GROW
GREENING OF FINANCE BY WOMEN
An Initiative under GIFS

Green Indian Financial System

# Updates from Green Indian Financial System
## Phase II, Edition 1 | November 2025

**The Green Indian Financial System Initiative (GIFS)** is delighted to share the first Quarterly Update Of Phase II (2025–2029). Over the past months, we have been laying the groundwork for this new phase through intensive inception and diagnostic work, strategic co-design, and collaborative planning with our partners and stakeholders across India's financial ecosystem.

Phase II arrives at a critical moment. India's climate finance mobilization challenge approximately INR 11 trillion (~ USD 170 billion) is needed annually, to achieve its Nationally Determined Contributions (NDC) —demands swift, systemic change. This Quarterly Update reflects our commitment to building more inclusive, resilient, and gender-responsive climate finance pathways that reach MSMEs, women entrepreneurs, and financial institutions alike.

As climate risks reshape financial systems:

- GIFS is simplifying access to green finance for MSMEs, making it more relevant to Indian business needs
- Supporting financial institutions in translating evolving regulations into actionable products and portfolios
- And through GroW, enabling women to lead via visibility, mentorship, and gender-responsive finance solutions

This Quarterly Update reflects a continued commitment to building inclusive, resilient, and gender-responsive climate finance pathways.

**We are happy to invite you to join us on this journey.**

Launched in December 2021 as a partnership among Agence Française de Développement (AFD), the Small Industries Development Bank of India (SIDBI), and Shakti Sustainable Energy Foundation (SSEF), GIFS has evolved from a bilateral platform into a comprehensive ecosystem designed to facilitate India’s sustainable finance transformation.

**GIFS operates through three integrated workstream pillars:**

1. **GIFS Network-** Engaging regulators and financial institutions to strengthen climate risk management and ESG Integration
2. **GroW Network**- Promoting the presentation of women leaders, women-led MSMEs driving resilience and mitigation, and supporting women affected by climate change
3. **Technical Assistance Centre (TAC)**- Supporting MSMEs in accessing green finance and implementing sustainable practice

## Achievements of Phase I

Funded by
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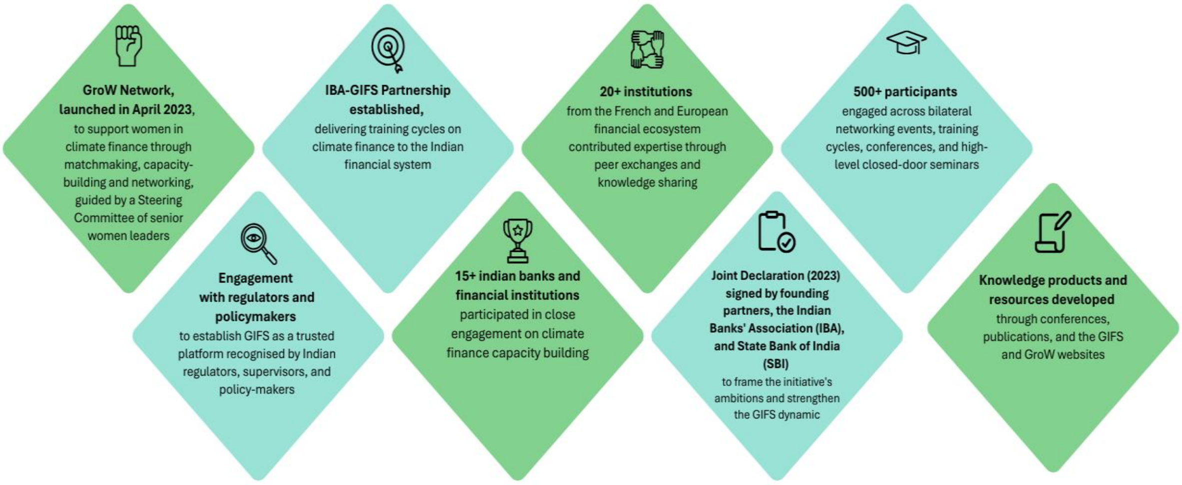
GIFS facilitated continuous exchanges of ideas, knowledge, and experiences between Indian and European finance communities, creating a trusted space for dialogue, learning, and collaborative action. These interactions strengthened networks, informed policy and practice, and laid the groundwork for GIFS's Phase II to accelerate India's transition to a sustainable, inclusive, and climate-resilient financial system.

