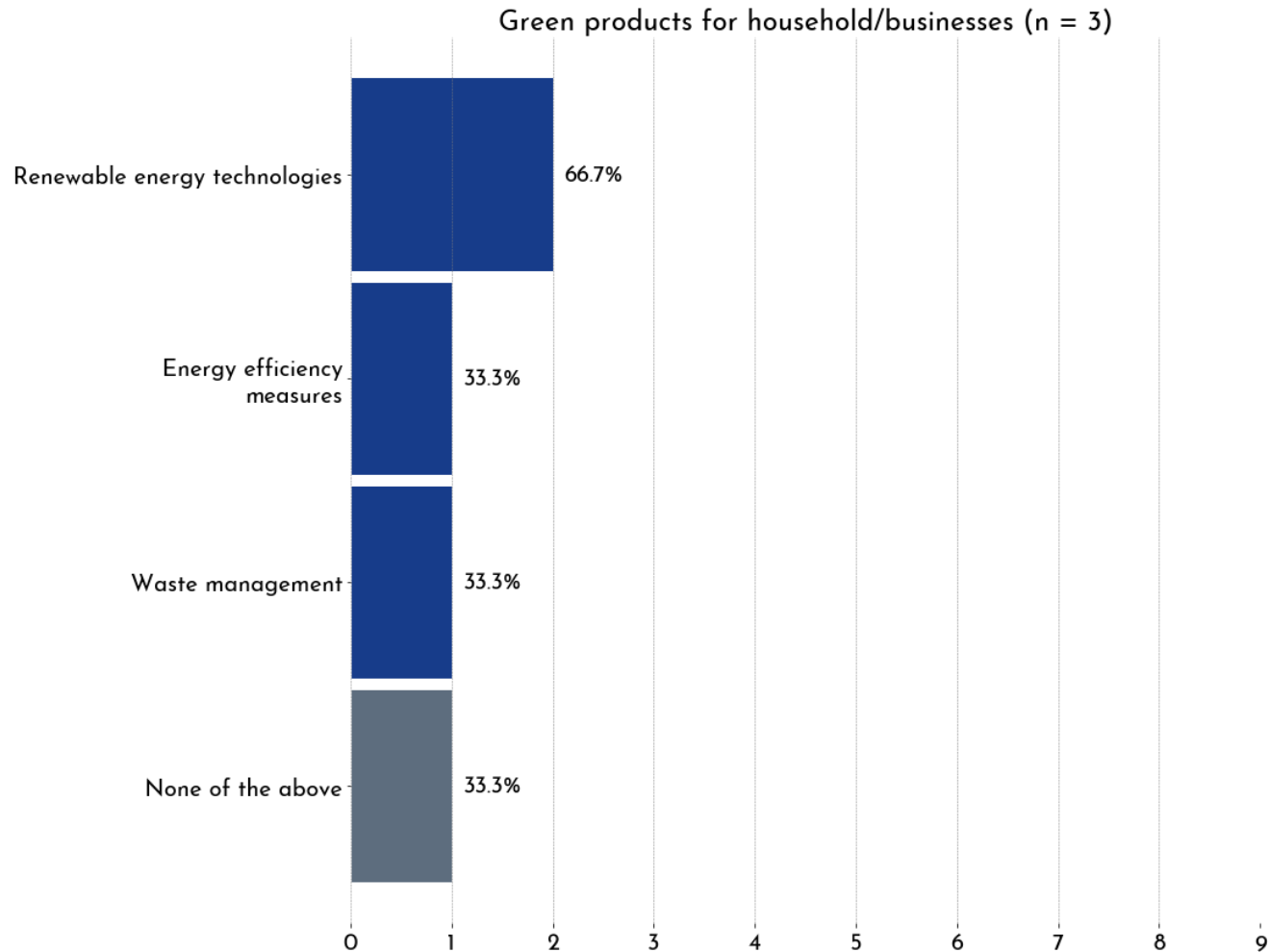
Main challenges for the implementation of risk management practices
(at the level of the CLIENTS) (n = 2)



Green products (agri)



Green products (households/companies)



