LEAVING NO ONE BEHIND:

Unlocking Finance in Emerging Markets

SUSTAINABLE BANKING *and* FINANCE NETWORK

IFC International Finance Corporation WORLD BANK GROUP

About the Sustainable Banking and Finance Network

Established in 2012, SBFN is a voluntary community of financial sector regulators, central banks, ministries of finance, ministries of environment, and industry associations from emerging markets committed to advancing sustainable finance. IFC, part of the World Bank Group, is the SBFN secretariat and knowledge partner, assisting members to share knowledge and access capacity building to support the design and implementation of national sustainable finance initiatives. As of June 2025, SBFN comprises 101 member institutions representing 72 countries and at least US$68 trillion (92 percent) of the total banking assets in emerging markets. SBFN members are committed to moving their financial sectors toward sustainability, with the twin goals of improved environmental and social risk management (including disclosure of climate risks) and increased capital flows to activities with positive climate, environmental, and social impact. For more information, visit *https://www.sbfnetwork.org/*

About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2024, IFC committed a record $56 billion to private companies and financial institutions in developing countries, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet. For more information, visit www.ifc.org.

© International Finance Corporation 2025. All rights reserved.
2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433
Internet: www.ifc.org.

International Finance Corporation (IFC) is the Secretariat for the Sustainable Banking and Finance Network (SBFN). IFC and SBFN, in consultation with SBFN members have produced a white paper entitled Leaving no one behind: Unlocking Finance Emerging Markets (the "Work"). The material in this Work is copyrighted. Copying and/or transmitting portions or all of this Work without permission may be a violation of applicable law. IFC and SBFN encourage dissemination of the Work and grant permission to reproduce portions of the Work promptly, when the reproduction is for educational and non-commercial purposes, without a fee, subject to such attributions and notices as IFC may reasonably require. This material is distributed subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated on a commercial basis without IFC's prior consent.

All information in the Work is provided "as is". IFC and SBFN do not guarantee the accuracy, reliability, or completeness of the content included in this Work, or the conclusions or judgments described herein, and accept no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

The findings, interpretations, and conclusions expressed in this Work do not necessarily reflect the views of the Executive Directors of The World Bank Group, or the governments they represent. The contents of this Work are intended for general informational purposes only and are not intended to constitute legal, securities, or investment advice, an opinion regarding the appropriateness of any investment, or a solicitation of any type. IFC or its affiliates may have an investment in, provide other advice or services to, or otherwise have a financial interest in, certain of the companies and parties named herein.

Nothing herein shall constitute or be construed or considered to be a limitation upon or waiver of the privileges and immunities of the IFC, all of which are specifically reserved. All other queries on rights and licenses, including subsidiary rights, should be addressed to IFC's Corporate Relations Department, 2121 Pennsylvania Avenue, N.W., Washington, D.C. 20433. International Finance Corporation is an international organization established by Articles of Agreement among its member countries, and a member of the World Bank Group. All names, logos and trademarks are the property of IFC and you may not use any of such materials for any purpose without the express written consent of IFC. Additionally, "International Finance Corporation" and "IFC" are registered trademarks of IFC and are protected under international law.

CONTENTS

FIGURES

TABLES

Photos: Ish Consul / Timor Garikov

ABBREVIATIONS AND ACRONYMS

EMDEs	Emerging markets and developing economies
ESG	Environmental, social, and governance
FEBRABAN	Brazilian Federation of Banks
fintech	financial technology
FSF	Financial Sector Forum
IFC	International Finance Corporation
ISF	inclusive sustainable finance
I-SFB	Brazilians' Financial Health Index (Índice de Saúde Financeira do Brasileiro)
MSMEs	Micro, small, and medium enterprises
SBFN	Sustainable Banking and Finance Network

Photo: Peter Beukema, Unsplash

FOREWORD BY THE CHAIR OF THE SUSTAINABLE BANKING AND FINANCE NETWORK

Emerging markets and developing economies (EMDEs) face steep financing needs to meet their development goals, with annual investment requirements estimated to reach US$6.3 trillion by 2030. The World Bank Group is working alongside developing countries, as well as private firms and investors, to bridge the financing gap. With jobs at the center of our agenda, we are unlocking financing for micro, small, and medium enterprises, mobilizing private capital where it is needed most, and connecting businesses to markets with vast untapped potential.

At the heart of this mission lies the advancement of financing that aligns investments with global sustainability priorities, while addressing the urgent needs of EMDEs. By creating an enabling environment for inclusive investment, policy makers can ensure that all segments of society contribute to—and benefit from—the transition to more prosperous and resilient economies.

Through the Sustainable Banking and Finance Network (SBFN), we have forged a unique platform that brings together policy makers and experts to work together on common approaches to the design and implementation of inclusive sustainable finance (ISF). This collaboration, rooted in public–private partnerships, facilitates the exchange of best practices, drives innovation, and fosters the development of sustainable finance policies that are timely and impactful.

This white paper reflects the collective efforts of SBFN to date. Built on the insights and experiences of our members, this paper defines a common understanding of ISF and identifies priority areas for action.

Ultimately, this work underscores the critical opportunity for EMDEs to lead in sustainable finance innovation, aligning closely with financial inclusion priorities. By supporting this effort, we can strengthen markets, accelerate the flow of sustainable finance, and drive progress that benefits people and the planet.

ALFONSO GARCIA MORA
Regional Vice President, Europe, Latin America, and the Caribbean
International Finance Corporation
Chair of the Sustainable Banking and Finance Network

FOREWORD FROM THE CO-CHAIRS OF THE INCLUSIVE SUSTAINABLE FINANCE TASK FORCE

As Co-Chairs of the Sustainable Banking and Finance Network (SBFN) Task Force on Inclusive Sustainable Finance, we are pleased to present this white paper which benefited from members' views and practices on sustainable finance (sustainable finance) policy making that integrates principles and strategies for more inclusive development outcomes.

The imperative of adopting an inclusive sustainable finance (ISF) agenda cannot be overstated. As the financial sector navigates the complexities of dynamic economic landscapes, it must address the critical need to mitigate risks associated with the environment as well as social factors. As stressed by SBFN members, embracing ISF can not only bolster financial stability but also unlock new market opportunities.

Member experiences gathered in the course of developing this white paper reveal the diversity of priority areas under the ISF agenda. At the forefront stands financial inclusion, which aims to enhance access to green and sustainable products among populations and economic sectors, which are often vulnerable, marginalized, or excluded, and to ensure equitable participation by these sectors and populations in economic transformation. Climate finance is another cornerstone of the agenda, as members seek to strike a balance between improving climate-related risk management and mitigating exclusionary effects in policy transmission.

Areas of opportunity are plentiful and include innovative thematic instruments and digital finance. Tailoring sustainable finance products and services to the needs of vulnerable populations, economic sectors and business segments—including micro, small, and medium enterprises (MSMEs)—to improve accessibility and efficiency is key. How policy makers can enable the financial sector to innovate toward ensuring that traditionally underserved segments of the population, such as women-led businesses, and MSMEs, both participate in and benefit from sustainable finance instruments presents exciting prospects.

In addition to understanding the drivers of the ISF agenda, our goal as a task force was to analyze ISF as a construct to identify common practices that may inform policy design, approaches, and measurement. We therefore propose a conceptual framework and a working definition of ISF in this paper, as well as initial recommendations for policy makers and practitioners on how to better incorporate ISF principles into policy design and implementation.

Pursuing an ISF agenda is a strategic necessity for policy makers. It enables financial institutions to generate positive social, environmental, and economic outcomes and at the same time deliver competitive financial returns. By investing in sustainable projects and businesses at all levels of the economy, financial institutions can drive the transition to a green and more inclusive economy, ensuring that no one is left behind.

PIA BERNADETTE ROMAN TAYAG
Assistant Governor and Chief Sustainability Officer,
Banko Sentral ng Pilipinas (the Philippine Central Bank)

AMAURY OLIVA
Director of Sustainability,
Brazilian Federation of Banks

SAMUEL TIRIONGO
Director of Research and Policy,
Kenya Bankers Association

Executive Summary

To deliver the ambitious targets of the Paris Agreement by 2030, the world requires approximately US$6.3 trillion per year, with US$2.3 trillion to US$2.5 trillion needed in emerging markets and developing economies (EMDEs).[1] The financial sector is integral to tackling the mounting economic and social impacts of climate change. This white paper examines how financial sector regulators and industry associations can guide the sector toward sustainable finance systems that are more resilient and inclusive.

