

Working group on harnessing the social impact of PDBs financing for just transitions

Terms of Reference

Draft 1, 19.02.2024

I. Background

The first Joint Declaration of all Public Development Banks¹ recognized the unique role that Public Development Banks play in reorienting all financial flows towards the SDGs and Paris Agreement. This initial Declaration mentions that PDBs “*will strive to increase access to affordable and accessible essential services such as education, housing, sustainable energy, safe water, hygiene and sanitation, as well as to social protection ... They will contribute to the provision of decent and sustainable jobs through their operations. They will take into account the imperative of a just, inclusive and rights-based transition.*”

Through the FICS Coalition for Social Investment, established in November 2020, PDBs join forces to better support the SDGs and the objectives of the Paris agreement as well as the social agenda of their constituents, countries, and communities². The Coalition aims to increase awareness and readiness of PDBs to increase the social impact of their investments through regular events and discussions.

On the sidelines of the 2023 Finance in Common Summit in Cartagena, Colombia, the ILO organized, together with the FICS Coalition for Social Investments, a side event on “PDB Collaboration in the context of the Global Accelerator: strengthening impact and measuring contributions to the achievement of the SDGs”. The Global Accelerator offers opportunities for concrete pilot experience in pathfinder countries where national social strategies are endorsed at the highest level.³ The discussion showed that building cooperation with PDBs in this context could increase the social impact of their investments, contribute to a more inclusive and sustainable economic development, facilitate just transitions that also benefit people, support national strategies and priorities to extend social protection and promote decent job creation.

As a result of the event and further discussions, interested PDBs, development agencies, ILO and other UN agencies are setting up a working group to further work on the implementation of these action items.

The Working Group would contribute to the workstreams defined at the creation of the FICS Coalition for Social Investment, namely:

- Social Investment Outlook: map actors and assess financing gaps and capacity building needs in these fields.
- Social Investment Action: share expertise, lessons learnt and initiatives to mainstream proven methodologies, effective interventions and enhanced accountability; increase cooperation and coordination on both sector and thematic approaches in the area of social investments.

¹ [Declarations | Finance in common](#)

² [FiCs - Declaration - odd9_social_invest_27102021.pdf \(financeincommon.org\)](#)

³ List of pathfinder countries (March 2024): Albania, Cabo Verde, Cambodia, Colombia, Indonesia, Malawi, Namibia, Nepal, Paraguay, Philippines, Rwanda, Senegal, Uzbekistan, Viet Nam.

II. Aims of the working group

The working group aims to:

1. At the country level, support the Governments ensuring their leadership and the participation of PDBs to the national debates on Social and Employment policies; In particular, identify complementarities between the priorities of the national roadmaps of the GA pathfinder countries and PDBs' country operations and where possible and desirable support the Governments in aligning them.
2. Within the Coalition for Social Investment and in connection with its workstream on the indicators, share knowledge and experience on methodologies, tools and indicators used throughout the project cycle by PDBs and other institutions. Discuss concrete issues in the GA pathfinder countries. Identify best practices and disseminate them.
3. Identify Research themes which would allow to develop evidence on the PDBs' contribution to the SDGs (mainly SDG 1 and 8 but also 3, 4, 5, 7, 10, 13, 16, 17) and social progress, and to better understand what types of intervention models generate highest impact and disseminate best practices in international fora such as 2025 4th Conference on Finance for Development and other UN and IFIs relevant events.

III. Members

The members of the working group come from 3 different groups of actors:

Public Development Banks, such as IFAD, EIB, World Bank, IDB, IsDB, AFD, CEB, KfW, DBSA, COFIDES, regional and national development banks, and others.

Development agencies and partners, such as, AECID, EC-INTPA, and others.

UN agencies, such as ILO, FAO, UNDP, UNICEF, UN Women and WFP, who are all members of the Technical Support Facility of the Global Accelerator.

IV. Activities

In order to achieve each of its aims, the working group will organize the following activities:

1. At the country level, support the Governments ensuring their leadership and the participation of PDBs to the national debates on Social and Employment policies

a. Sharing information and identifying complementarities between the priorities of the national roadmaps and PDBs' country operations and where possible and desirable support the Governments in aligning them. In pathfinder countries of the Global Accelerator, UN agencies are supporting through technical assistance, in connection with the financial support of the PDBs, the creation of decent jobs and the achievement of universal social protection.

b. Supporting the Governments to ensure that PDBs are connected to the Global Accelerator country teams in pathfinder countries and where relevant, supporting the dialogue between the Government and PDBs in the development of the national roadmaps.

c. Encouraging PDBs to achieve greater social impact through their investments. Sharing strategic studies, information, portfolio.

d. Under the leadership of the national Governments, supporting the coordination between country teams across PDBs in measuring social impact of operations and SDG achievement, especially on SDG 1 and 8. Documentation of good practices, and their dissemination through

short papers or workshops. Consolidation of indicators and tools across countries and across banks. Where gaps have been identified, develop new tools and methodology with the support of the GA Technical Support Facility in the pathfinder countries.

2. Share knowledge and experience on methodologies, tools and indicators

- a. Within the Coalition for Social Investment and in connection with its existing workstream on the indicators, share knowledge and experience on methodologies, tools and indicators used throughout the project cycle by PDBs and other institutions.
- b. Discuss concrete issues in the GA pathfinder countries.
- c. Identify best practices and disseminate them.

3. Identify Research themes which would allow to develop evidence on the PDBs' contribution to the SDGs and social progress

- a. Defining research questions of interest to PDBs, identifying knowledge gaps on Social Investment and submitting these questions to the FICS Research team for its consideration. For example questions related to the return on investment in the social agenda, the catalyzing effect of external financing, and the components of a project with positive effects on extending social protection, creating decent jobs and just transitions, sectoral studies on Agriculture or Energy, Case studies in JETP countries
- b. Collecting and sharing data in pathfinder countries to build a baseline on which projects and measures can be compared.
- c. Present and discuss research papers,
- d. Disseminating best practices in international fora such as 2025 4th Conference on Finance for Development and other UN and IFIs relevant events

V. Meetings

The first meeting will be organized with the Coalition for Social Investments on 20 March 2024. Subsequent meetings will be organized twice a year.

Annex

List of focal points per country for each bank/organization