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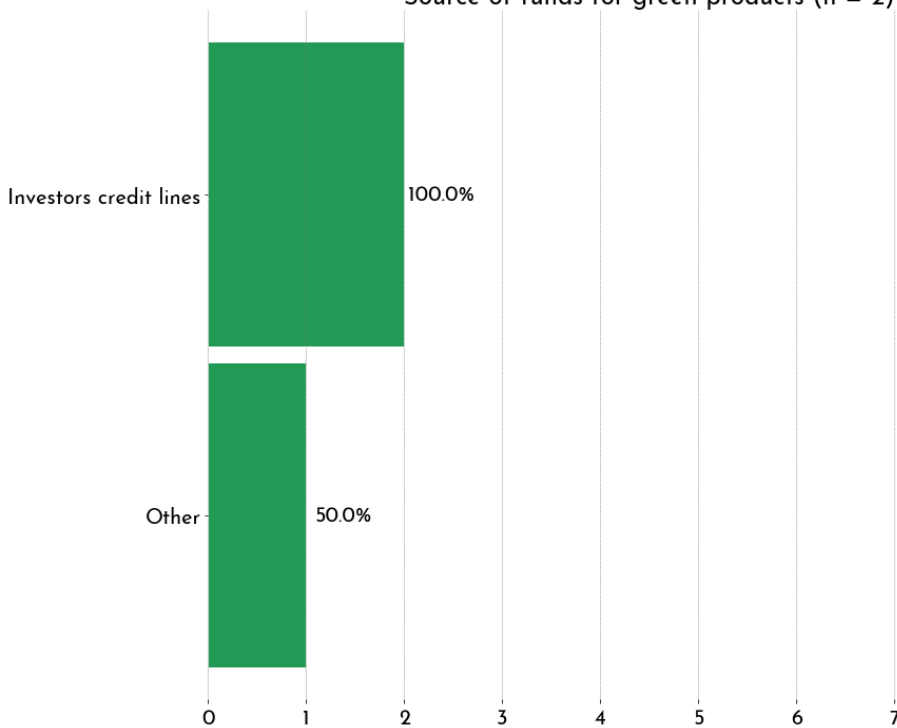
En partenariat avec :



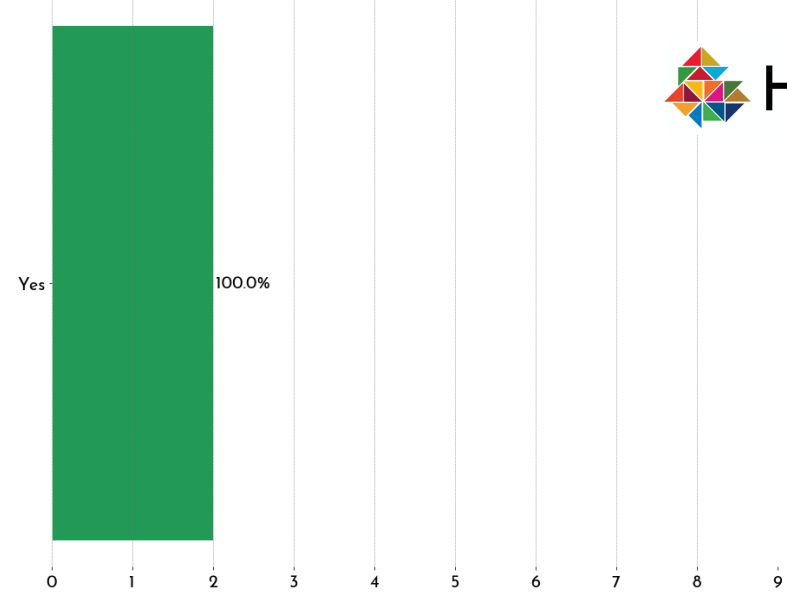
Features of the green offer



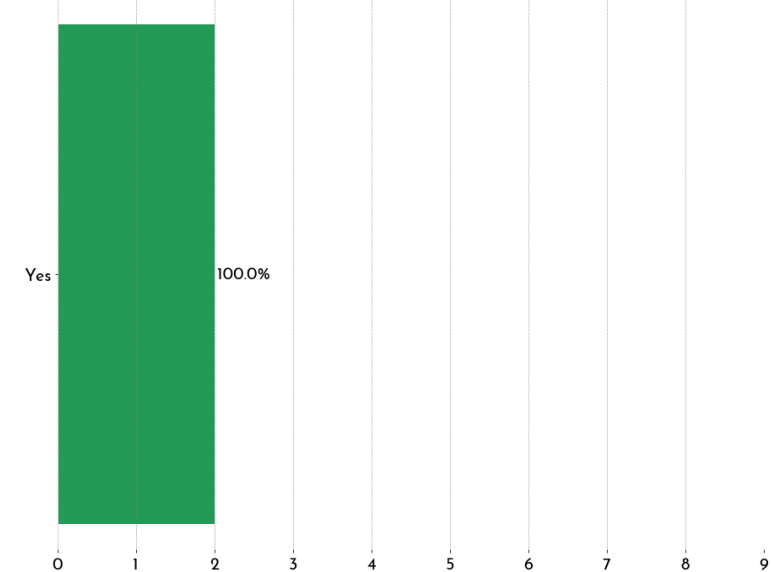
Source of funds for green products (n = 2)



Incentives in credit conditions for green products (n = 2)



Alliances with other actors to offer green loans (n = 2)



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Thank you!

