GROW
GREENING OF FINANCE BY WOMEN
An Initiative under GIFS

Green Indian Financial System

Updates from Green Indian Financial System
Phase II, Edition 2 | February 2026

The Green Indian Financial System Initiative (GIFS) is pleased to share the **second Quarterly Update** of Phase II (2025–2029). India's sustainable finance landscape continues to evolve — with increasing regulatory alignment, heightened climate risk awareness, and expanding capital mobilisation efforts. Within this changing environment, GIFS is working to ensure that institutional readiness, MSME access pathways, and gender-responsive finance frameworks advance in parallel.

Building on the foundations outlined in our inaugural Phase II edition, the program has moved from ecosystem listening toward early-stage execution. This quarter reflects progress in activating the Phase II roadmap through peer exchanges, knowledge development, cluster-level engagement, and strengthened collaboration across institutions. Taken together, these developments mark a measured but important shift — from identifying barriers to advancing practical pathways for scaling inclusive and resilient climate finance

Highlights of Q2 Phase II:

Q2 marked meaningful progress in operationalising the Phase II activities.

Key achievements include:

- Convening two targeted peer exchanges addressing trust deficits, product structuring, and tenor alignment in green MSME finance
- Publishing focused knowledge outputs to address behavioural and structural barriers to green finance uptake
- Initiating preparatory work for cluster-based climate risk assessments
- Strengthening GroW's platform to embed gender-responsive considerations within mainstream financial discourse

These developments reflect a deliberate progression toward structured experimentation and scalable solution design.

From insights to implementation: Activating roadmap

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The diagnostic phase of Phase II surfaced barriers & opportunities across green risk assessment, MSME credit design, blended finance deployment, and gender-responsive integration. During Q2, these insights were translated into an operational Action Roadmap guiding implementation across GIFS, GroW, and the Technical Assistance Centre.

Activation this quarter prioritised:
Structured peer exchanges to address specific market bottlenecks

- Developing market development-oriented knowledge products
- Initiating groundwork for cluster-level climate and transition risk assessments

This structured activation ensures that capital mobilisation efforts are matched by institutional capability and practical deployment pathways.

Why this matters now?

India's sustainable finance architecture is entering a more implementation-oriented phase and as ambition rises, the binding constraint is no longer awareness, but execution capacity. Financial institutions are under growing pressure to align portfolios with climate goals, while MSMEs face rising transition risks without proportionate access to tailored financial solutions. At the same time, gender inclusion risks being treated as an adjunct priority unless embedded deliberately within mainstream financial design.

By translating diagnostic insights into sequenced interventions, Phase II seeks to bridge this execution gap — ensuring that capital mobilisation is matched by institutional readiness, product innovation, and inclusive deployment pathways. The roadmap therefore functions not only as a programme framework, but as a practical response to a system at an inflection point.