Acknowledging that inclusion intersects with key sustainable finance themes such as a green and just transition, resilience, climate adaptation, gender, and financial health, this paper seeks to complement the work of other organizations with particular lens of EMDEs.

Sustainable finance typically refers to finance that reduces environmental and social risks and seeks to increase capital flows into sectors and activities that can have positive environmental and social impacts. Building on this concept and leveraging the experiences of Sustainable Banking and Finance Network (SBFN) members, this paper defines inclusive sustainable finance (ISF) as **practices in sustainable finance that target vulnerable, marginalized, or excluded populations and economic sectors to (1) improve their access to financial capital for green transition, climate adaptation, and resilience, and (2) mitigate potential exclusionary effects resulting from sustainability, including climate-related policies and actions.**

Further, the paper emphasizes five key building blocks or features of ISF, along with related implementation recommendations:

- ***Preventing exclusion.*** ISF ensures that existing and new sustainable finance frameworks do not exacerbate (or create new) exclusion of certain populations, business segments, and economic sectors.
- ***Improving access to finance.*** ISF aims to improve access to finance that enables green transition, climate adaptation, and resilience of targeted population, business segments, and economic sectors.
- ***Driving innovation.*** ISF encourages the development of innovative financial products and services to unlock growth and create opportunities.
- ***Enhancing stability.*** ISF goals, policies, and instruments contribute to greater financial sector stability.
- ***Promoting policy coherence.*** ISF fosters collaboration to align goals, policies, and actions for greater impact.

It is important to note that not all sustainable finance is inherently inclusive, nor is all inclusive finance inherently environmentally sustainable. This paper aims to start a discussion on how to improve sustainable finance practices to better serve those at risk of being left behind.

To deepen understanding and promote the adoption of ISF, the paper proposes the following actions:

- **Mainstreaming of ISF** into sustainable finance frameworks as a guiding principle.
- **Development of metrics and measurement frameworks** to collect comparable, verifiable, and quality data.
- **Adoption of an approach** that balances climate mitigation and the need to mobilize policy actions and finance for climate adaptation and resilience.
- **Gathering of existing resources and formulation of new practical tools and examples relevant to ISF.**

The importance of an ISF agenda for EMDEs cannot be overstated. Increased climate vulnerability coupled with higher-than-average levels of financial exclusion mean that traditional sustainable finance is insufficient. Even as a nascent approach, ISF can begin to provide solutions that can contribute to greater resilience of the vulnerable while building a more stable financial system.

Figure 1

Building Blocks of Inclusive Sustainable Finance

Source: Original figure for this publication

About this White Paper

The Sustainable Banking and Finance Network (SBFN) Task Force on Inclusive Sustainable Finance was established in January 2024 as an extension of the inclusive finance work undertaken by the SBFN Task Force for Low-Income Countries. The new task force brings together representatives of financial sectors from emerging markets and developing economies (EMDEs) to enhance their understanding of the design and implementation of inclusive sustainable finance (ISF) frameworks.

A review and mapping of members' experiences, approaches, and priorities resulted in the development of this white paper, which summarizes commonalities and differences in ISF concepts and practices across EMDEs. This paper presents findings from an analysis of components of members' sustainable finance frameworks—such as roadmaps, policies, guidelines, and surveys—and interviews with members of the Task Force on Inclusive Sustainable Finance. The analysis was informed by the SBFN 2024 Global Progress Brief,[2] a comprehensive benchmarking of sustainable finance trends and initiatives across 66 SBFN member countries, and the SBFN Measurement Framework and Methodology,[3] a common systematic approach to assessing and benchmarking country progress in developing sustainable finance frameworks, approved by all SBFN members.

WHY INCLUSIVE SUSTAINABLE FINANCE?

Policy makers in EMDEs have flagged financial inclusion and social resilience as their main priorities since the inception of SBFN. As highlighted in the SBFN Necessary Ambition report, however, financial inclusion has continued to be conceptualized and implemented on a stand-alone basis, or in parallel to mainstream policy efforts, despite being considered an essential component of sustainable finance.[4] The COVID-19 pandemic was an opportune moment to integrate social dimensions into sustainable finance frameworks. As confirmed by the SBFN 2021 Global Progress Report, financial inclusion and resilience have become important components of sustainable finance and critical enablers for achieving the Sustainable Development Goals.[5] The report found that SBFN members increasingly prioritize financial inclusion within their sustainable finance policy frameworks, including in industry principles and roadmaps.

Building on this finding, SBFN incorporated ISF indicators into its Measurement Framework, with progress against these indicators reported in the SBFN Data

Portal.[6] In addition to highlighting the presence of overarching sustainable finance policies, the SBFN 2024 Global Progress Brief found an increase in ISF practices through frameworks such as taxonomies and thematic bond guidelines seeking to mobilize capital toward activities that support global and national sustainable development objectives.[7] Approximately 27 countries (41 percent of SBFN member countries) have integrated approaches such as inclusive green finance, gender finance, and sustainable digital finance into their sustainable finance frameworks with the aim of yielding positive social outcomes.[8]

In the meantime, the increased urgency for global climate action has created an impetus to explore linkages between financial inclusion and climate finance.[9] Building on the work of international platforms such as the Alliance for Financial Inclusion, inclusive green finance has emerged as an important advocacy topic and policy goal to ensure that the financial sector plays its role in protecting the most vulnerable against the climate-related risks.[10] Most recently, a working group comprising representatives of the Office of the United Nations Secretary-General's Special Advocate for Financial Health, SBFN, and the Alliance for Financial Inclusion reinforced the inclusive green finance discussion by formulating a common definition of inclusive green finance as "access to and usage of financial services and products that build resilience to the negative impacts of climate change, loss of biodiversity, and ecosystems, and facilitate participation of low-income households, small businesses, and vulnerable groups in the green and low-carbon economy."[11]

The financial sector can play a role in all aspects of climate action: mitigation, adaptation, transition, and resilience. While innovations and new technology are spearheading inclusive solutions, these often emerge at the level of financial institutions rather than policy. This paper examines the role financial sector regulators and industry associations in steering the financial sector toward more inclusive and sustainable systems.

TOWARD A COMMON DEFINITION OF INCLUSIVE SUSTAINABLE FINANCE

Building on SBFN members' experience and approaches, this paper defines ISF as practices in sustainable finance that target vulnerable, marginalized, or excluded populations, business segments, and economic sectors to (1) improve their access to financial capital for green transition, climate adaptation, and resilience, and (2) mitigate potential exclusionary effects resulting from sustainability, including climate-related policies and actions.

Drawing on members' practices, ISF can be understood as three interrelated concepts: a guiding principle, an actionable objective, and a collective approach (figure 2).

Figure 2.

Concept of Inclusive Sustainable Finance

GUIDING PRINCIPLE

Rooted in equity and Just Transition, positive social and environmental outcomes, impact investment and shared value creation. As a guiding principle, Inclusive Sustainable Finance puts the vulnerable, marginalized, and excluded population and economic sectors in the center of policymaking toward the goal of sustainable and inclusive economy.

ACTIONABLE OBJECTIVE

It is especially demonstrated when policy seeks to 1) enhance environmental including climate-related social and governance (ESG) risk management while addressing potential financial exclusion; and 2) catalyze financial flows to activities and sectors benefiting the vulnerable or marginalized.

COLLECTIVE APPROACH

ISF encompasses collaboration between policymakers, private sector and those impacted by sustainable finance, such as MSMEs, women business networks and representatives of vulnerable groups.

Source: Original figure for this publication

Photo: Alexandros Giannakakis, Unsplash

Although an emerging concept, ISF does not operate in a vacuum. Rather, it intersects with, and complements, other related concepts and considerations (table 1).

Table 1.