Natalia Realpe Carrillo | PDG

Natalia@hedera.online

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Kamel Saibi

THE JOURNEY TO GREEN MICROFINANCE



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Microfinance in Tunisia

Introduction

Climate change represents a major risk for the economy, not least because of its impact on the resilience of businesses and the viability of livelihoods.

Microentrepreneurs in Tunisia are faced with climatic risks accentuated by climate change. These risks can affect borrowers' operations and their ability to repay, which can lead to credit risk for MFIs.

L'analyse des risques climatique permet ainsi de connaître les risques auxquels les micro entrepreneurs sont confrontés.

Against this backdrop, DAAM carried out two studies to assess the existing situation:

- 1- DAAM's internal carbon footprint
- 2- DAAM's portfolio exposure to each climate risk

OBJECTIFS DE DÉVELOPPEMENT DURABLE



Studies and lessons learned



Portfolio climate vulnerability analysis

Financé par :



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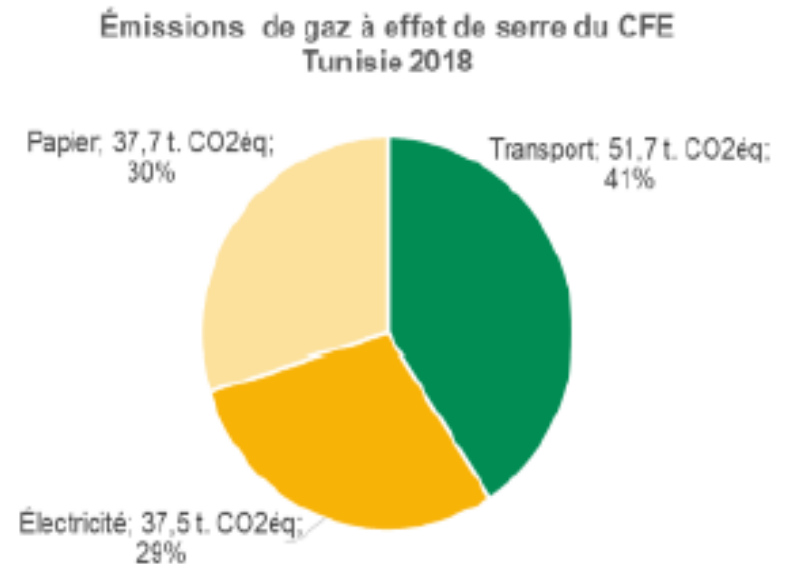
Sustainable microfinance

Carbon footprint DAAM

DAAM emitted 127 tonnes of CO2 eq.

Emission de gaz à effet de serre de DAAM

- C'est l'équivalent de 548 000 km parcourus en voiture, ou le carbone stocké par 705 arbres
- Avec plus de 800 000 feuilles imprimées (5500 feuilles/employé), le papier représente 30% du total des émissions du CFE



