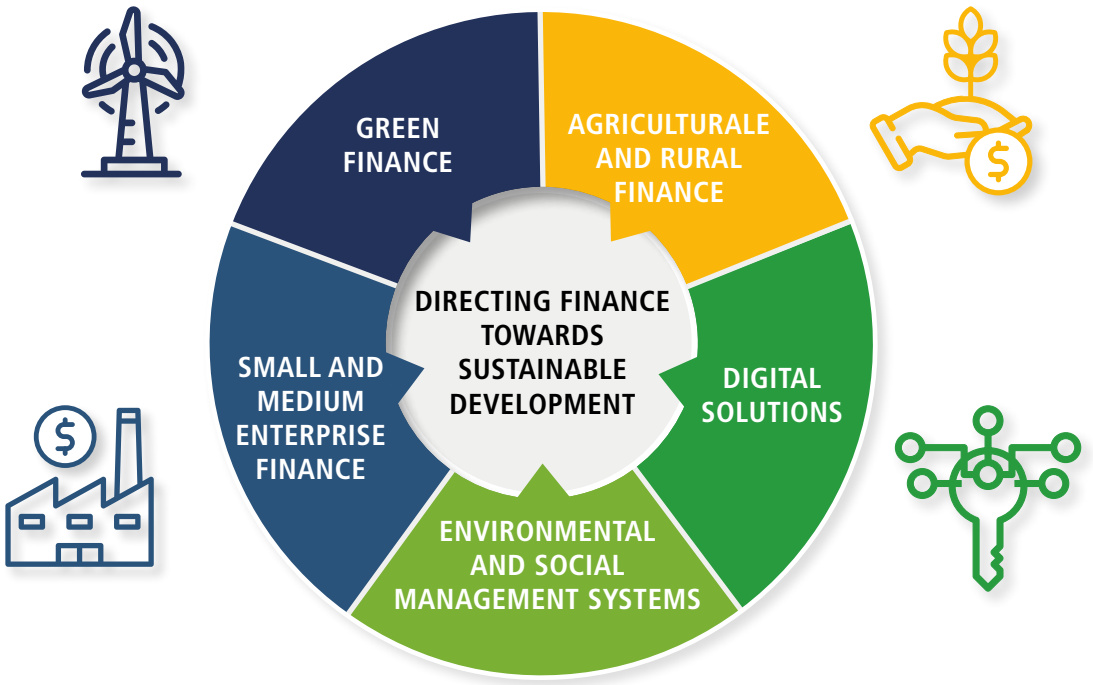
GFA GROUP
Your purpose
Our expertise

GFA CONSULTING GROUP

FINANCIAL SYSTEMS DEVELOPMENT

GREEN FINANCE
SMALL AND MEDIUM ENTERPRISE FINANCE
AGRICULTURAL AND RURAL FINANCE
DIGITAL SOLUTIONS
ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS

FINANCIAL SYSTEMS DEVELOPMENT



CHALLENGES

Effective financial institutions that offer reliable services provide sound and sustainable foundations for economic development. Accordingly, the UN 2030 Agenda for Sustainable Development places great emphasis upon the importance of inclusive, stable and efficient financial systems. Financial systems development faces the challenge of responding appropriately to global developments and the problems encountered with innovative solutions. The topics range from digital financial solutions to sustainable financing models for adapting to climate change.

GFA CONCEPT AND SERVICES

We aim at developing financially self-sustainable institutions whose performance we look to continuously improve upon. We promote sound banking routines and operations management, according to best industry practices and international standards. Our teams focus on the creation and expansion of internal capacities in order to ensure lasting and rollout effects. We provide tailor-made advisory services along with technical assistance in the following fields:

GREEN FINANCE

We assist financial institutions to establish a profitable green finance segment aimed at funding renewable energy applications as well as environmental, resource and energy efficient investments.

SME FINANCE

Our experts follow a comprehensive approach to SME finance. It comprises the set-up of specialised SME units, product development, credit scoring techniques and the management of information systems.

AGRICULTURAL AND RURAL FINANCE

We recognise the complexities of agricultural and rural finance related to high transaction costs and a special risk profile. Our experts provide innovative and tailored solutions that enhance access to financial services for rural and agricultural entrepreneurs.

DIGITAL SOLUTIONS

We develop customised digital solutions for our clients in order to improve the efficiency of financial institutions and increase the scope of financial services in emerging and developing economies.

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS

We support financial institutions to identify and then manage environmental and climate risks as well as to establish respective environmental and social management systems.