Connecting Inclusive Sustainable Finance with Other Relevant Concepts

FINANCIAL INCLUSION	Actions undertaken to ensure that individuals and businesses have access to useful and affordable financial products and services—transactions, payments, savings, credit, and insurance—that meet their needs and are delivered in a responsible and sustainable way.[12]
	While financial inclusion focuses on access to finance for individuals and enterprises, inclusive sustainable finance (ISF) has the broader objective of unlocking financing for sustainability and climate resilience across the economy.
GREEN FINANCE	Financial instruments that seek to support environmentally sound and sustainable projects, including climate finance (covering climate change mitigation and adaptation), biodiversity finance (seeking to protect, maintain, or enhance biodiversity and ecosystem services, and to sustainably manage living natural resources), and blue finance (covering ocean and water protection).
	ISF expands on the goals of green finance by integrating social equity and inclusivity, ensuring that financial solutions that address environmental sustainability also support vulnerable and underserved groups, and that green finance policies do not lead to unintended negative impacts on these groups.
INCLUSIVE GREEN FINANCE	Access to and usage of financial services and products that build resilience to the negative impacts of climate change and loss of biodiversity and ecosystems, and facilitate participation of low-income households, small businesses, and vulnerable groups in the green and low-carbon economy.[13]
	In addition to inclusive green finance objectives, ISF addresses broader social and economic dimensions, promoting financial solutions that holistically advance equity, inclusion, and sustainable development across environmental, social, and governance (ESG) considerations.

JUST TRANSITION	One definition of a just transition is that it "secures the future and livelihoods of workers and their communities in the transition to a low-carbon economy. It is based on social dialogue between workers and their unions, employers, and government, and consultation with communities and civil society".[14] →← *A just transition is a component of ISF, which focuses on the social aspects of transitioning economies toward climate mitigation, adaptation, and resilience pathways.*
RESILIENCE	Resilience refers to the capacity to prepare for disruptions, recover from shocks, and grow from a disruptive experience—the opposite of vulnerability.[15] →← *Resilience is a cornerstone of ISF, as it focuses on empowering vulnerable groups, business segments, and sectors to adapt to and recover from shocks while fostering inclusive growth, enabling private sector responses, and aligning sustainable finance policies with long-term social and environmental stability.*
SUSTAINABLE FINANCE	A diverse and evolving ecosystem of policies, regulations, and practices developed by regulators, supervisors, industry associations, and financial institutions to (1) manage ESG risks and performance—including climate and nature-related risks—in financial sector activities, and to (2) encourage the mobilization of capital to assets, projects, sectors, and business activities that have environmental and social benefits.[16] →← *ISF expands on the ESG and climate-related risk orientation and climate finance-focused trends in sustainable finance to provide an approach that looks at driving broader positive outcomes for countries and their vulnerable groups and sectors.*

Source: Original table for this publication

Key Building Blocks of Inclusive Sustainable Finance

According to the SBFN 2024 Global Progress Brief, SBFN countries have issued more than 400 sustainable finance frameworks since 2012. Such rapid development of sustainable finance frameworks presents a risk of policy fragmentation, but also offers an opportunity to align sustainable finance objectives with financial inclusion, just transition, climate adaptation, and resilience. This section presents insights highlighted by SBFN members on five key building blocks of ISF. Acknowledging that the purpose of sustainable finance is to manage ESG risks and performance and to channel financial capital to sustainable activities, inclusive sustainable finance demonstrates the following features.

1. TO PREVENT FURTHER MARGINALIZATION, POTENTIAL EXCLUSIONARY EFFECTS OF SUSTAINABLE FINANCE AND CLIMATE RISK-RELATED POLICIES AND PRODUCTS NEED TO BE MITIGATED.

Policy makers are increasingly aware of potential unintended exclusionary effects that sustainable finance policies may have on certain populations, business segments, and economic sectors. These effects may arise for a number of reasons, such as increased operational costs, capacity constraints, or increased reputation risk experienced by financial institutions. For example, if the costs of environmental due diligence and verification are too high, they could raise transaction costs, leaving smaller customers underserved.[17] Similarly, exclusion can be exacerbated among households, smallholder farmers, and MSMEs struggling to comply with an increased administrative burden required by financial institutions. In addition, economic sectors with limited capability to transition to climate mitigation and adaptation pathways can struggle to access financial capital as investors face pressure to direct financing toward green and sustainable activities.

Recommendations

Aligning with the principles of a just transition,[18] ISF policies and practices recognize and address potential exclusionary effects of transitioning to the green economy, ensuring that no segment of society is left behind. Managing potential or actual unintended exclusionary effects in line with the financial inclusion objectives is a key feature of ISF. SBFN members achieve this through a variety of tools and approaches. For example, proportionality is commonly used to tailor requirements to MSME capacities and capabilities.

Sustainable finance policies can create conditions for inclusion or exclusion of vulnerable, marginalized, or excluded populations and economic sectors. In terms of policy, overarching frameworks such as sustainable finance roadmaps and strategies are well positioned to incorporate sustainable finance elements, as they outline a broader vision for the sustainable finance landscape in a country. These strategic policy documents present an opportunity to embed inclusive goals and objectives and should inform the formulation of technical frameworks such as ESG and climate-related risks frameworks.

Taxonomies have emerged as an important tool for directing financial capital to sustainable economic activities. In 2024, a third of the Sustainable Banking and Finance Network (SBFN) member countries either already had a taxonomy in place or were in the process of developing one. To support members in improving the accessibility and inclusion of sustainable finance taxonomies, the SBFN Toolkit: Sustainable Finance Taxonomies proposes a few nascent strategies on developing inclusive taxonomies.[19]

POLICY HIGHLIGHT 1

The Sustainable Finance Principles for Tanzania explicitly require financial institutions to integrate financial inclusion into environmental, social, and governance (ESG) policies and other relevant policies to address systemic challenges like inequality and climate risks. Aligned with the existing National Financial Inclusion Framework, the principles aim to ensure that financial institutions mitigate exclusionary effects while enhancing resilience to shocks.[20] Dominated by banks holding 70 percent of total assets, the Tanzanian financial sector adopts ESG frameworks, like environmental and social management systems, to align with the country's sustainability goals. By embedding financial inclusion into policies, banks develop products tailored for underserved populations, such as microloans with relaxed collateral requirements for women, youth, and micro, small, and medium enterprises.

Photo: Ali Mkwumba, Unsplash

2. EFFECTIVE TARGETING OF KEY POPULATION, BUSINESS SEGMENTS AND ECONOMIC SECTORS IS A CRITICAL ASPECT.

To enhance equal participation in a just transition, emerging ISF frameworks target specific population and business segments. SBFN member policies tend to target MSMEs and women, as well as low-income households and poor people, youth, and people with disabilities or special needs. Other identified groups include those participating in the informal economy, smallholder farmers, and rural communities. Depending on the local context, the unemployed, indigenous peoples, displaced people, and illiterate consumers are also part of SBFN members' strategies.

In addition, ISF policies often target particular economic sectors. Among SBFN members, agriculture is one of the sectors most often identified for the targeting of ISF policies. This is primarily driven by agriculture's critical role in the economy and its high vulnerability to climate-related risks. Other commonly targeted sectors are energy, water and waste management, clean technology/information and communication technology, and transportation. These sectors are pivotal for fostering economic development and resilience, narrowing income inequalities, and ensuring environmental sustainability. By focusing on these sectors, policy makers increasingly enact ISF strategies that respond to specific national priorities and can advance people's and private sector resilience and adaptive capacity.

ISF frameworks target specific population and business segments, such as MSMEs, women, low-income households, but also displaced people, youth and other depending on the local context. Agriculture, energy, ICT, and transport are pivotal for fostering economic development and advancing people's and private sector resilience and adaptive capacity.