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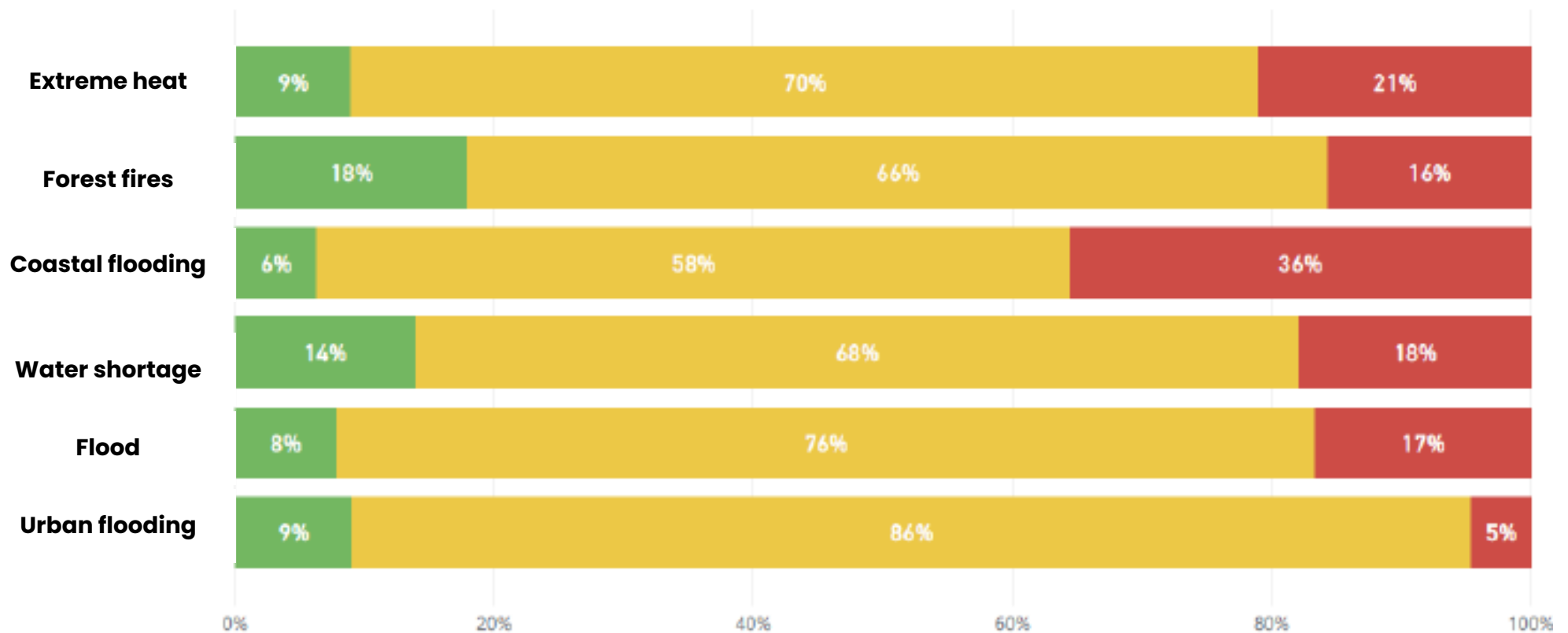
En partenariat avec :



Sustainable microfinance

Exposition du portefeuille DAAM au risque climatique

Risque ● (1) Faible ● (2) Moyen ● (3) Fort



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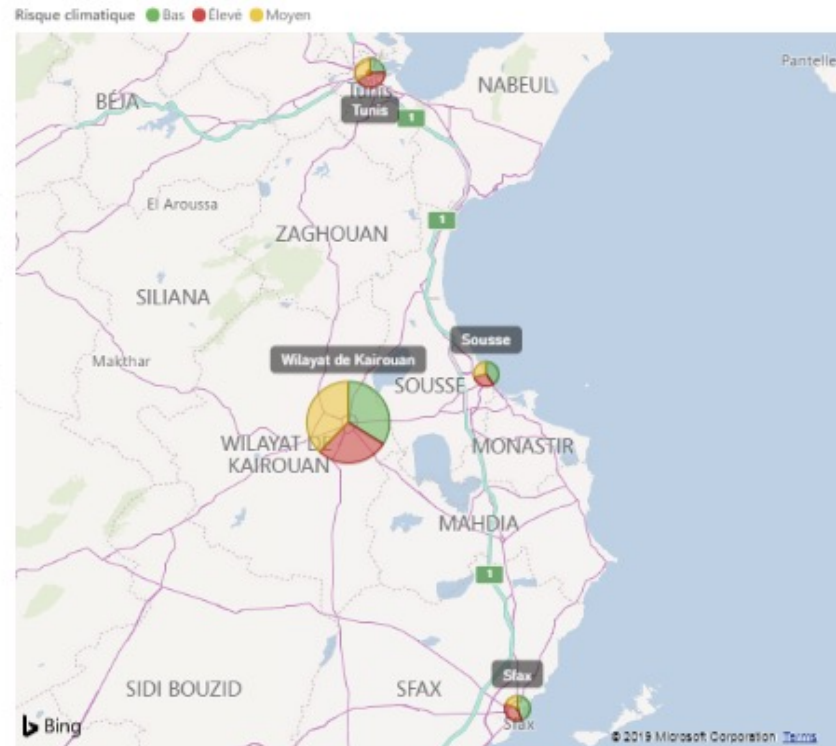


