

Developing tools for better impact and result measurement



20th April 2023

Julia Chambers & Yasmine Pagni

GLOBAL TRENDS



Meta crisis – climate change, environmental degradation and perverse inequality



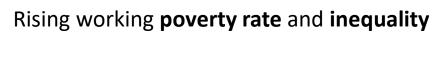
21st **Century shocks** exposing and entrenching social inequalities (COVID 19, war in Ukraine, energy crisis, food insecurity)



COVID 19 alone reversed 4 years of progress against poverty, highlighting the social fault lines that determine social, economic and health outcomes.



Highest number of **conflicts** since 1946, **refugees** at their highest number



Rapid urbanisation and digitalisation

Ageing populations and changes in human mobility









Under Investment in Sustainable Finance

Pre Pandemic SDG Annual Financing Gap

USD 2.5 trillion

Post Pandemic SDG Annual Financing Gap

USD 3.7 trillion



































Investment Barriers and Challenges:

- Gender and social norms
- Risk appetite
- Lack of incentives for the private sector
- Public sector constraints
- Differential impact of investments
- Shocks (Geopolitical, Covid, Climate Induced Events)
- No single taxonomy for Social to attract, track and consistently assess need or impact



WHERE WE ARE NOW:



and Social Standards







Adaptation Plan Supporting the EU



The EIB Group Environmental

and Social Policy

























Contact: Julia Chambers P.I/SOM/ECSC







WHERE WE WANT TO BE:

- Make a strong case for building back better, and the relevance of socially sustainable and inclusive investments
- Provide a **single and durable** conceptual framework on our approach to social sustainability and inclusion
- Provide a **typology** of social impact projects and as such clarity on what counts as contributing to SSI and to the call for Building Back Better
- Track and communicate our social impact, in a simple yet meaningful way

DRAFT FRAMEWORK ON SOCIALLY SUSTAINABLE & INCLUSIVE INVESTMENTS

Uphold How we uphold human rights across our work (do no harm)

Include

Projects that include efforts to increase their positive social benefits, and can point to positive social outcomes and all investments and projects that build more resilient, sustainable and inclusive societies through investments in human capital and social infrastructure.

Reach

Investments whose intention is to explicitly target underserved groups or segments of the population, and /or to substantially contribute to reducing specific social inequalities in a given context, including through project finance, access to finance and job creation.

Future Proof

Investments that explicitly aim to future-proof against future social vulnerabilities or the risk of enhanced inequalities. They are informed by analytical evidence to support the intended approach and to highlight the estimated potential contribution to future proofing.

Intended Outcomes / Typology of Projects

INCLUDE

- Reduced [gender]
 inequality in access to infrastructure
- Increase in access to equitable and inclusive quality education
- Universal Access to Affordable <u>Health Services</u>
- Increase in access to equitable and inclusive quality <u>care</u>
- Increase in access to social and affordable housing

REACH

- Increase in GEWE
- Increase in <u>access to</u> <u>finance</u> by excluded groups and by women
- Increase in employment opportunities for women and/or excluded groups
- Increase in <u>leadership</u>
 <u>opportunities</u> for women and/or excluded groups
- Reskilling and employment in JT regions / sectors

Future Proofing

- Prevention of <u>forced</u> <u>displacement</u>
- Increase in <u>adaptive</u>
 <u>capacity</u> of vulnerable
 communities
- Increase in social cohesion
- Improvements in <u>disaster</u> preparedness
- Enhanced capacity of

 health emergencies
 response & preparedness
 capacity

Aggregation to high level social impacts



The Challenges

- Measuring the performance of risk mitigation
- Context specificity vs. standardisation
- Access to data
- Policy externalities and social norms
- Volume attribution
- Capturing indirect yet meaningful impact



The Enablers



Supportive Actions



- Estimation methodologies to fill data gaps
- > Enhancement to thematic TA and advisory offering
- > Exploration of the use of blending for client incentives and support
- Volume attribution methodology for social impacts



Operational Actions

- Social Impact Financing , thematic credit lines and sustainability awareness bonds
- Piloting Results Based Lending modalities to drive transversal social outcomes



Institutional Actions

- > Partnerships development for analytics and complementarity
- Adopting standard criteria where internationally agreed (e.g 2X and OECD DAC markers)
- Ongoing engagement with sustainable finance community efforts in establishing international standards / taxonomy