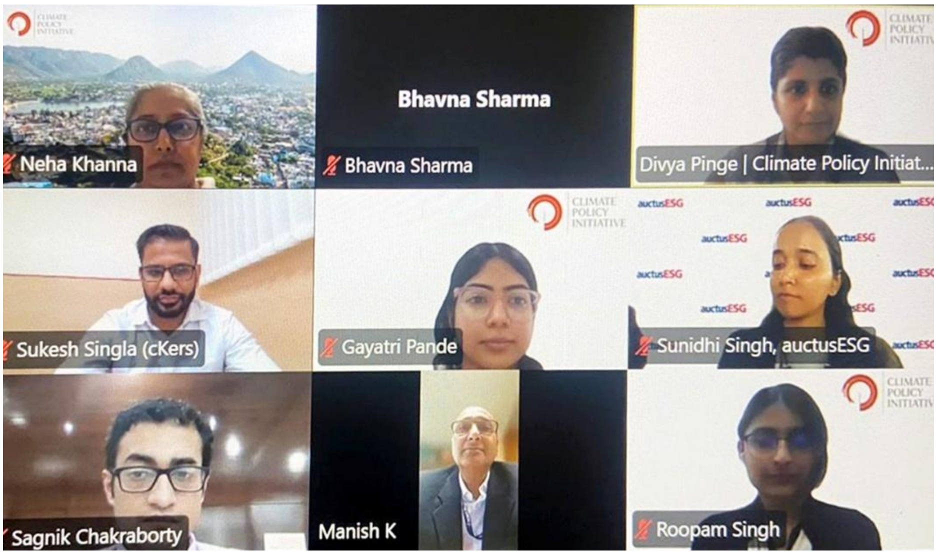
Peer Exchange

As part of our activities, we conducted two focused peer exchange sessions. A peer exchange is a curated, practitioner-led dialogue that brings together professionals from financial institutions, MSMEs, policymakers, development finance institutions, and ecosystem intermediaries to examine specific operational challenges and share applied solutions. **Here is what emerged:**

Building FI–MSME Trust for Green Lending and Role of Industry Associations
10th February 2026 | Virtual

In February, GIFS convened a practitioner-led peer exchange focused on a foundational question for India's green transition: **how can trust between financial institutions and MSMEs be strengthened to unlock scalable green lending?**

The discussion brought together representatives from commercial banks, specialised NBFCs, development finance institutions, industry bodies, and climate finance experts. Rather than revisiting high-level barriers, the dialogue examined what prevents green MSME finance from moving from pilot to scale — and what institutional shifts are required.



Key Takeaways:

Trust deficit is fundamentally a data and visibility problem: Green MSME lending is constrained by information asymmetry, including lack of reliable, verifiable data on asset performance, cash flows, and environmental outcomes weakens credit decisioning and pricing confidence

Standardisation is a prerequisite for scale: Absence of a common green taxonomy, harmonised definitions, and standard disclosure requirements creates friction across lenders, MSMEs, and intermediaries, limiting portfolio tagging, comparability, and refinancing pathways

Technology risk must be socialised across the ecosystem: MSME demand, awareness, and bank confidence must be built simultaneously through technical assistance, cluster engagement, and ecosystem partnerships

Capacity gaps exist on both sides of the market: Banks need deeper, application-oriented technical capability beyond introductory green finance concepts, while MSMEs require awareness, aggregation, and handholding to build conviction in green technologies and financing options

Market creation depends on risk-sharing and anchoring mechanisms: Guarantees, co-lending, ESCO-led models, and value-chain anchoring are critical to crowd-in commercial finance, pilot new technologies, and enable future securitisation and refinancing of green MSME loan pools

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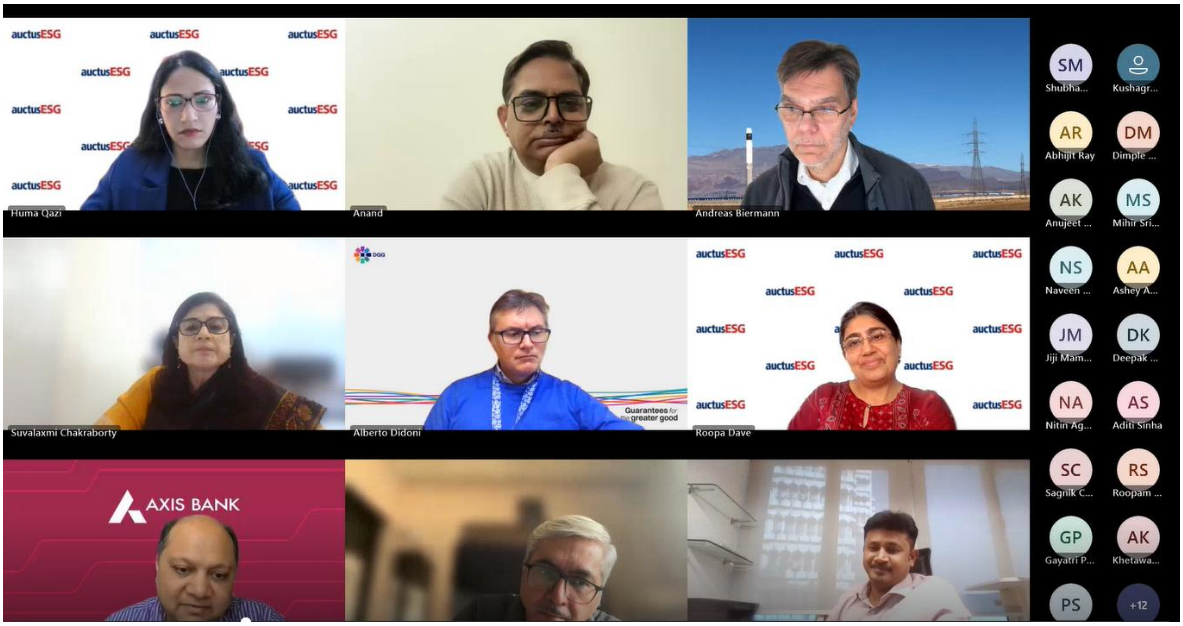
Indo–European Peer Exchange on Green MSME Product Innovation: Structuring Longer-Tenor Loans