Sustainable microfinance

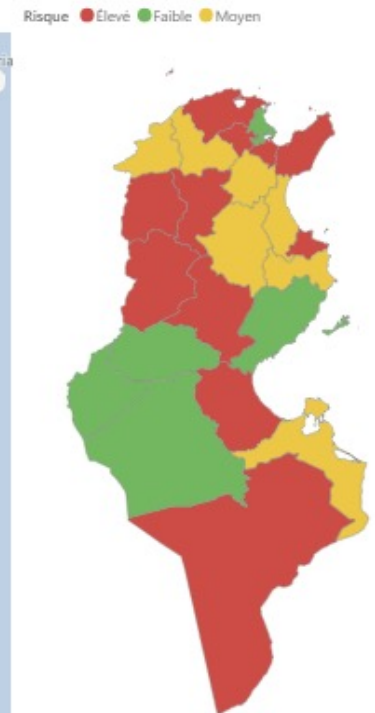
Portfolio breakdown



According to climate risk



According to the governorate



Direction Développement Durable et Finance Responsable

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Sustainable microfinance

Lessons from the DAAM study

- The availability and relevance of data in the credit portfolio database (e.g. climate risk maps) is essential for integrating environmental KPIs and carrying out analyses:
- by business sector
- by loan tranche (e.g. under 5,000 TD, between 5k and 15k TD, and over 15,000 TD)
- Typology of customers at risk
- 80/20 analysis (what are the characteristics of the 20% of customers generating 80% of risks)
- Visualization of risk zones (temperatures, rainfall, etc.)Etc.
- Des outils (ex: géolocalisation) sont également
- Tools (e.g., geolocation) are also available.

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Sustainable microfinance

DAAM achievements

- 01 **IS overhaul**
- 02 **Digitalization**
- 03 **The DAAM association integrates environmental and social concerns into its training programs. A training and support program will be developed in line with the association's fund-raising activities.**
- 04 **Development of a green product...**

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SWOT ANALYSIS & OUTLOOK



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Sustainable microfinance

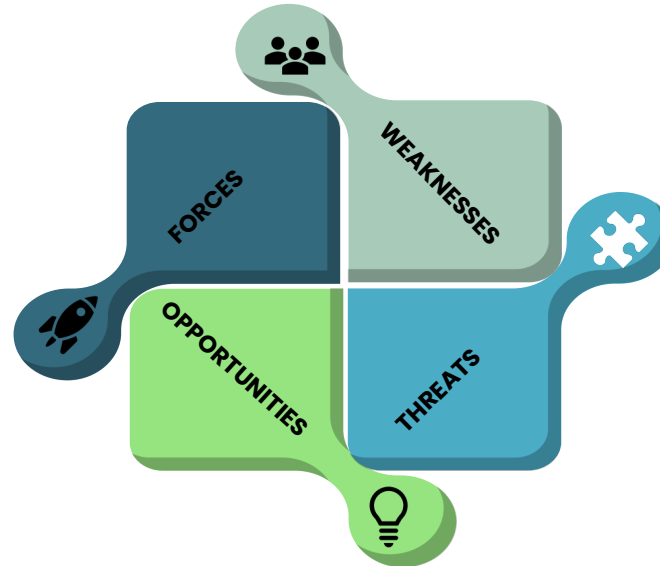
Issues

FORCES

- Awareness of environmental issues among MFIs;
- Government initiatives.

OPPORTUNITIES

- Fuel shortages and hyperinflation
- Sustainable agricultural practices
- Donor support
- Digitization and availability of data...



WEAKNESSES

- Lack of active support for green product development.
- Costly investments (environmental and social management tools, recruitment...)

THREATS

- Resistance to change (individual and collective);
- Heavy ecological transition (interaction of all sectors)...

Sustainable microfinance

Strategies

- Combating the effects of climate change with green credits.
- Implementing an environmental strategy;
- Identifying and managing environmental risks, opportunities and vulnerabilities;
- Offering sustainable financial and non-financial services.
- Introduce the concept of environmental protection into corporate strategy.

These actions are aligned with the CERISE+SPTF Universal Social and Environmental Performance Management Standards (USSEPM), tools that can help to measure and monitor their environmental performance over time.



Sustainable microfinance

Climate risk management

Most MFIs are aware of climate risks, which they need to raise awareness of and develop internal capabilities to monitor and manage, and to raise awareness of these issues among their customers.



Green products

DAAM already offers a green finance product, mainly linked to green technologies and sustainable agricultural practices. However, the initiative clearly lacks the support to better monitor the product, develop other products and access standardized taxonomies.