Recommendations

Stakeholder engagement and assessment are key to identifying the target vulnerable populations or business segments. These will be specific to each country and should be informed by countries' existing national priorities, development strategies, and inclusive growth frameworks, such as national climate adaptation plans and financial inclusion strategies. Additional benefits can be drawn from a sectoral analysis identifying sectors that are key to economic growth for the benefit of all; vulnerable to climate and other shocks; and aligned with countries' national and international commitments.[21]

POLICY HIGHLIGHT 2

The Central Bank of Tunisia seeks to enhance access to external financial services for micro, small, and medium enterprises (MSMEs) in line with national and international requirements to avoid involuntary exclusionary effects of climate change adaptation. Since MSMEs make up more than 90 percent of the Tunisian economy, focusing on this sector directly affects the entire economy. Within this context, new lines of credit are being mobilized by the Tunisian government to promote climate resilience, the green economy, employment creation, and women's empowerment. At least 30 to 35 percent of these credit lines are to be allocated to MSMEs with a positive environmental and social impact. In particular, 10 percent of the credit line— agreed upon by the Tunisian government and a multilateral lender devoted to supporting the economic recovery of small and medium enterprises—must be allocated to MSMEs operating in the green economy and climate resilience. A further 10 percent of the credit line is assigned to MSMEs situated in priority developing regions and an additional 15 percent of the credit line is dedicated to women-led MSMEs. Other lines of credit also incorporate social inclusion criteria and promote equal opportunities between Tunisian regions; women's economic empowerment; gender equality and youth inclusion; and employment.

Photo: Mahmoud Yahyaoui, Pexels

Photo: Getty Images

POLICY HIGHLIGHT 3

Recognizing low financial literacy, significant levels of indebtedness, and low levels of savings among Brazil's population, the **Brazilian Federation of Banks (FEBRABAN)** launched the Meu Bolso em Dia ("My Finances in Order") financial education program in 2010. Its successful implementation, however, required data to measure both the state of financial health among the targeted population and program effectiveness.

Over the next decade, FEBRABAN brought together regulators, financial planners, educators, policy makers, and program managers to share their experience and methodologies. The discussions culminated in an agreement between FEBRABAN and the Central Bank of Brazil, resulting in the Brazilians' Financial Health Index (FEBRABAN I-SFB), launched in 2020. I-SFB measures financial health at the individual and national level, allowing policy makers to tailor financial education strategies, and support data-informed improvements in policies, initiatives, and programs.

In addition to informing public policies, research, and financial education strategies in both the public and private sectors, I-SFB pinpoints specific areas on which consumers can focus to improve their financial health. The Meu Bolso em Dia platform, which has attracted 1.9 million unique users to date, leverages the index survey data and artificial intelligence to provide personalized learning tracks tailored to the user's needs and financial health status.

3. INCLUSIVE SUSTAINABLE FINANCE REQUIRES INNOVATIONS TO UNLOCK GROWTH AND IMPROVE ACCESS.

ISF can create a framework for the financial sector's pursuit of new opportunities and new solutions. Renewable energy, sustainable/ climate-smart agriculture, and green technology and infrastructure are some of the sectors that SBFN members highlight as presenting new market opportunities aligned with ISF principles.

The range of innovative sustainable finance instruments available to countries for mobilizing private capital toward sustainable activities has significantly expanded in recent years. Instruments such as green bonds and green sukuk (Islamic bond) targeting MSMEs, social bonds, gender bonds, sustainability and sustainability-linked loans and bonds, and green deposits have emerged to bridge the gap between investor appetite and the need to finance projects with positive environmental or social outcomes.[22] These instruments require enabling policy environments to ensure that private sector mobilization is effective and sustainable in the long term.

To further facilitate access to finance, financing instruments need to be tailored to specific requirements and conditions of the population, business segments, and economic sectors that they are targeting. For example, greater flexibility in disbursement and repayment can improve accessibility. In addition, innovative solutions such as blended finance and digital finance can address risk and cost barriers toward unlocking market opportunities in underserved segments.

While pursuing greater accessibility through digital technology and other innovative solutions, policy makers should be aware of the potential risks of further exclusion of the vulnerable population and increased risks associated with cybersecurity, data protection, money laundering, and predatory lending. These can be addressed through risk management frameworks specifically tailored to financial technology (fintech); clear customer protection requirements; and promotion of financial literacy.

Recommendations

Policy making aligned with ISF objectives strives to create an enabling environment that fosters innovations and solutions in financial products and services to improve access to finance for vulnerable, marginalized, or excluded populations, business segments and economic sectors.

For this purpose, policies requiring specification of eligible projects or activities—for example, through bond issuance guidelines—need to also consider needs, capacity, and capability of vulnerable, marginalized, or excluded populations, business segments and economic sectors. As well as align with sustainable finance taxonomies, certification requirements, or standards, the policies must consider any potential exclusionary effects described in the first building block.

Further, according to recent data, 69 percent of sustainability-linked finance issued globally sets environmental key performance indicators—the most common of which are carbon emissions-related indicators.[23] Social key performance indicators can be used to expand the focus of innovative sustainable finance instruments beyond climate, allowing investors and companies to demonstrate the value to society as a whole.

Social key performance indicators can be used to expand the focus of innovative sustainable finance instruments beyond climate, allowing investors and companies to demonstrate the value to society as a whole.

POLICY HIGHLIGHT 4

Equity Bank Kenya, together with IFC, launched a risk sharing facility in February 2025 to expand access to finance for refugees and host communities. The initiative, which is the first risk sharing facility of its kind globally, aims to promote job creation and expansion of essential services in Turkana county, a refugee-hosting community in Kenya. In addition to providing financial services for marginalized communities, the initiative will offer nonfinancial services such as financial literacy and agribusiness capacity building.[24] The initiative is aligned with both the bank's mission to support micro, small, and medium enterprises (MSMEs) and the Kenya Sustainable Finance Guiding Principles.

Formulated by Kenya Bankers Association and updated in 2024, the guiding principles specifically highlight the role of the banking sector in promoting financial inclusion among underserved population segments.[25] Principle 2, on Growth through Financial Inclusion and Innovation, recommends that financial institutions:

- Develop inclusion strategies to improve access, product suitability and affordability, and financial education among existing and potential customers
- Identify and prioritize innovative products and services targeting MSMEs, the agriculture sector, and women-owned businesses, among others
- Actively collaborate with other financial institutions, technology companies, and relevant stakeholders to leverage innovation.


Photo: Unsplash

Building blocks 1–3 are strongly interlinked. The core purpose of inclusive sustainable finance (ISF) is to leave no one behind, and this cannot be achieved without ensuring that sustainable finance frameworks do not exacerbate the existing or create new exclusion; and without improving access to finance for vulnerable, marginalized, or excluded populations, business segments, and economic sectors. The latter requires innovation in financial products and services to ensure that vulnerable populations, business segments, and economic sectors have access to the necessary finance. Together, the three conditions enhance ISF outcomes and contribute to greater stability of the financial sector.

4. INCLUSIVE SUSTAINABLE FINANCE POLICIES CAN CONTRIBUTE TO FINANCIAL SECTOR STABILITY.

The relationship between financial stability and financial inclusion is complex and characterized by both synergies and trade-offs. On the one hand, macro-level supervisory frameworks aim to safeguard the financial system by addressing systemic risks and ensuring institutional stability through regulations such as capital requirements and stress testing. On the other hand, micro-level financial inclusion strategies focus on building household resilience by expanding access to financial services and enabling individuals to better manage risks and respond to economic and, increasingly, climate shocks.

Financial sector stability is further improved by integrating sustainability within operations, adopting sound governance practices, and mitigating environmental and social risks, including climate-related risks. The financial sector acts as a conduit of improved sustainability practices in the real economy by passing these requirements onto clients. In turn, improving the resilience of the real economy contributes to greater financial stability by enhancing financial returns. When the nexus between resilience and stability is set up correctly, it can enable a virtuous cycle.[26] If, however, financial stability is pursued at the expense of vulnerable populations, business segments, and economic sectors, this may result in a more stable but more exclusionary financial system.[27] Carefully coordinated policy making that encourages high-level policy strategies to explicitly mitigate trade-offs and promote synergies can further contribute to complementarity between financial stability and financial inclusion.[28] Therefore, ISF can help policy makers pursue financial stability in line with the twin goals of (1) ensuring that prudential requirements do not exacerbate financial exclusion (in line with building block 1 above), and (2) creating an enabling environment to scale up targeted inclusive finance (in line with building blocks 2 and 3).

Recommendations

Financial sector regulators have been incorporating climate-related risks into their prudential requirements at a rapid pace. According to the SBFN 2024 Global Progress Brief, more than half of SBFN member countries (35 countries) have adopted frameworks on climate risk management, 75 percent of which refer to at least one established international climate-related risk management and disclosure standard.[29] This progress is mainly driven by regulators and demonstrates a growing focus on linking climate change issues to financial stability.