GREEN FINANCE

CHALLENGES

With the goals set by the international community, within the UN 2030 Agenda and the Paris Agreement, the necessity to finance low-carbon, resource efficient and climate resilient investments is gaining in relevance. To meet these targets, major private and public resources are required. Financial systems serve as a key to unlock the mobilisation of the capital required to fulfil this financing gap as they own the potential for re-directing investments towards more sustainable technologies and businesses. Developing countries are especially vulnerable to climate change and therefore they increasingly acknowledge the importance of investments in climate change mitigation and adaptation – e. g. renewable energy (RE), energy efficiency (EE), resource efficiency (ResE) – as well as other overlapping environmental investments in forestry, fisheries, land-use, water resource management and water-saving technologies. Experience reveals that sustainable investments on broader scales are more advantageous for saving energy resources and costs. Such investments usually have short payback periods, attractive return rates, and debt service can often be covered by cost savings.

Even though the importance of such investments is widely acknowledged, many commercial financial institutions remain hesitant to fund these projects. This is mainly because financial institutions (FIs) are unfamiliar with sustainable financing, and perceive lending to these sectors as risky rather than a means of diversifying their portfolio.

GFA CONCEPT AND SERVICES

GFA supports local partner financial institutions in developing, launching and managing sustainable financing activities with a focus on climate change mitigation (e.g. RE, EE and ResE finance), and adaptation (e.g. forestry and water & climate smart agriculture). Our consultants offer concepts proven in the field that ensure the application of best practices.

Our services include:

IDENTIFICATION OF GREEN LENDING OPPORTUNITIES

- Feasibility studies for green credit lines
- Portfolio and market screenings
- Pipeline / portfolio development

INTRODUCTION / ROLL-OUT / MANAGEMENT OF GREEN FINANCING AND GREEN CREDIT LINES WITHIN FINANCIAL INSTITUTIONS

- Development of a green financing strategy (adapted to local market needs)
- Development of green financing products and of market launch / marketing concept
- Project identification and portfolio development
- Capacity building and training for FI staff to identify and finance green investment projects
- Monitoring, reporting and verification of green loans

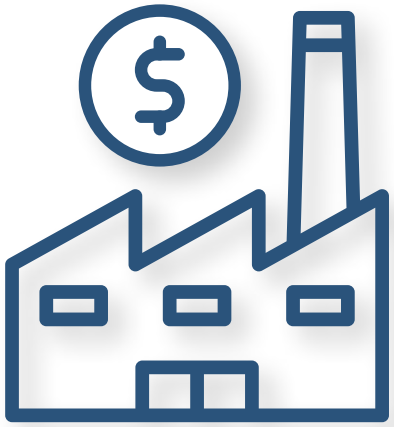
DEVELOPMENT OF ENVIRONMENTAL & SOCIAL MANAGEMENT SYSTEMS (ESMS) WITHIN FINANCIAL INSTITUTIONS

- Process assessment
- Development of ESMP, ESMS and implementation support
- Drafting policies, guidelines and integration of ESMS in existing procedures
- Training of FI staff

DEVELOPMENT AND IMPLEMENTATION OF CUSTOMISED GREEN DIGITAL SOLUTIONS

- Process assessment
- Development of energy and emissions savings calculation tools
- Automation of green lending into the financial institution's internal processes
- Digitizing credit monitoring and Environmental and Social (E&S) risk management

SMALL AND MEDIUM ENTERPRISE FINANCE



CHALLENGES

Small and medium enterprises (SMEs) are widely recognised as the backbone of economic development. Though SMEs may be small individually, the SME sector as a whole has gradually emerged as a dominant economic player and engine for growth in numerous countries. SMEs create and sustain more than two thirds of worldwide employment. The sector is well acknowledged for stabilising economic conditions, supporting the development of communities and driving innovation.

Despite their recognition as a priority for most developing economies, SMEs are less likely to obtain bank loans than large corporations. It is therefore necessary to widen their access to conventional financial services and develop alternative sources of funding.

GFA CONCEPT AND SERVICES

GFA's Financial Systems Development department supports banks as well as specialised financial institutions worldwide. The range of instruments extends from standard debt finance to hybrid financing techniques and equity investment. Our goal is to develop and implement effective and innovative financial services based on a value proposition strategy tailored specifically towards SME customers. We take steps to raise financial literacy among SME clients, enhance the capacities of business and trade actors along supply chains, and emphasise support towards women in business. The application of these principles is part of our systemic approach towards SME Finance which combines financial expertise with private sector support and capacity building.

Our services are based on a thorough understanding of both the supply side and the demand side of financial markets. Our innovative and field-proven solutions are derived from GFA's relevant strategic business areas that cover private sector development, trade, agricultural & rural development as well as green energy.

GFA Financial Systems Development ultimately focuses on the development of a profitable SME portfolio with the partnering financial institutions. Our services encompass product development, improved marketing as well as process management. We support the introduction of straightforward lending or investment technologies, ensure efficient use of management information systems and address SME-specific risk management. We further assist in the integration of facilitators such as guarantee schemes, supportive value chain actors and public or private fund structures.