24th February 2026 | Virtual

We convened another practitioner-led Indo–European peer exchange to explore a critical operational challenge: how financial institutions can safely structure longer-tenor loans for green MSMEs while managing intertwined credit and climate risks. The session brought together 43 participants, representing banks, NBFCs, MFIs, housing finance companies, development finance institutions, and European climate risk specialists, project member. Approximately 42% of attendees were women. Engagement remained high throughout the 2.5-hour session, particularly during the moderated roundtable and the case study discussion led by BBVA.

Participants examined practical realities: the structural mismatch between long-life green assets and short-tenor MSME lending, cash-flow volatility, risk appetite constraints, and the absence of historical data for longer-tenor performance. The session emphasised operational, risk, and institutional dimensions rather than high-level climate finance narratives.



Key Takeaways:

Structural tenor–risk mismatch is the main barrier: Green assets such as rooftop solar, energy-efficient machinery, and cleaner production systems have economic lives exceeding typical MSME loan tenors, requiring recalibration of underwriting logic and internal asset-liability frameworks.

Risk perception must be disaggregated: Technology performance, borrower creditworthiness, climate transition, and physical risk need to be assessed separately to design longer-tenor structures with confidence.

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Catalytic capital and blended finance enable experimentation: Guarantees, first-loss facilities, and portfolio-level risk-sharing mechanisms create a protected environment for testing tenor-extension solutions without compromising prudential discipline.

Data and governance are strategic assets: Integrating green eligibility, projected efficiency savings, and sector benchmarks into origination systems ensures that credit teams have actionable intelligence rather than relying solely on post-disbursement reporting.

Inclusion must be embedded, not additive: Women-led and micro-enterprises face disproportionate collateral and documentation challenges. Longer-tenor green products must consciously account for ownership patterns, informal documentation, and enterprise scale to achieve both risk management and equitable finance goals.

The session also entailed an interesting **case presentation by Jaime Marín Otero, Head of Sustainable Business, BBVA (Banco Bilbao Vizcaya Argentaria)**.

Jaime shared BBVA's institutional experience in embedding sustainability into mainstream banking operations:

Extending loan tenor for green MSMEs is not just a product design issue; it requires integrated institutional solutions spanning governance, risk, data systems, inclusion, and catalytic capital. Lessons from BBVA and Indo-European dialogue provide a template for Indian banks to design pilot-ready, scalable longer-tenor green lending structures.

Knowledge Products

This quarter's knowledge output focused on bridging the gap between existing green schemes and low MSME uptake due to awareness and structural barriers. The output translates behavioural insights into actionable design recommendation, helping institutions improve access and adoption. A concise, operational-focused brief enable practitioners to extract practical recommendations quickly.

Policy brief: Addressing behavioural barriers and information gaps to boost uptake of existing Green Finance schemes

MSMEs employ over 110 million people and contribute approximately 30% of India's GDP, yet face severe climate pressures and account for 10–15% of industrial sector emissions. This policy brief applies behavioural insights to overcome MSME barriers to green finance uptake. It highlights that fewer than 10% of MSMEs access green finance due to low awareness, unclear rules, and risk aversion, and recommends local outreach, peer learning, a behavioural centre, and a unified Green MSME Portal to close these gaps.

[Read More]

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

GIFS Knowledge Hub

GroW Knowledge Hub

What's coming up?