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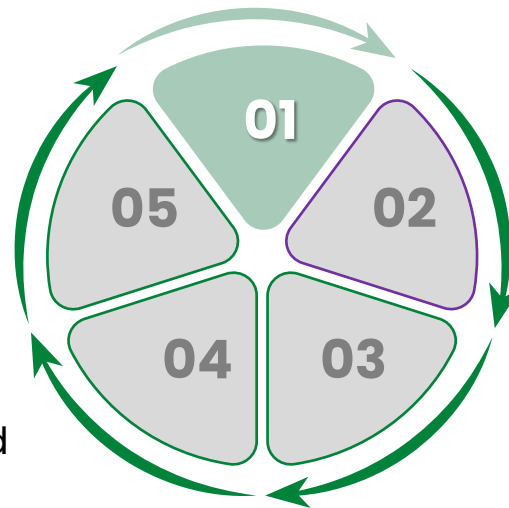


Sustainable microfinance

Raising awareness among staff, current and potential customers

→ A whole new vision must be developed in close collaboration between public authorities, local communities, civil society and the media.

Establish reporting policies and procedures



Establish operational model and strategy

Integrate climate and environmental risks into governance and risk management systems...

Acquisition and installation of the necessary tools

Thank you!

Kamel Saibi

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Khereddine Cahia

Green and climate finance, a choice for the future

Case study: Enda Tamweel MFI



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Enda Tamweel

30 years of inclusion

+ 1 000 000

Beneficiaries

¼ of Tunisian households

Has at least one member who has benefited at least once from an Enda financial or non-financial service

2.2 billion USD

Loans granted

Services

- Micro-credit
- Microinsurance
- Digital services
- Non-financial services



1 941

Employees



108

Agences



5

Mobile agencies

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WHY CHOOSE GREEN FINANCE AT ENDA TAMWEEL?



Financé par :



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Enda Tamweel, an MFI that promotes responsible finance

✓ Customer responsibility



70 %
of customers served are poor and very poor



Since 2007
305 000
Farmers served

✓ Employee responsibility



Depuis 1995:
65%
of total loans granted



Since 2020
200
Solar pumping systems

Since 2015
2 262
recycling activities of waste financed

✓ Environmental responsibility



Depuis 1995
44 %
of customers served



In 2022
22
Redeveloped schools

The evaluation of social performance is of paramount importance to Enda Tamweel. Planet Rating, a rating agency specializing in micro-finance, awarded Enda Tamweel an "A- positive trend" for its financial performance and "5-" out of a possible 5 for its social performance.

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What is the current state of green microfinance at Enda?

- Environmental and social management systems
- Green and climate finance strategy
- Environmental policy

- **CSR policy**

- **Green financial products :**
 - *Eco-loan (circular economy)*
 - *Eco-chams (renewable energy)*
 - *Eco-Taqa (energy efficiency)*

- **Non-financial** → Staff incentive scheme: encouraging projects with an environmental impact

- Dedicated CSR department



Challenges for Enda MFI

- Reinforcing our environmental mission and confirming our image as a responsible company
- Developing a green portfolio: confirmed opportunities
- Managing environmental and climate change risk
- Attracting new donors



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Customer and community issues

Guarantee the sustainability of projects to be financed

Protect the environment

Ensure economic profitability

Improve living conditions

Create wealth

Empower women

Create jobs for young people

Revitalize neighborhoods and rural areas



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Issues for employees

Act as an agent of change and development

Offer concrete solutions to customers

Strengthen the resilience of financed projects

Reach a new market

Offer new products



Change management for internal staff

- **Survey** of awareness of ecological practices
- **Environmental** awareness workshops
- **Training** focused on the circular economy, energy efficiency and renewable energies
- **Educational** vignettes on good environmental practices
- **Sharing** the best green credit performances



59,1%
de participants à cette enquête
pratiquent parfois des gestes écologiques.



69,8%
des participants à cette enquête
préfèrent de consommer des fruits locaux de saison plutôt que importés tel que les bananes.



50,8%
de participants à cette enquête
pratiquent parfois le recyclage des objets.



52,5%
des participants à cette enquête
pratiquent assez fréquemment le tri des bouteilles en plastique.



55,1%
des participants à cette enquête
participent parfois une action de nettoyage de l'environnement.



70,8%
des participants à cette enquête
pratiquent assez fréquemment la régulation de la température de la climatisation à un niveau optimal recommandé de 26°C.



