

## Environmental Performance Management in Practice

### #3 – The experience of ENDA Tamweel, in Tunisia



In February 2022, Cerise+SPTF released the updated [Universal Standards](#). This third edition now includes a new Dimension 7 dedicated to Environmental Performance Management<sup>1</sup>. This addition reflects a growing awareness that we all have a role to play when it comes to facing environmental and climate challenges. And yet, what this looks like for actors in inclusive finance remains elusive for many.

What does it mean to manage environmental performance, in practice?

We invited pioneering institutions to share their experience. In this blog, **Khereddine Kahia**, Head of Agricultural and Environmental Strategy of **Enda Tamweel** in **Tunisia**, talks to us about how his institution has gone green.

#### 1. What ecological issues are facing the communities in which you work?

Enda Tamweel has the particularity of being present throughout Tunisia, with 105 branches (and 5 mobile counters) covering 95% of the country's administrative delegations. We count among our active customers 56% urban and 44% rural. We therefore operate in a variety of contexts.

In rural areas, we face significant challenges around **agriculture**. Tunisian agricultural production is a major consumer of natural resources, in particular with irrigation techniques that induce significant water **wastage** and the use of pesticides presenting a risk of soil and groundwater **pollution**. With climate change, episodes of drought are more frequent and significant, increasing the pressure on water resources and sometimes leading to shortages. Due to **climatic hazards**, agricultural yields are more and more variable, while needs are increasing. Added to these ecological challenges is the Ukrainian crisis, which has further emphasized the need to strengthen the food security of our country and our customers.

Another major issue is that of **energy**. Tunisian society is increasingly consuming goods and services, and therefore energy, while the country's energy balance is increasingly in deficit. Climate change also leads to higher energy consumption (maintaining the cold chain, air conditioning, etc.). The price of energy fluctuates and electricity, gas and diesel are becoming more and more expensive.

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<sup>1</sup> Dimension 7 was developed by CERISE+SPTF in coordination with the [e-MFP GICSF Action Group](#). Dimension 7 is fully aligned with the Green Index 3.0, which is the environmental performance evaluation tool developed and managed by the GICSF Action Group.

Finally, especially in urban areas, we are faced with an increasingly large problem of **waste** production, while our capacity to manage this waste remains weak.

## 2. Why did your institution choose to manage its environmental performance?

Enda, as an association, began its activity in Tunisia in 1990 with ecological projects around the development of the Ichkeul National Park, the fight against desertification, and the promotion of medicinal plants. Enda then focused on issues of financial inclusion, until the creation of the microfinance company Enda Tamweel in 2015. Enda has always had environmental issues in mind, particularly when expanding into rural areas. Over the years, these questions have become a major issue for Enda Tamweel, which has made the management of its environmental performance a **lever of its strategy for financial and social inclusion, and the fight against poverty**.

We are interested in these questions because we listen to the problems encountered by our beneficiaries, because we start from their needs. In the 2010s, in a context of strong rural exodus, we noticed that cities were no longer able to manage the quantity of waste produced. We therefore decided to launch a first green loan in 2015 to promote recycling activities. We then identified the issues around water and energy as vital issues for our beneficiaries, since the lack of resources and rising costs are likely to exacerbate the precariousness of small projects. This led us to develop our Eco-Chams credits around solar pumping. On the financing of agricultural value-chains, we have therefore shifted from a quantitative concern to a qualitative concern, in order to meet the ecological challenge and promote sustainable development. **Managing our environmental performance actually means responding to the needs and social issues of our customers!**

## 3. What have you done to improve your environmental performance?

In 2015, we therefore developed a **line of “Eco-loans” to promote the development of waste collection and recycling activities**. These eco-loans at preferential rate allow waste collectors, recyclers and waste collection centers to acquire light transport equipment or meet their cash flow needs.

In 2017, we developed our **environmental policy**, allowing us to confirm the strategic dimension of these issues, and to formalize our commitments around 9 areas.

The development of green products being a central axis of our strategy, we continued our reflections and carried out with the support of ADA and MicroEnergy International various studies to evaluate the “green” potential of our portfolio. And in 2019, we launched our **second line of green loans “Eco-Chams” dedicated to the installation of irrigation and solar pumping systems**. This is an investment loan with a lower interest rate than our other loans, and offering a longer loan period (30 months on average). It allows small producers to invest in solar-powered pumps, requiring no fuel or external electricity source to supply water. This allows them to improve their access to water while reducing energy consumption costs. We have signed a partnership agreement with a supplier of solar pumps, without however imposing this supplier on our customers. We first launched this product with date palm producers in the southern region of Tunisia, and we are now rolling it out to all regions.