**Our milestones include:**




## Phase II Kick-Off

The phase II of the program is led by Agence Française de Développement (AFD), Small Industries Development Bank of India (SIDBI), and Shakti Sustainable Energy Foundation, and supported by the European Union. It marks the formal commencement of the program, representing a significant scaling of activities over a 48-month implementation period from July 2025 to July 2029. The implementation is led by the consortium of Climate Policy Initiative, auctusESG, and Foundation for MSME Clusters and builds on Phase I momentum to scale inclusive and resilient climate finance across India.

Phase II of the GIFS Initiative is designed to deliver measurable value across the ecosystem:

**Enabling Environment**
Build awareness and readiness for green finance transition

**Collaborative Ecosystem**
Facilitate dailogue among stakeholders for green finance

**Gender equity and leadership**
Promotes gender equity and women's leadership in climate finance

**Capacity Building**
Improve institutional climate expertise

**MSME Integration**
Include MSMEs in green finance

**Policy Strengthening**
Enhance climate resilience polcies

## Diagnostic Assessment: Listening to the Ecosystem

To inform our Phase II roadmap, we conducted a comprehensive diagnostic assessment comprising two Focus Group Discussions, two structured surveys (one for financial institutions, one for MSMEs), and expert consultations. **Here is what emerged:**

| # | Barriers/Findings | Key Insights |
|---|---|---|
| 01 | INCENTIVE GAP<br>No Price Signal to Act | Uniform lending rates of 14–18%, absent buyer pressure, and inaccessible schemes leave MSME willingness with nowhere to go. |
| 02 | ORIGINATION BARRIER<br>Lost Before the Lender | Sub-20% approval rates reflect a documentation deficit, MSMEs cannot produce the technical projections and vendor assessments lenders require. |
| 03 | PRODUCT MISMATCH<br>Wrong Tenor, Wrong Economics | A 3–5year repayment window cannot recover a 7–10 year green investment payback. This is product design failure, not credit risk. |
| 04 | REGULATORY GAP<br>No Mandate for Green Lending | PSL targets are green-blind; no capital relief exists for sustainable assets; financed emissions go unmeasured. Rational FIs choose conventional lending. |
| 05 | GOVERNANCE FAILURE<br>Policy Dies at the Branch | ESG committees, credit committees, and product teams operate in silos. Board-level ambition never reaches the loan officer at the counter. |
| 06 | IMPLEMENTATION DEFICIT<br>Schemes Launch; Nothing Flows | MSE-SPICE disbursed <1% of budget. PM-KUSUM achieved 6.5% of target. No nodal accountability within lenders means no execution. |
| 07 | TAXONOMY VOID<br>No Definition, No Market | Without a unified green taxonomy, pricing, measurement, investor reporting, and regulatory oversight rest on inconsistent definitions — scaling is impossible. |
| 08 | GENDER EXCLUSION<br>Creditworthy, Yet excluded | Women-led MSMEs: 20% of the sector, lowest default rates, under 5% of credit. Collateral norms and lender bias block a proven, reliable segment. |
| 09 | REPRESENTATION DEFICIT<br>Blind Spots in Product Design | Women hold ~20% of climate finance leadership roles. Green products and risk frameworks are designed without lived experience of the borrowers they target. |

## Activities across the Program

As part of our program objectives, we successfully conducted the following events to engage stakeholders, share knowledge, and advance our collective goals. These activities provided valuable opportunities for learning, collaboration, and meaningful dialogue among participants.

### Focus Group Discussion: Women's Pathways in Climate Finance — Challenges & Opportunities
**10 October 2025 | Virtual**

Leaders from UN Women, IFC, SIDBI, Ministry of Finance, UNEP FI, CII Centre for Women Leadership, ISA and others joined to explore institutional barriers, product gaps, policy synergies, and capacity-building priorities for women professionals.


**Key Takeaways:** Advancing gender-responsive climate finance in India requires embedding gender across financial strategies, closing data gaps through better metrics, and unlocking capital for women-led MSMEs by addressing structural barriers. At the same time, strengthening women's leadership through mentorship and networks remains key—especially as India's upcoming climate finance taxonomy presents a critical opportunity to institutionalise gender inclusion.

### Focus Group Discussion: Scaling Climate Finance — FI & MSME Perspectives
**13 October 2025 | Virtual**

We convened 14+ experts from the World Bank, SIDBI, State Bank of India, Standard Chartered, IEEFA, GIZ, the Ministry of Environment, Forest and Climate Change, and others to examine barriers, regulatory alignment, product innovation, and capacity-building needs for financial institutions and MSMEs to scale climate finance for MSME resilience and low carbon transition in India.