Members' experience shows that aligning these frameworks with international climate-related risk management and disclosure standards contributes to greater consistency and comparability of information, facilitates their uptake, and reduces the compliance burden on the financial sector.

To better understand the relationship between climate-related risk policies, inclusion, and financial stability, new tools and approaches need to be developed. For example, stress testing could incorporate both climate change and social dimensions that specifically focus on the risk of exclusion.

At the micro level, expanded access to credit without sufficient supervision, regulation, and governance can increase financial instability at the macro level. As these risks are often institutional rather than systemic, adequate prudential regulation, market supervision, and consumer protection can help address the risk of instability.[30]

To better understand the relationship between climate-related risk policies, inclusion, and financial stability, new tools and approaches need to be developed. For example, stress testing could incorporate both climate change and social dimensions that specifically focus on the risk of exclusion.

POLICY HIGHLIGHT 5

The Central Bank of Jordan Green Finance Strategy 2023–2028 recognizes that noninclusive climate policies and regulations can have unintended consequences that threaten to exacerbate vulnerability within the real economy, with negative repercussions for financial stability.[31] To mitigate such effects, the Central Bank of Jordan aims to adjust existing tools for micro, small, and medium enterprises to serve green inclusive purposes and initiate discussions to devise new risk-sharing tools in insurance and microfinance services to counteract potential withdrawal of private sector finance to in the agriculture sector. The tools can include loan guarantee schemes, improving the availability of data and information to reduce the cost of due diligence and disclosure, transition finance to MSMEs especially in transport and industrial sectors. The Central Bank of Jordan also plans to develop a broader microfinance framework targeting underserved climate-vulnerable populations.


Photo: Igor Sporynin, Unsplash


Photo: Andy Quezada, Unsplash

POLICY HIGHLIGHT 6

The Bank of Ghana Sustainable Banking Principles and Sector Guidance Notes emphasize that populations excluded from financial services are at higher risk of financial instability and poverty.[32] In line with this, the Bank of Ghana published its Strategic Plan on Sustainability and Climate-Related Risks, covering the period 2024–2028.[33] The plan focuses on developing a holistic supervisory approach to sustainability and climate-related risks within Ghana's financial system. It aims to enhance collaboration with local and international stakeholders through networks such as the Alliance for Financial Inclusion, Network for Greening the Financial System, and SBFN. The strategy also underscores social issues like gender inequality, workplace diversity, and financial inclusion as critical sustainability concerns, highlighting their impact on the performance of regulated financial institutions.

Consistent with its financial stability mandate, the Bank of Ghana will not adjust regulatory minimum capital requirements to incentivize green lending or low-carbon transition. Instead, regulated financial institutions will be required to effectively manage and consider sustainability and climate-related risks. This approach may lead regulated financial institutions to reduce financing for unsustainable activities or, where necessary, hold additional internal capital under Pillar 2 of the Basel Capital Framework to mitigate material climate-related risks. The Bank of Ghana has held several capacity-building sessions with the industry to explain how sustainability and climate-related risks are inherent in traditional risks, and the potential threats to financial stability if left unchecked. The expectation is for a regulated financial institution to understand the business case for addressing these risks to ensure its sustainability.

5. POLICY COHERENCE CAN BE ENHANCED THROUGH COLLABORATION.

Breaking down silos and policy incoherence is key to further progress the integration of sustainable finance policy into mainstream financial policy making. The challenge of simultaneously addressing ESG (including climate) aspects of sustainability within the same policy can hinder the development of integrated approaches.

At the same time, incorporating financial inclusion objectives into sustainable finance cannot be achieved without systematic and intentional collaboration among financial sector actors, including policy makers, supervisors, industry associations, financial institutions, accounting experts, and consumers.

Recommendations

There is an opportunity to better coordinate ISF policy making to both eliminate silos and ensure policy coherence toward outcomes aligned with national plans and global goals. Policy coherence can be improved through collaboration among financial regulators, industry associations, and other financial sector actors.

Design and implementation of sustainable finance policies will benefit from the development of a collective approach and greater collaboration, including between banking and nonbanking (capital markets, insurance, pensions, fintech, and so on) parts of the financial sector. Additionally, coordination across the public sector and in consultation with the private sector can help enhance socioeconomic outcomes. This will require capacity building through engagement with sustainable finance experts, networks, and peers.

SBFN TOOLKIT: DEVELOPING SUSTAINABLE FINANCE ROADMAPS

SBFN Toolkit: Developing Sustainable Finance Roadmaps contains examples of collaborative approaches, including partnerships within one sector (banking being the most common), or more broadly by bringing together policy makers from different parts of the financial sector (securities, insurance, pensions, asset management, and so on) in an ecosystem approach.[34]

Photo: Twilight Kenya, Unsplash

POLICY HIGHLIGHT 7

The Central Bank of Egypt adopts a multifaceted approach to advance sustainable finance, with activities ranging from capacity-building initiatives to the issuance of binding regulations. The Arab Republic of Egypt's national Financial Inclusion Strategy (2022–2025) underscores the importance of enhancing sustainable finance within the banking sector through the involvement and alignment of stakeholders.[35] The Central Bank of Egypt seeks to foster collaboration among diverse stakeholders, including government bodies, ministries, nongovernmental organizations, international financial organizations, environmental experts and scientists, and academics, to leverage resources and expertise in advancing inclusive sustainable finance (ISF) goals and objectives and to support policy-making alignment.

In October 2021, the Central Bank of Egypt collaborated with the United Nations Capital Development Fund's Policy Accelerator program and the Tufts University Fletcher School Leadership Program for Financial Inclusion to develop capacity-building initiatives for 14 institutions (mainly banks) in Egypt. The aim was to enhance the implementation of financial literacy within the banking sector by developing appropriate policies and frameworks related to financial inclusion. A key aspect of this effort was providing technical assistance tailored to improve financial inclusion of women, youth, and people with disabilities. These groups are not only underserved by traditional financial systems but also particularly vulnerable to the impacts of climate change. By addressing the groups' financial inclusion, the initiative aimed to improve their resilience and capacity to adapt to climate-related risks.

POLICY HIGHLIGHT 8

In May 2025, the **Central Bank of Sri Lanka** launched its Sustainable Finance Roadmap 2.0 updating the country's first roadmap published in 2019.[36] The updated Roadmap demonstrates the country's commitment to sustainability through the adoption of an ecosystem approach. As the country's apex financial institution, the Central Bank of Sri Lanka led the roadmap's development in collaboration with other key stakeholders to ensure that the approach encompasses the entire financial sector.

The roadmap expands the country's ambition with regards to financial inclusion along with other priority areas- climate mitigation, climate adaptation, and forests and other critical natural assets. The Roadmap proposes strategic activities in different areas of the financial sector, including banking, finance companies, capital market, and insurance, to support vulnerable populations. In addition, it recognizes the need for raising awareness on existing schemes and improving capacity to develop innovative financial products and mechanisms, including new insurance products and other-derisking mechanisms, developing a coherent incentives package to improve the uptake of sustainable finance products among the most vulnerable.

Photo: Cecelia Chang, Unsplash

The banking sector, finance companies sector, and capital markets have shown significant efforts in the implementation of the first roadmap and the financial inclusion initiatives. These sectors have been instrumental in driving initiatives that promote financial inclusion and resilience. The ecosystem approach helps create an enabling environment within the financial market, ensuring that financial inclusion is achieved through a combination of traditional and innovative financial services, thereby fostering economic growth and resilience across the country.


Photo: Karl Joshua Bernal, Unsplash

POLICY HIGHLIGHT 9

Banko Sentral ng Pilipinas (the Philippine Central Bank) chairs the Financial Sector Forum (FSF), a voluntary collegial body of financial regulators in the Philippines. Other members of the FSF include the Securities and Exchange Commission, Insurance Commission, and Philippine Deposit Insurance Corporation. The forum provides a framework for consultation and coordination related to the supervision and regulation of the country's financial system.