Since high-quality capacity building is a prerequisite for the sustainability of any of these measures, we base our capacity building on the combination of practical on-the-job coaching and classroom training which is derived from state-of-the-art interactive adult learning principles.

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AGRICULTURAL AND RURAL FINANCE

CHALLENGES

Agriculture is one of the most important economic sectors and the largest employer in the global south. Three out of four poor people in developing countries live in rural areas, and most of them depend directly or indirectly on agriculture for their livelihood. Agricultural development remains the main catalyst for economic progression, employment creation, food security and poverty reduction.

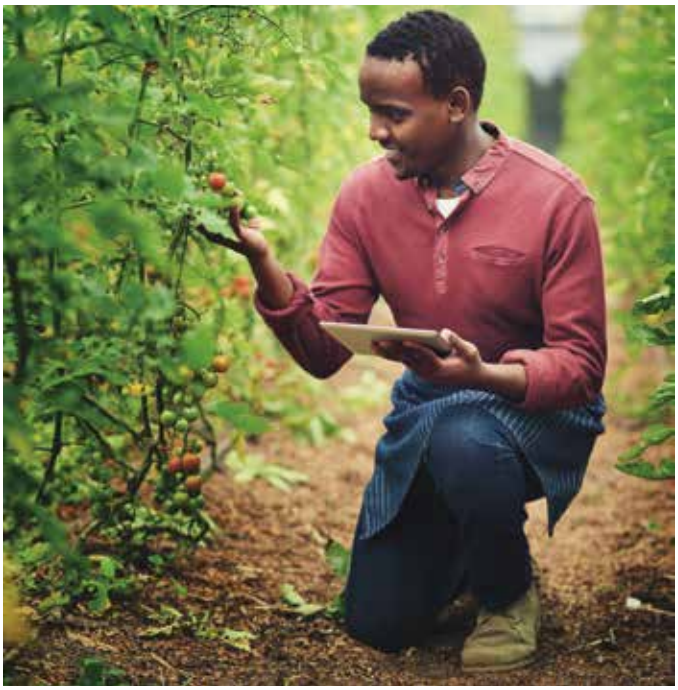
Despite its crucial importance for most developing economies, agricultural productivity and investment into agriculture remain at low levels, often due to limited access to financial services. Without access to formal finance for improved technology and inputs many farmers and agricultural enterprises remain stuck in low investment and low return production cycles. Appropriate financial instruments used at the right time could stimulate greater efficiency, improve product quality and consequently increase incomes of the rural population. Despite increasing demand, financial institutions in developing countries often do not offer suitable products and hesitate to expand into the agricultural sector. Reasons include high transaction costs, information asymmetry and the general vulnerability of the sector to external events such as extreme weather, climate change or disease.

GFA CONCEPT AND SERVICES

For more than 43 years GFA has been known as a leading consulting company for agricultural and rural development all over the world. To master complex tasks in changing markets and environments, GFA supports its customers in developing and implementing innovative tailor-made solutions.

Our holistic approach combines sound agricultural and financial sector know-how with market intelligence and business development services. GFA's strategic business areas 'Agricultural and Rural Development' and `Financial Systems Development' cooperate closely to turn agricultural clients into bankable enterprises and to support financial institutions in reaching out to rural customers. On the one hand, GFA supports financial institutions in developing a better understanding of the financial needs and business risks of small agricultural enterprises. We assist banks in creating innovative financial products, exploring new delivery channels, improve risk management procedures and train staff on how to lend to the rural sector. On the other hand, GFA supports small farmers and agribusinesses with financial and agricultural education, promoting value chains, market linkages as well as outgrower schemes while taking environmental and social implications into account.

Based on GFA's longstanding expertise in the fields of agricultural development and small business finance, we have developed a set of field-proven agricultural lending tools, training concepts, and methodologies that ensure the application of best practices. This empowers us to provide our clients and partners with tailor-made solutions on the basis of cutting-edge information management solutions.



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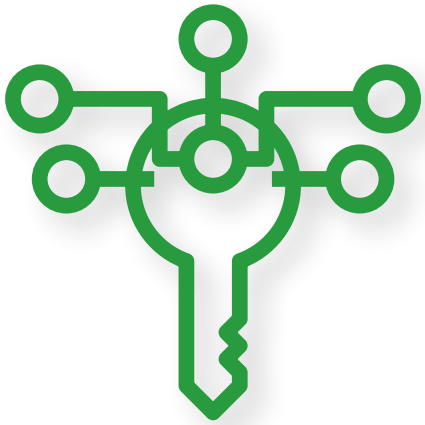
DIGITAL SOLUTIONS



CHALLENGES

Digitalisation is playing an increasing role in addressing the challenges faced by financial institutions (FIs). This is of paramount importance within developing and emerging markets, where the financial sector holds the potential to provide a sound and sustainable foundation for economic development. Despite its relevance, FIs in those countries often struggle to cope adequately within the demands of rapid technological changes. Consequently, digital solutions have become a fundamental component of Financial Systems Development.