**Key Takeaways:** Unlocking green finance for MSMEs requires standardised risk assessment tools, reliable ESG and emissions data, and simpler access to fragmented green schemes. At the same time, scaling blended finance to de-risk investments and building sector-specific lighthouse clusters can create replicable models that accelerate nationwide adoption.

## Expert Consultations

One-on-one consultations with experts from Sanghamitra and Grihum Housing Finance provided targeted guidance on identifying bottlenecks and needs for advancing green finance, MSME resilience, and inclusive low-carbon pathways for women entrepreneurs. The consultations guided the GIFS Phase II roadmap.

**Key Takeaways:** While SHGs demonstrate strong credit performance, scaling remains constrained by low-investment, labor-intensive activities. At the same time, financial products often lack local relevance and climate alignment for rural women, limiting uptake and impact. Initiatives like PMAY (Urban) highlight how integrating women's ownership with sustainable, climate-resilient housing can advance both social empowerment and environmental outcomes.

## Knowledge Products

We have developed a series of knowledge products to support understanding of the green finance landscape.

**Knowledge brief:** Green Taxonomies and MSME Finance: Implications for India's Financial System

India is developing a climate finance taxonomy to classify sustainable activities and mobilize private capital for its net-zero 2070 target, needing US$22.7 trillion in investments. MSMEs—30% of GDP, 250+ million jobs—face barriers like limited collateral, weak credit, and high compliance costs. The draft taxonomy's proportionality principle simplifies rules for smaller firms, unlocking green finance, cleaner tech, and global supply chain competitiveness. [Read More]

Knowledge Brief: Landscape of Women-led MSMEs in India

Women-owned MSMEs make up just 20.5% of units on the Udyam Portal and face a ~35% credit gap versus male-led enterprises. These brief maps the policy landscape, implementation hurdles, and opportunities—including gender-responsive finance, mentorship, digital tools, and regional ecosystems. It spotlights concentrations of women-led MSMEs, persistent finance gaps, and targeted actions to deliver green, inclusive finance. [Read More]

This case study spotlights the Goldman Sachs 10,000 Women program, which has empowered over 320,000 women entrepreneurs worldwide through business education, capital access, and networks. In India, it has supported 3,800+ women-led businesses, with participants quadrupling revenue in 18 months. Key takeaways: integrate green entrepreneurship, Case Study: Goldman Sachs' 10,000 Women

partner with local financial institutions, and embed sustainability in training. Read More]

Explore our Knowledge Hubs for resources, reports, and articles on green and climate finance.

GIFS Knowledge Hub

GroW Knowledge Hub

## GroW Network

GroW continues to expand its database of women experts working in green and climate finance to enhance visibility and serve as a resource for the ecosystem. If you are a woman working in this space, or know someone who should be included—please complete the form or share within your networks

**Join the GroW Network**

## What We Are Reading and Listening To...

**Women own only 15 million of India's 63 million MSMEs**

Image source: Mint

A new report by Pahlé India Foundation highlights that out of India's approximately 63 million MSMEs, only around 15 million are owned by women. Most of these women-led enterprises operate as micro units in low-margin, informal sectors, indicating limited access to capital, restricted growth opportunities, and persistent gender gaps in entrepreneurship. These findings reinforce the need to integrate gender considerations into MSME resilience and climate-finance strategies—a core focus of GIFS Phase II.

Read more here | Source: Business World

**India's job growth driven by women and MSMEs**

Image source: ET Government

India's recent employment growth is being led by self-employment, particularly among women and MSMEs. Between FY 2018 and FY 2024, self-employment grew from 239 million to 358 million workers, with women now making up 67% of this workforce. MSMEs provide nearly half of all jobs in non-farm sectors. This trend underscores why GIFS's focus on MSMEs and women-led enterprises matters—improving access to green finance, building capacity, and fostering inclusive climate solutions can help these enterprises grow sustainably.

Read more here |Source: India Today

## Podcasts to explore

Tune in to these podcasts for professional development, leadership insights, and inspiration for women in finance and sustainability:

| | |
|---|---|
| 🎧 Making Finance Work for Women Podcast — **Women's World Banking** | Insightful discussions on financial inclusion, climate resilience, and strategies that work for women. Episodes explore topics from digital financial inclusion to climate adaptation for women entrepreneurs. **Listen on Spotify** |
| 🎧 Journey to Launch: **Hosted by Jamila Souffrant** | Focused on helping listeners reach financial freedom through practical, step-by-step guidance. It is especially popular among Black and brown professionals and families who want to pay off debt, grow wealth, and consider options like early retirement. **Listen on Spotify** |

For any questions or to connect with us, please reach out at info@gifsinitiative.in..

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