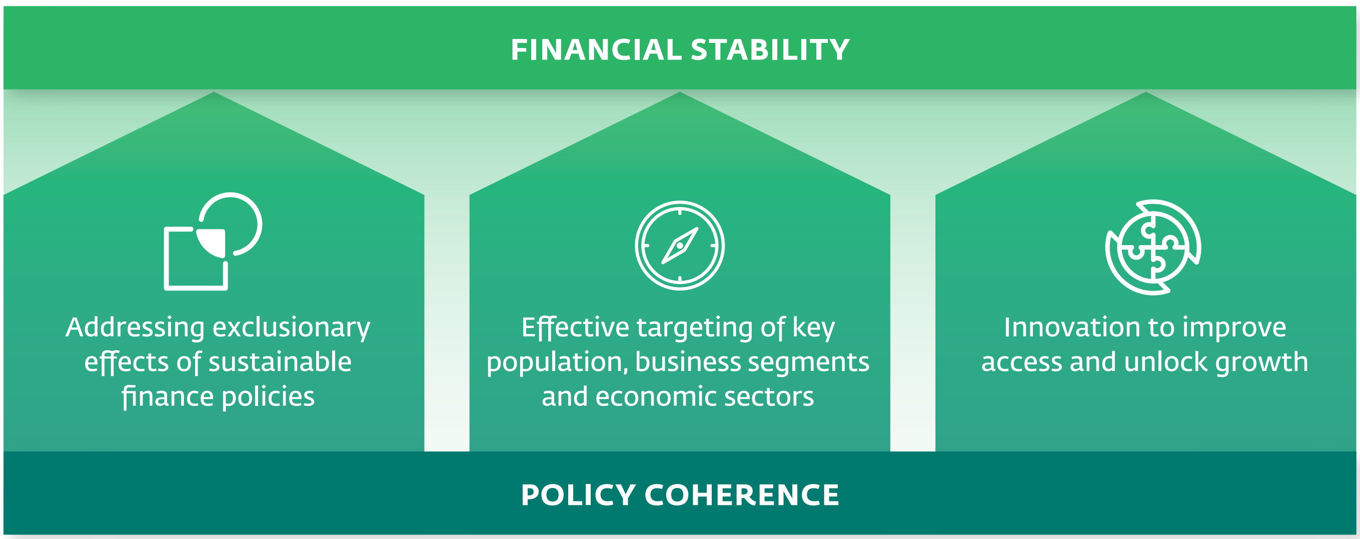
The FSF serves as an effective collaboration platform for promoting inclusive sustainable finance in the Philippines. The development of the Sustainable Finance Taxonomy Guidelines for banks is a concrete example of the coordinated approach that the FSF takes. The guidelines were developed under the FSF and issued through the central bank Circular No. 1187 in February 2024. To ensure their alignment with broader national plans and sectoral priorities, the guidelines were developed in consultation with relevant stakeholder groups, including the Interagency Technical Working Group for Sustainable Finance (also known as the Green Force), which serves as a high-level policy coordination platform. Besides the central bank, members of the Green Force include key ministries such as finance, climate, environment, energy, and trade and industry.

In light of inclusion considerations, the Sustainable Finance Taxonomy Guidelines offer a simplified approach to assessing the taxonomy alignment of micro, small, and medium enterprise (MSME) activities, which is based on use of proceeds standards. The guidelines direct readers to the IFC's Sustainable MSME Reference Guide for a detailed list of eligible uses of proceeds, for both capital and operational expenditures, tailored to the specific needs of MSMEs.

Drawing on the insights from SBFN members' experiences, it is evident that adoption of an ISF approach aims to enhance policy making by integrating inclusivity and equity into sustainable finance policy measures and strategies. This represents a significant shift from the conventional ESG and climate-led approach to sustainable finance policy formulation. Figure 1 summarizes the key building blocks of ISF, as discussed in this section.

Figure 1

Building Blocks of Inclusive Sustainable Finance



Source: Original figure for this publication

Outlook

With the rising need to raise financial capital to tackle climate change impacts and to improve resilience of EMDEs and their populations, policy objectives addressing environmental, social, and inclusion challenges increasingly converge. Against this backdrop, the ISF agenda can focus on the following actions:

1. ***Mainstreaming of ISF as a guiding principle into sustainable finance frameworks.*** Sustainable finance frameworks of all kinds—roadmaps; policies, including ESG and climate-related risk management policies; taxonomies; and other sustainable lending guidelines and tools—can benefit from greater clarity about, and mitigation of, unintended exclusionary consequences on vulnerable populations and economic sectors. Further work needs to be done, especially on technical approaches such as stress testing and scenario planning, to determine how these frameworks can reflect financial inclusion objectives.

2. ***Development of measurement frameworks to start collecting comparable, verifiable, and quality data, leveraging emerging disclosure standards and practices.*** Inclusion metrics should be incorporated into measurement of the success of *sustainable finance* policies. Having relevant and reliable data from financial institutions is crucial for policy makers and financial regulators to inform effective ISF policies, target appropriate populations, business segments, and economic sectors, and monitor and evaluate the policies. Lack of data, especially for vulnerable populations—for example, sex-disaggregated data—remains a challenge, however. Data collection and disclosure are critical and need to be conducted in line with existing standards for comparability and reliability of data.

3. ***Application of a balanced approach between climate mitigation and the need to mobilize policy action and finance for climate adaptation.*** Currently, only 5 percent of global climate finance is allocated to adaptation, exposing a significant financing gap.[37] This misalignment continues to threaten the ability of EMDEs to effectively respond to existing climate-related risks and support resilience for vulnerable groups and sectors. Small island developing states are particularly vulnerable to climate change impacts and economic shocks, yet are often low carbon emitters.[38] Growing recognition of the importance of climate adaptation offers a timely opportunity for ISF to focus on policies, guidelines, and tools that can contribute to mobilization of private financing for adaptation.

4. ***Gathering of existing and formulation of new practical tools and examples of good practice.*** These can contribute to awareness building and creation of a joint community of practice. Exploring the relationships between ISF and other concepts such as financial health can further enhance practitioners' understanding of how to improve the resilience of the most vulnerable populations, business segments, and economic sectors to climate, economic, and other shocks.

Appendices

APPENDIX A

Sustainable Banking and Finance Network Member Examples of the Concept of Inclusive Sustainable Finance