Webinar on Building Bankable Green Projects for Women-Led MSMEs: From Idea to Credit Approval	**What is it?** Webinar: Focusing on accelerating finance for women-led green MSMEs in India, this webinar, scheduled for April 2026 addresses key supply- and demand-side barriers identified in a recent diagnostic of the green finance landscape. It brings together women entrepreneurs, banks, NBFCs, and financiers to discuss challenges and co-create practical solutions to improve access to green finance.
Webinar on Gender Sensitization in Mainstream Lending Products	**What is it?** Webinar: A session scheduled in April 2026 designed to help women entrepreneurs understand how banks and NBFCs evaluate green business proposals and how to make them credit-ready.
Training on Responsible climate practices and transition risk	**What is it?** Capacity building training for select financial institutions: This training will equip financial institutions to integrate climate, transition, adaptation, and nature-related risks into credit and enterprise risk frameworks, while strengthening transition planning aligned with India's decarbonisation pathway and capital resilience.
Research report on Examining climate risks and unlocking green finance in Ludhiana's knitwear cluster	**What is it?** Research report: The report aims to demonstrate the business case for climate finance through feasible instrument designs that can deliver risk-adjusted returns while capturing market opportunities, based on an assessment of climate and transition risks at the cluster level

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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...

Nearly 24,000 women-led MSMEs shut down in the last 5 years

Image source: Author

Between July 2020 and November 2025, 2.86 crore women-led MSMEs were registered in India, while over 24,000 shut down, resulting in around 1.61 lakh job losses. States with the highest number of women-owned enterprises, including Maharashtra and Tamil Nadu, also saw the most closures, underscoring ongoing challenges despite targeted government support for women entrepreneurs. The scale of closures among women led MSMEs underscores the urgency of initiatives like the Green Indian Financial Systems Initiative GIFS. The initiative aims to strengthen climate aligned finance and improve access to capital for MSMEs, particularly women entrepreneurs, as they navigate India's low carbon transition.

Read more here | Source: Your Story

87% of women-led MSMEs project strong growth in 2026, 72% of overall MSMEs plan to open new outlets

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Image source: Author

A recent report by NeoGrowth shows that 87 percent of women-led MSMEs in India expect strong growth in 2026. Many plan to open new outlets and take loans to expand. This highlights the need for support in accessing finance and managing climate risks. The Green Indian Financial Systems Initiative (GIFS) helps address these gaps in some ways. It builds capacity, promotes sustainable finance, and supports women-led MSMEs in navigating India's climate transition.

Read more here | Source: ANI News

World Economic Forum Annual Meeting 2026 Updates

The 56th Annual Meeting of the World Economic Forum concluded in Davos (19–23 January 2026) with significant developments relevant to our agenda at GIFS & GroW.

Climate risks and energy insecurity have been observed as urgent issues alongside geopolitical fragmentation, reinforcing the urgency for resilient, inclusive green finance

Davos 2026 calls for gender-intentional reskilling as the smartest growth investment, positioning women-led talent as critical to AI, green jobs, and MSME resilience

Former Union Minister Smriti Irani raises USD 2 million in 2 days toward a USD 100 million fund for women entrepreneurs, signalling strong global backing for women-led businesses in India

Read more here: World Economic Forum 2026; Business Today 2026; Economic Times 2026

These outcomes reinforce GIFS's mission to strengthen climate finance flows, integrate gender considerations, and build institutional capacity for inclusive, resilient finance.

Podcasts to explore

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

🎧 Women in Finance: **KCB Group**	Women in Finance is KCB Group's podcast series spotlighting women in leadership across the organisation who are driving financial discourse and championing inclusion. Through their stories and insights, the series highlights the power of diverse voices shaping the future of finance. **Listen on Spotify**
🎧 Women Changing Finance: **Hosted by Krisztina Tora**	Through real-world examples and personal journeys, this podcast reveals how finance can be a powerful tool for change, something everyone can engage with and leverage for good. Women from across the globe share their stories of driving social and environmental impact through financial innovation. **Listen on Spotify**

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

Connect with Us

Email: info@gifsinitiative.in

LinkedIn: **GIFS Initiative** | **GroW Network**

🌐 Website: **GIFS** | **GroW**

Agence Française de Développement (AFD) | E-112 Malcha Marg Chanakyapuri | New Delhi, DL 110021 IN

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