GFA CONCEPT AND SERVICES

GFA works to make better use of the potential of digital tools for boosting and strengthening sustainable financial systems. Therefore, we respond to this challenge by developing both tailor-made and high-quality digital solutions for financial institutions as well as for their clients in a large variety of sectors.

Due to our worldwide presence along with our experience at implementing manifold projects for different development partners, we are abreast with all best industry practices and international standards.

Our range of services include:

DATA COLLECTION & ANALYSIS

Digital solutions that enable automated data collection and analysis to monitor the progress of individual sub-projects as well as their technical and financial performance (e.g. online M&E tools, dashboards and Environmental, Social and Governance reporting).

INFORMATION MANAGEMENT TOOLS

Tools that allow automatic access to and the comparison with several data sources by entering specific parameters (e.g. eligibility assessments, profitability and risk analyses).

E-LEARNING / KNOWLEDGE SHARING

Digital solutions that are based on market and demand analyses to support digital training / capacity building activities and marketing / awareness raising campaigns.

FRONT- AND / OR BACK-END DIGITISATION OF FIS' OPERATIONAL PROCESSES

Digitisation of internal processes of FIs (especially Application Processing System (APS) for credit origination and processing, administration and monitoring).

DATA BASED LENDING SUPPORT / DIGITAL CREDIT SCORING

Tools based on multi-layered borrowers' information (e.g. business information, social characteristics, credit history, etc.) that allow FIs to predict the risk of lending money to customers, the borrower's credit scoring in the absence of long-term traditional parameters.

ALTERNATIVE DELIVERY CHANNELS / MOBILE MONEY

Support to FIs in the development of alternative product and service delivery channels, such as agent banking (incl. POS), or mobile payment options (i.e. e-wallets and mobile money).

ENERGY SAVINGS / EMISSIONS REDUCTION CALCULATION TOOLS

Tools that forecast the expected energy savings and / or CO_2 emissions reduction when deploying sustainable energy technologies.

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ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS (ESMS)

CHALLENGES

In the context of Technical Assistance projects, GFA and its clients aim to maximise positive outcomes, whilst mitigating for potential negative impacts. However, this notion necessitates the development of a common understanding of relevant performance indicators, which increasingly incorporate Environmental and Social (E&S) aspects that complement the spectrum of "traditional" technical and financial indicators. International best practice emphasises the importance of incorporating E&S factors for banking and investment decisions, which improves the overall risk management along with generating sustainable, long-term returns for Financial Institutions (FIs).

The ongoing transition to measurably responsible finance, simultaneously integrates further adaptations of FIs' internal procedures, tools and policies in terms of Environmental and Social Management Systems (ESMS). Despite ongoing efforts to streamline E&S standards (e.g., in terms of the IFC Performance Standards), the FI's, still face difficulties in adopting this change, particularly in developing and emerging countries.

GFA CONCEPT AND SERVICES

Based on its long-standing experience in working with FI's (including development banks, commercial banks, microfinance institutions and specialised FIs), GFA acknowledges the need for tailor-made solutions that seamlessly blend into existing structures to enable a change process, while simultaneously ensuring the continuation of core business activities. Additionally, the assessment of E&S impacts and associated risks often requires specialised expert knowledge. GFA therefore offers innovative and hands-on support during both the conceptualisation and implementation of ESMS, including occupational health and safety as well as related tools.

Our range of services include:

DEVELOPMENT OF INSTRUMENTS FOR MANAGING ENVIRONMENTAL AND SOCIAL RISKS

- Implementation of full-fledged ESMS and review / enhancement of existing systems, policies, processes, tools and handbooks
- Integration of Environmental and Social Risk Management (ESRM) policies and procedures, including estimation of E&S risk exposure in portfolio development
- The introduction of or the improvement to customer complaint and grievance mechanisms
- Enhancement of project monitoring and reporting on E&S issues

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA)

- Support to FI's in the assessment of sub-projects in terms of Environmental and Social Due Diligence (ESDD)
- Implementation of environmental and social scoping and impact assessments (ESIA) on indicators, such as gender equality, resilience to climate change, employment creation, etc.

OCCUPATIONAL HEALTH AND SAFETY

- Development and enhancement of safeguard procedures and policies to ensure work and health safety

SUSTAINABLE PROCUREMENT

- Verification of projects' eligibility and compliance with sustainable procurement policies

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