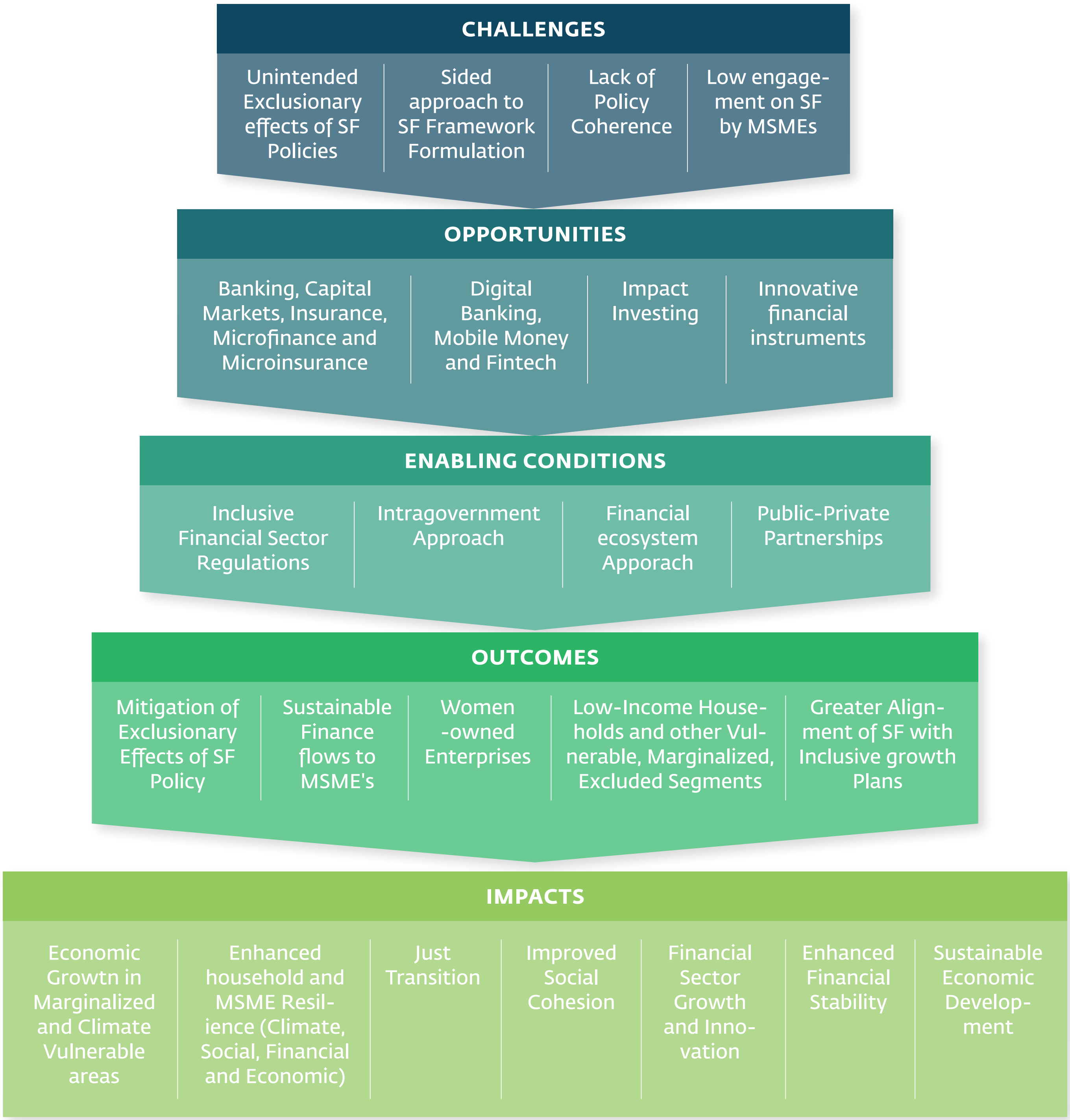
INCLUSIVE SUSTAINABLE FINANCE (ISF) AS A GUIDING PRINCIPLE	ISF AS AN ACTIONABLE OBJECTIVE	ISF AS A COLLECTIVE APPROACH
▶ Financing sustainable businesses has strong financial benefits as well as broader societal benefits ▶ By providing equitable access to financial services and fostering a resilient and inclusive financial system, no population segment should be left behind ▶ Enabling and accommodating sustainable growth is a priority; pursuing economic growth goes hand in hand with social equity ▶ The financial sector occupies a unique position to drive a just transition; people in low-income communities are most vulnerable to the effects of climate change	▶ Lend to, invest in, and insure small businesses that manage their ESG, including climate and nature, risks and impacts ▶ Formulate evidence-based financial inclusion policies; incorporate an inclusion lens when developing regulations ▶ Direct capital toward sustainable sectors, and promote innovation and growth in emerging sectors; enhance the resilience of the agriculture sector ▶ Mitigate risks related to regulatory changes; manage unintended exclusionary effects of going green; provide contextualized guidelines	▶ Promote partnerships and collective effort in the financial sector (in line with Sustainable Development Goal 17) ▶ Create a master plan for systematic and consolidated development of financial markets ▶ Follow a multifaceted approach, fostering collaboration among diverse stakeholders ▶ Engagement with regulators, financial institutions, service providers, the community, and nongovernmental organizations toward an ecosystem approach

Source: Based on the SBFN Inclusive Sustainable Finance Task Force Member Survey, March 2024

APPENDIX B

Figure 3

Theory of Change of Inclusive Sustainable Finance Policy Making



Source: Original figure for this publication | Note: MSMEs refers to medium, small, and micro enterprises.

APPENDIX C

Membership of the Sustainable Banking and Finance Network Task Force on Inclusive Sustainable Finance

REGION	TASK FORCE MEMBER (NOVEMBER 2023)
East Asia and Pacific	Banko Sentral ng Pilipinas (the Philippine Central Bank) (Co-chair)
Latin America and the Caribbean	Brazilian Federation of Banks (FEBRABAN) (Co-chair)
Africa	Kenya Bankers Association (Co-chair)
Africa	Bank of Ghana
Africa	Banking Association South Africa
Africa	Securities and Exchange Commission of Ghana
Africa	South African Reserve Bank
Africa	Tanzania Bankers Association
East Asia and Pacific	Central Bank of Samoa
East Asia and Pacific	Bank of Papua New Guinea
Europe and Central Asia	Bank of Albania
Latin America and the Caribbean	Central Bank of Paraguay
Latin America and the Caribbean	Eastern Caribbean Central Bank
Latin America and the Caribbean	National Banking and Insurance Commission of Honduras
Middle East and North Africa	Association of Banks in Jordan
Middle East and North Africa	Central Bank of Egypt
Middle East and North Africa	Central Bank of Jordan
Middle East and North Africa	Central Bank of Tunisia
Middle East and North Africa	Federation of Egyptian Banks
South Asia	Bangladesh Bank
South Asia	Central Bank of Sri Lanka

Source: SBFN Inclusive Sustainable Finance Task Force, November 2023

Acknowledgments and Contributors

This white paper was produced by the Sustainable Banking and Finance Network (SBFN). The paper and examples were prepared under the guidance of the SBFN Task Force on Inclusive Sustainable Finance Co-Chairs Amaury Oliva (Brazilian Federation of Banks), Pia Bernadette Roman Tayag (Central Bank of Philippines), and Samuel Tiriongo (Kenya Bankers Association), and task force members, who were generous with their time and insights. In particular, SBFN would like to thank Nana Sika Ahiabor (Bank of Ghana), George Awap (Bank of Papua New Guinea, Imen Ayadi (Central Bank of Tunisia), Renzo Enrico Del Gallego Blanco (Central Bank of the Philippines), Shaymaa El Demery (Central Bank of Egypt), Ellen Joyce L. Sufficiencia (Central Bank of the Philippines) and Dr B. H. P. K. Thilakaweera (Central Bank of Sri Lanka).

The development was led by Jana Mudronova and Vincent Darcy, with support from Taeko Hagihara, Gonzalo Lanfranco, Ling Mei, and Eleni Petri, under the guidance of SBFN Global Coordinator Rong Zhang. The publication was designed by Carolina Vargas. This work was commenced by the late Nuru Mugambi, Task Force on Inclusive Sustainable Finance Coordinator and SBFN Advisor, whose dedication and legacy will continue to inspire us.

The paper benefited from technical expertise and input from International Finance Corporation and World Bank colleagues, as well as SBFN partners CGAP (Consultative Group to Assist the Poor) and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

SBFN is supported by the Facility for Investment Climate Advisory Services (FIAS). FIAS supports World Bank Group projects that foster open, productive, and competitive markets and unlock sustainable private investment in business sectors that contribute to growth and poverty reduction. Supported by nearly 20 Development Partner countries and donor institution, co-financed by the Bank Group, and managed and implemented by IFC, FIAS is one of the oldest and largest multi-donor trust funds in the World Bank Group.

NOTES

1 The Independent High Level Expert Group (IHLEG) on Climate Finance. 2024. Rising ambition and accelerating delivery of climate finance. Third report of the Independent High-Level Expert Group on Climate Finance, November 2024. https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/11/Raising-ambition-and-accelerating-delivery-of-climate-finance_Third-IHLEG-report.pdf

2 SBFN (Sustainable Banking and Finance Network). 2024. Global Progress Brief 2024. Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/global-progress-brief-2024/

3 SBFN (Sustainable Banking and Finance Network). 2024. "Measurement Framework and Methodology 2023." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/wp-content/uploads/2024/04/SBFN-Measurement-Framework_April-2024.pdf.

4 SBFN (Sustainable Banking and Finance Network). 2020. "Necessary Ambition: How Low-Income Countries Are Adopting Sustainable Finance to Address Poverty, Climate Change, and Other Urgent Challenges." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/wp-content/uploads/pdfs/Necessary_Ambition/SBN_Necessary_Ambition_Report_2020_final_webversion.pdf.