Enda Tamweel is also committed to promoting responsible practices through awareness campaigns. In partnership with the National Environmental Protection Agency, we organize each year 2 half-days of **awareness raising on climate change and eco-citizenship for our**

**staff**, in simple and accessible language, in order to encourage eco-responsible practices at the individual level (on energy consumption, water, waste, etc.).

As part of our Eco-chams loans, we carried out a survey to identify the **training and support needs of our agricultural clients**. We then trained the first beneficiaries on climate change issues, irrigation methods, composting, water management, and pest management. In the oases, the strong heat due to climate change contributes to the proliferation of a mite which weaves a web around the dates and causes them to dry out. We have therefore trained date producers on the treatment necessary to fight against this pest.

#### 4. What are the results so far?

Since 2015, we have granted **1,638 “Eco-loans”** for waste collection, recycling and upcycling activities, for an amount of 4 million dinars. Our clients have thus been able to develop their businesses and successfully position themselves as pioneers in the sector. One of our beneficiaries, Hiba Heni, was able to invest in equipment and machinery for crushing and processing waste, and to expand her network to more than 70 collectors ([see her testimony in French here](#)). Another client, Hamza Chouech, was able to open his own recycling unit and today chairs the plastics trade union chamber, a real recognition of his journey and his perseverance ([see his testimony in French here](#)).



*Hamza Chouech, beneficiary of an Eco-loan, now runs a recycling unit that works with a network of 150 collectors.*



*Hiba Heni has been able to develop plastic processing and recycling units in Siliana thanks to the eco-loan from Enda Tamweel.*

During the pilot phase of **Eco-Chams**, implemented with the support of ADA in 2020 and 2021, we granted **122 loans** for investments in solar pumping and irrigation, for an amount of 2 million dinars . Among the beneficiaries, 50 date producers were trained in good agricultural practices. Before deploying the Eco-Chams product to all of our branches, we carried out an evaluation of the results. This study showed that after contracting the Eco-Chams loan, 79% of customers changed their energy source for the operation of their irrigation system (the majority used diesel). The rate of use of a drip irrigation system increased from 33% to 62% thanks to Eco-Chams. 88% of our customers believe that their new pumping and irrigation system is more economical, and 70% say they are ready to recommend the product to those around them. *[For more information on the evaluation methodology and the results of this study, see the article published as part of the LabODD].*

## 5. What lessons have you learned from these experiences?

This experience allowed us to **confirm that social and environmental missions are interrelated**. By developing and implementing our environmental strategy, we have been able to achieve our social objectives: to create wealth among customers, strengthen their resilience and improve their income.

Also, investing in green financing has allowed us to **strengthen our market leadership** as a responsible institution. Thanks to this, we were able to **attract new donors and investors** interested in green and sustainable projects. Enda Tamweel has thus obtained a 20 million dollar loan from the IFC for the financing of renewable energies, which will greatly help us to develop our portfolio of green projects.

Finally, to successfully implement green projects, we have seen how important it is to **invest in training and awareness raising**, both for staff and customers, on environmental issues. Above all, it is about **establishing a corporate culture** and instilling a change of mentality in individuals: staff, customers and partners.

## 6. What are the next steps to improve your environmental performance?

To improve its environmental performance, Enda Tamweel plans to **revise its environmental and social risk management system**. Today, we use the IFC exclusion list, but we do not have a systematized social and environmental risk management system in place. In the coming months, we intend to develop an **environmental scoring system** for all the sectors of activity that we finance.

We also plan to **develop new financial products** that meet the needs of eco-entrepreneurs. In particular, we are going to offer a **loan to invest in energy eco-efficiency**. In the medium term, we plan to expand Eco-Chams to other solutions, such as solar water heaters, small photovoltaics, or the construction of water tanks. We are also thinking about other products around sustainable transportation, ecological housing or responsible agriculture.

In partnership with the ENDA Inter-arabic association, we will also continue to train date palm producers on good agricultural practices in 5 additional agencies, with the possibility of personalized support.

## 7. What would you recommend to a microfinance institution that wants to get started in environmental performance management?

Start by properly identifying and analyzing the opportunities and threats related to the ecological issues of the ecosystem in which you operate.

And work on change management, which is essential when you want to encourage the adoption of more ecological practices.