48,6%
des participants à cette enquête
conservent la feuille de papier pour une utilisation future.



62,2%
des participants à cette enquête
débranchent assez fréquemment les équipements électroniques après avoir fini de les utiliser.



60,4%
des participants à cette enquête
ont une astuce pour économiser l'eau à la maison.

Customer support

Regional environmental awareness roundtables for micro-entrepreneurs

The aim is to have a group of farmer and micro-entrepreneur customers who have expressed potential interest in a renewable energy financing offer visit another customer who has benefited from a green credit, so that the latter can testify to their experience and the benefits of the transition to clean energy.



Public-private partnership

- Partnership agreement between Enda Tamweel and the French Ministry of the Environment and Sustainable Development.
- Partnership agreements with suppliers and installers of solar photovoltaic equipment.
- Collaboration with innovative 'green' start-ups.



Thank you!

Khereddine Cahia

Khereddine.kahia@endatamweel.tn

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Dr. Nadia Mansour

Green banks in Tunisia: Issues and challenges



VNIVERSIDAD
D SALAMANCA



جامعة سوسة
Université de Sousse

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Plan

Green Finance

The consequences of climate change in Tunisia

Green banks in Tunisia

Conclusions and recommendations

Financé par :



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Green Finance

1974

The Federal Republic of Germany has created the world's first "ethical bank" (GLS Bank), which focuses on social and ecological affairs (Valls Martínez et .al, 2021).



1994

Devas (1994) was the first to use the concept of green finance, linking the international practice of green finance with the potential legal and environmental risks facing financial institutions.



2016

According to the G20 (2016), green finance refers to investment and financing activities that generate environmental benefits to support sustainable development.

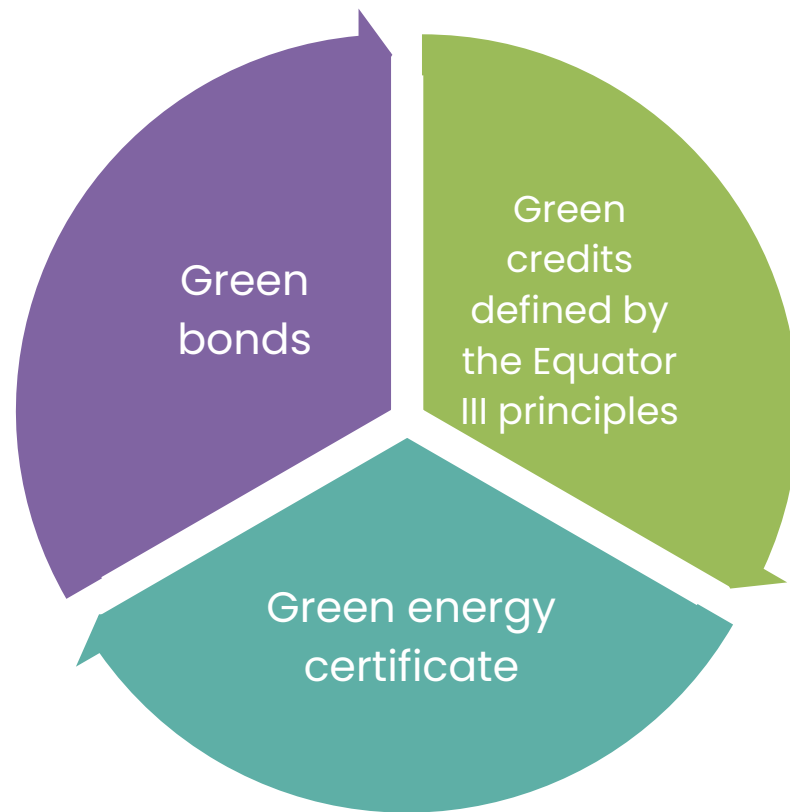
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Green Finance policies



