



Newsletter 01/2023

4 April 2023

Armenia • Georgia • Tajikistan • Ukraine

Promoting rural development and thinking consistently from a socio-ecological perspective – that is the core of our new regional project. It unites countries that have followed different paths since gaining their independence. They are connected by common experiences and similar challenges:

- The countries are particularly vulnerable to the impacts of climate change.

An improved supply of needs-based financial services



Sustainability standards strengthen the financial institutions for the future.

Big impact in a short time

Financial institutions have enormous leverage in the transformation towards a green economy.

- People think and act short-term due to many transformation processes.
- Income prospects in rural areas are lacking.

A high level of commitment from the project partners and coordinated activities on the supply and demand side are a guarantee for long-term change.

increases the demand of small and medium-sized businesses in rural areas.



Improved competencies on efficient resource management strengthen their resilience.

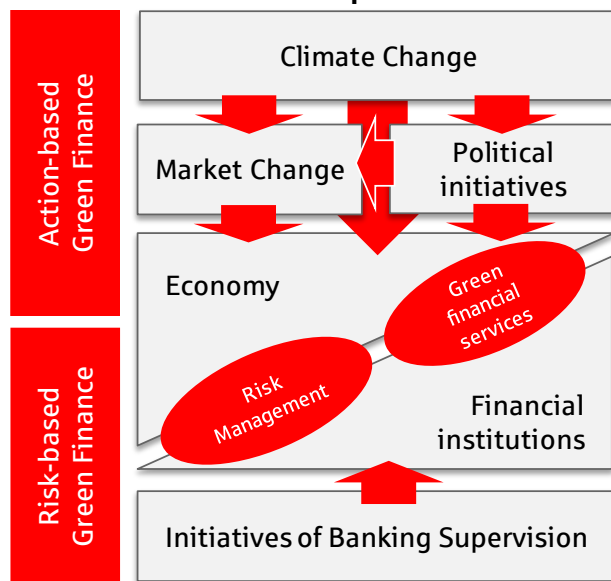
The idea behind Green Finance is simple: Economy needs to be financed. If banks pay special attention to financing climate-friendly investments, they quickly drive change.

If just 9 % of investors divert their money away from fossil fuels into green projects, it can change the whole system – in just a few months.

Source: Social tipping dynamics for stabilizing Earth's climate by 2050 | PNAS, last visited 4 April 2023

At the same time, a green portfolio reduces the credit default risk of financial institutions due to extreme weather events or changing social norms. National banks at the regulatory level and insurance companies with far-sighted risk management under ESG aspects (Environment, Social, Governance) additionally promote this development. We accompany our project partners on their way to turning into a green bank.

The Green Finance Concept



Sustainable business must pay off

New ESG standards in the risk management of financial institutions mean new requirements for borrowers. Our target group – small and medium-sized businesses in rural areas – must be able to adapt to this.

In practice-oriented training sessions developed together with our project partners, participants

learn to see climate change primarily as an opportunity:

- Using sustainable production as a competitive advantage
- Open up new target groups and sales channels
- Minimising risks through biodiversity
- Sustainable investments do not have to be expensive
- Managing business efficiently and profitably



Of course, the business idea should be sustainable, but investments in climate protection must above all pay off for small entrepreneurs – tangibly.

Our current project

Goal

Improve access to a future-oriented, sustainable financial market for the population and MSMEs in rural areas and strengthen the sustainable use of demand-oriented financial services
Improve the financial, entrepreneurial, and ecological competences

Countries

Armenia, Georgia, Tajikistan, Ukraine

Duration

1.1.2023-30.9.2024 (first main phase)

Partners on side

- National and Central Banks of the countries
- Commercial banks and MFIs with a strategic focus on MSMEs in rural areas
- Ministry of Labour, Migration, and Employment (Tajikistan), Associations of entrepreneurs

Partner in Germany

- Ostdeutscher Sparkassenverband

- Sparkassenverband Westfalen-Lippe
- Sparkasse Elbe-Elster, Finsterwalde
- Sparkasse Märkisches Sauerland Hemer-Menden, Hemer
- Sparkasse Muldentäl, Grimma

The project is funded by the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany (BMZ).



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