"Leveraging Public Development Banks for resilient communities: towards social justice and just climate transitions"

High-Level "Finance in Common" Conference
30 March 2023, Paris and remotely

Concept note

1. Background

Mounting pressures on the multilateral system to deliver ambitious and concrete results for people and the planet (a struggling global economy, geopolitical tensions, rising commodity prices, as well as food security and energy challenges with a lingering global health crisis as a backdrop) require decisive action. In addition, **the impacts of climate change disproportionately affect women as well as marginalized, poor and vulnerable communities, aggravating inequalities within and between countries.**

Public Development Banks (PDBs) are well placed to help building a comprehensive social agenda, integrating namely social justice, to support strong and just transitions towards a low carbon and climate resilient economy, and ensure that people are not left behind in the process. This can be achieved through public policy dialogue, by mobilizing key stakeholders, and implementing concrete programs on the ground. A Just transition should be approached from various perspectives, with direct and indirect impacts on sectors such as agriculture, energy, industry, health, education & professional training, transport and housing. This transition will create new opportunities, including climate resilient and green jobs of good quality, which require specific and comprehensive public policies to support them, such as providing support and reskilling workers in carbon-intensive sectors or in sectors highly affected by the physical impacts of climate change. Moreover, a just social agenda can help build political will and public support for climate action by demonstrating that the transition to a low carbon and climate resilient economy can benefit all members of society.

2. Rationale

In this context, efforts to support the social agenda globally must be scaled-up. In 2023, a number of important fora and milestones[1] will contribute to achieving the social objectives of the 2030 Agenda and the Paris Agreement. These notably include:

- **The International Labour Organization (ILO)**, and its newly elected Director General, Gilbert Houngbo, in response to the United Nations Secretary General whom has called for a "renewed global social contract", plans to make social justice a central component of its strategy. Mr Houngbo's call for a « Global Coalition for Social Justice » will provide the framework to foster, through partnership, policy coherence and investments to advance social justice and decent work at country, regional and global level. The ILO also coordinates the UN's "Global Accelerator for Jobs and Social Protection for just transitions" initiative, which aims to create 400 million decent jobs, including in green economy, digital and care, and to extend social protection systems, including floors, to the 4 billion people who are currently excluded. **The ILO plays a critical role to articulate this social agenda with the green/climate agenda, including through its participation in the FiCS initiative and its Coalition for Social Investment**.

[1] UN SDG summit (September 2023, New-York), UN General Assembly, 4th edition of the Finance in Common summit (4-6 September 2023, Cartagena, Colombia)

- **The Finance in Common (FiCS)** initiative, the global platform of Public Development Banks (PDBs) launched in 2020, bringing together international organizations, regional associations of Development Finance Institutions, as well as civil society and the private sector. It promotes increased coherence in public development banks' strategies and operations, by accelerating their convergence towards shared standards and best practices, focusing in particular on the social and climate agendas.
- In the context of FiCS, a **Coalition for Social Investment,** co-led by the Council of Europe Development Bank (CEB) and AFD, works to improve social investment finance expertise and practices, increase peer-to-peer cooperation, and advocate for more and better-quality social investment globally. During the last FiCS summit in October 2022 in Abidjan, the Coalition launched an "Investment Agenda for Health and Social Protection" calling for more investment in institutional, human and physical capital for health services, to ramp up pandemic preparedness in Africa.
- **AFD and ILO have been strengthening their activities.** For the period 2020-2024, they are structured around three key areas: inclusive employment and decent work; professional skills; and social protection. Operational cooperation is also going strong, with projects notably around youth employment, public policy strengthening for employment and vocational training, and inclusive insuring, notably in light of climate change challenges.
- **The CEB recognizes climate change as a critical, cross-cutting theme** that underpins its specific social mandate, and applies a climate - social inclusion nexus approach to social investments to achieve greater impacts.
- **France's social agenda is at the heart of its aid policy** thanks to its recent programming law on aid (August 2021) "relating to solidarity development and the fight against global inequalities". This law mainstreams the social agenda (human rights, inequality reduction and gender) close to the climate and biodiversity agenda (common goods) to alleviate the impacts of its aid. France is also playing an important leadership role, focusing in the context of its official development aid and other programs on realizing the Paris Agreement and the SDGs, and promotes re-channelling part of its Special Drawing Rights towards social-related outcomes. At the initiative of President Macron, France will host a Summit focusing on a new international financing pact for SDGs and climate, to be held in Paris in June 2023, which may include a strong social focus, notably from the perspective of energy transitions.
- **Finally, the French Ministry of Labour pursues with the ILO, its cooperation partnership launched in 1999.** For the current period (2020-2024), more than 12M€ have been dedicated to cooperation with the ILO. In line with France's international social priorities in particular, they are oriented around 4 main areas: (i) fighting against violence and harassment in the world of work - promoting equal pay and career opportunities for women and men; (ii) eradicating child labour, forced labour, human trafficking and modern-day slavery; (iii) providing universal access to social protection, health and safety at work and the fight against informal work and (iv) reinforcing the social dimension of the green transition. Furthermore, The French Government Representative to the ILO is member of the International Advisory Board of the UN Climate Action for Jobs Initiative hosted by the ILO.

3. Objectives

Building on the strengths and complementarity of the ILO, the AFD, the CEB and the FiCS, the Coalition for Social Investment will **organize a high-level event in Paris on 30 March 2023,** to (i) advocate for the critical and urgent need to advance social justice – including job creation, skilling, decent work and social protection - as a central pillar to achieve a strong sustainability and climate transition agenda and strong societies; (ii) share the perspectives from clients/beneficiary countries; (iii) promote concrete, inspiring projects by FiCS members that deliver impactful results toward the social agenda and (iv) underline the need to continue developing research and new data to better measure the social impacts of PDBs' supported operations, and align more systematically with the Sustainable Development Goals & Paris Agreement.