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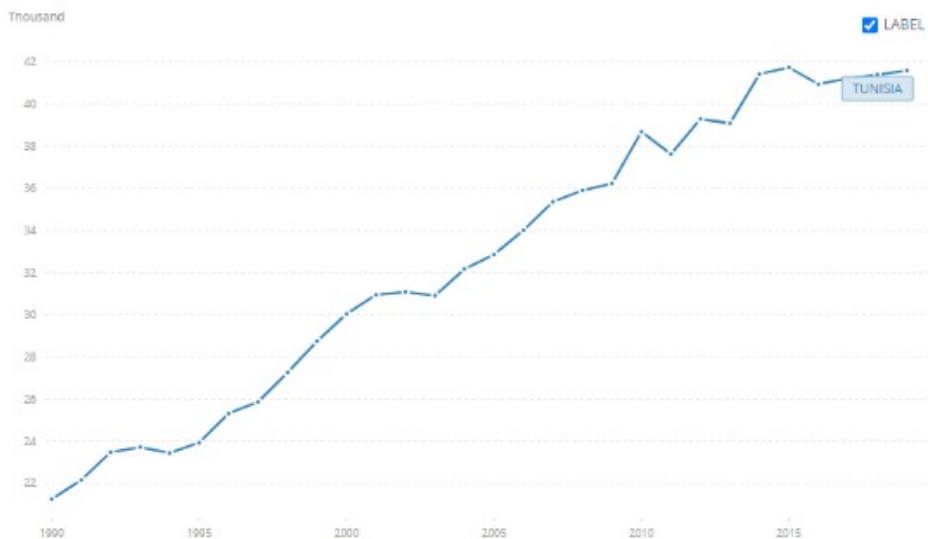
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The consequences of climate change in Tunisia

Total greenhouse gas emissions
(percentage change from 1990).

Source: ClimateWatch



Greenhouse gas (GHG) emissions in 2019 were 41,590.00, an increase of 1.56% on 2016.

CO2 emissions fell from 2.09 to 2.48 metric tons between 2000 and 2019, (but < the world average of 4.69 metric tons).

In terms of financial damage, natural disasters, cause losses of 12,822,959.86 euros/year (Tunis- RE, 2018).

Tunisia suffers from pollution and is ranked 112th out of 184 countries in terms of CO2 emissions in 2021.

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Green banks in Tunisia



The role of the BCT

Formulating policies and facilitating innovative programs to promote green finance.

Promoting the digital economy and sustainable development

The development of an institutional framework to facilitate Tunisia's access to financing from the Green Climate Fund (GCF), a financial mechanism of the United Nations (UN).

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Green activities of banks in Tunisia

- The Eco-Car loan is designed to finance the purchase of a new or used eco-friendly car.
- The Eco-Maison loan to finance the construction of a sustainable home.

STB



**Société
Tunisienne de
Banque - STB**

- The bank supports green buildings. In a green building, the processes involved in creating structures are environmentally friendly, and resources are used efficiently.

BH



**BH Banque
(formerly Banque
de l'Habitat)**

- BT ECOLO: helps finance projects with environmental protection features
- BT ENRGIO: helps finance tangible and intangible projects with an energy-saving component

BT



Bank of Tunisia

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Microfinance and Green Finance in Tunisia

- Eco-loan
- The Eco-Chams loan for agricultural micro-entrepreneurs.

ENDA
TAMWEEL



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Conclusions

- The Central Bank of Tunisia's implementation of green banking regulations is in its final phase,
- The BCT has been aligned with the Board of Governors of Arab Central Banks and Monetary Institutions since 2016 with regard to financial inclusion and green finance.
- Most Tunisian banks are committed to sustainable finance and have developed green banking strategies.
- The BCT has developed partnerships with various international organizations and associations to implement green banking strategies.



- In terms of regulatory maturity, assessed by analyzing government and central bank requirements and the quality of legislation, only 8 of the emerging countries are at this stage (Bangladesh, Brazil, China, Colombia, Morocco, Nigeria, South Africa and Vietnam).
- In terms of renewable energies, Tunisia has only achieved a 4% share of renewable energies in the energy mix by 2022, whereas its target was to produce 35% renewable energies.

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Recommendations

BCT

Focus on short-term reform opportunities because of their potential to attract investment and sustain growth, as well as building institutional capacity for longer-term structural reform.

Encourage the involvement of local banks in financing renovation projects.

Establish clear rules that encourage innovation and digitalization.

Stimulate investment in sustainable development through financial instruments and tax incentives

Develop green financial products (green bonds and green loans)

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Strengthen financial education programs (duplicate the experience gained with ISET)

Get closer to the university environment, which is increasingly interested in sustainable development and represents the first core of future entrepreneurs.

The AMC must fully play its role as regulator to strengthen control of the risks associated with digitalization and support green projects.

Continuing education in green finance and sustainable development for MFIs

Monitoring and using climate change information at system level

At customer level: Strengthen clean energy products, encourage community projects, encourage low-carbon agriculture, strengthen the choice of crops and agricultural practices.

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Thank you!

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Q&A

Let's discuss!

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