5 SBFN (Sustainable Banking and Finance Network). 2021. "Accelerating Sustainable Finance Together: Global Progress Report of the Sustainable Banking and Finance Network. Evidence of Policy Innovations and Market Actions across 43 Emerging Markets." Washington, DC:

6 Visit the SBFN Data Portal at https://data.sbfnetwork.org/.

7 SBFN (Sustainable Banking and Finance Network). 2024. "Global Progress Brief 2024." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/global-progress-brief-2024/

8 SBFN (Sustainable Banking and Finance Network). 2024. "Global Progress Brief 2024." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/global-progress-brief-2024/

9 See for example Mcguire, Paul B., and John D. Conroy. 2000. "The Microfinance Phenomenon." Asia-Pacific Review 7 (1), 90–108. https://doi.org/10.1080/713650817.; UNCDF (United Nations Capital Development Fund). 2023. "People, Impact, Planet: An Analytical Framework for the Integration of Financial Inclusion and Sustainable Finance." Technical Summary. https://www.uncdf.org/article/8208/map-sustainable-finance-and-financial-inclusion-summary-note.

10 AFI (Alliance for Financial Inclusion). 2017. "Introducing the Sharm El Sheikh Climate Change Accord." News Article, September 14, 2017. https://www.afi-global.org/newsroom/news/introducing-the-sharm-el-sheikh-climate-change-accord/.

11 UNSGSA (United Nations Secretary-General's Special Advocate for Financial Health). 2023. "Inclusive Green Finance: A Policy and Advocacy Approach." P.7. Policy Note. New York: UNSGSA. https://www.unsgsa.org/publications/inclusive-green-finance-policy-and-advocacy-approach.

12 World Bank. 2025. Financial Inclusion. https://www.worldbank.org/en/topic/financialinclusion/overview

13 World Bank. Upcoming. Rethinking Resilience. Washington, DC: World Bank

14 Institution for the Future of Work (IFOW). The Just Transition Centre, https://www.ifow.org/knowledge-hub-items/just-transition-centre

15 World Bank. Upcoming. Rethinking Resilience. Washington, DC: World Bank

16 SBFN (Sustainable Banking and Finance Network). 2024. "Global Progress Brief 2024." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/global-progress-brief-2024/

17 Knaack, Peter, and Peter Zetterli. 2023. "Climate Risk and Financial Inclusion: A Regulatory Perspective on Risks and Opportunities." Working Paper. Washington, DC: CGAP. https://www.cgap.org/research/publication/climate-risk-and-financial-inclusion-regulatory-perspective. And Dias, Denise, Majorie Chalwe-Mulenga, Tatiana Reyes Chamas, and Tatiana Alonso. 2024. "Exclusion Risks in Climate-Related Financial Regulation: An Analytical Framework." Working Paper. Washington, DC: CGAP. https://www.cgap.org/research/publication/exclusion-risks-in-climate-related-financial-regulation-analytical-framework

18 ILO (International Labour Organization). 2015. "Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All." Geneva: ILO. https://www.ilo.org/publications/guidelines-just-transition-towards-environmentally-sustainable-economies.

19 SBFN (Sustainable Banking and Finance Network). 2024. "SBFN Toolkit: Sustainable Finance Taxonomies." Version 1.0. Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/sbfn-toolkit-sustainable-finance-taxonomies/.

20 TBA (Tanzania Bankers Association). 2024. "Sustainable Finance Principles for Tanzania." https://tanzaniabankers.org/wp-content/uploads/2024/Downloads/sustainable%20development%202024%202.pdf.

21 The World Bank's Country Climate and Development Reports offer insights into opportunities and priorities for aligning development and climate change action and objectives at the country level. The World Bank's third CCDR summary report focuses on people, emphasizing how they are impacted by climate change, but also essential in inventing, designing, and implementing solutions to make development more resilient and to lower emissions. The report highlights key sectors that are critical for climate resilience and the low carbon transition. See https://openknowledge.worldbank.org/server/api/core/bitstreams/1d72a9d3-bf81-4090-8de3-2d3dd3d723c2/content

22 For more instruments for climate change adaptation visit: Inventory of Innovative Financial Instruments- https://napglobalnetwork.org/innovative-financing/?category=debt-instruments#categories

23 For more on social KPIs , read IFC (International Finance Corporation). 2023. "Social KPIs Matter: Setting Robust Indicators for Sustainability-Linked Finance." Discussion Paper. Washington, DC: IFC. https://commdev.org/wp-content/uploads/pdf/publications/Social_KPIs_Matter_Draft_for_Discussion.pdf.

24 IFC (International Finance Corporation). 2024. "IFC and Equity Bank of Kenya Partner in Landmark Facility to Support Financial Inclusion for Refugees." Press Release, October 23, 2024. https://www.ifc.org/en/pressroom/2024/ifc-and-equity-bank-of-kenya-partner-in-landmark-facility-to-support-financial-inclusion-for-refugees.

25 KBA (Kenya Bankers Association). 2024. "Kenya Sustainable Finance Guiding Principles." Nairobi: KBA. https://data.sbfnetwork.org/sites/default/files/2024-11/KBA-SFI-Guiding-Principles-19112024.pdf.

26 Asktrakhan, Irina, Andrius Skarnulis, Peter Knaack, and Peter Zetterli. 2024. "Driving a Virtuous Cycle of Inclusive Green Finance." Private Sector Development Blog, World Bank Blogs, June 26, 2024. https://blogs.worldbank.org/en/psd/driving-a-virtuous-cycle-of-inclusive-green-finance.

27 ibid.

28 Cihak, Martin, Davide Salvatore Mare, and Martin Melecky. 2016. "The Nexus of Financial Inclusion and Financial Stability: A Study of Trade-offs and Synergies." Policy Research Working Paper WPS7722. Washington, DC: World Bank Group, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/138991467994676130/the-nexus-of-financial-inclusion-and-financial-stability-a-study-of-trade-offs-and-synergies.

29 SBFN (Sustainable Banking and Finance Network). 2024. "Global Progress Brief 2024." Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/global-progress-brief-2024/.

30 Arykov, R, Kumaraswamy SK, Jenik I. (2024). Financial Inclusion and Stability: A balancing Act. https://www.cgap.org/blog/financial-inclusion-and-stability-balancing-act#:~:text=Theory%20suggests%20a%20complex%20relationship,as%20both%20savers%20and%20borrowers.

For comprehensive overview of the relationship between financial inclusion and stability see Damane, Moeti, and Sin Yu Ho. 2024. "The Impact of Financial Inclusion on Financial Stability: Review of Theories and International Evidence." Development Studies Research 11 (1). https://www.tandfonline.com/doi/full/10.1080/21665095.2024.2373459#abstract.

31 Central Bank of Jordan. 2023. Green Finance Strategy 2023–2028. https://www.cbj.gov.jo/EN/Pages/Green_Finance_Strategy.

32 Bank of Ghana. 2019. "Sustainable Banking Principles and Sector Guidance Notes." https://www.bog.gov.gh/wp-content/uploads/2019/12/Ghana-Sustainable-Banking-Principles-and-Guidelines-Book-1.pdf.

33 Bank of Ghana. 2024. "Strategic Plan on Sustainability and Climate-Related Risks." https://www.bog.gov.gh/wp-content/uploads/2024/07/Strategic-Plan-on-Climate-related-and-Sustainability-Risks-1.pdf.

34 SBFN (Sustainable Banking and Finance Network). 2023. "SBFN Toolkit: Developing Sustainable Finance Roadmaps." Version 1.0. Washington, DC: International Finance Corporation. https://www.sbfnetwork.org/sbfn-toolkit-developing-sustainable-finance-roadmaps/

35 Central Bank of Egypt. 2022. "Main Highlights of the Financial Inclusion Strategy (2022–2025)." https://www.cbe.org.eg/-/media/project/cbe/page-content/rich-text/financial-inclusion/the-central-bank-of-egypt-launches-the-financial-inclusion-strategy-(2022-2025).pdf.

36 Central Bank of Sri Lanka. 2025. "Sustainable Finance Roadmap 2.0." https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/sustainable_finance_roadmap_2.0.pdf

37 CPI (Climate Policy Initiative). 2024. "Global Landscape of Climate Finance 2024: Insights for COP29." https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024/.

38 World Bank Group. 2024. People in a Changing Climate: From Vulnerability to Action. Insights from World Bank Group Country Climate and Development Reports Covering 72 Economies. Washington, DC: World Bank Group. https://

SUSTAINABLE BANKING *and* FINANCE NETWORK

IFC International Finance Corporation WORLD BANK GROUP