

Social aspects of investments: The why and how?

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WHY consider social aspects? – the investors!



From a 'bankers perspective – general

- Interests are paid
- Loans are paid back
- If private banks have a CSR approach, there will i.e. be expectations that an investment is social responsible (taking e.g. legal, financial and moral implications into account, branding etc.)
- If bank is state owned, there will i.e. be expectations that the investment is socially sustainable and responsible (high standards, governance, equitable)

EBRD investments – social requirements

- EBRD make use of an environmental and social standard (PRs):
- 10 Performance requirements to investments (various of these are social):
 - Social and Environmental active management, including ESAP (PR 1)
 - Equal opportunities in the company (PR2)
 - Non-harassment/sexual harassment efforts (PR 2)
 - Non-discrimination (PR 2)
 - Workers rights are safeguarded (PR 2)
 - Resettlement and economic displacement (PR 5)
 - Safeguarding community health (PR 4)
 - Stakeholder engagement, including SEP and strategic communication (PR 10)

Good to know: EBRD Equal access to loans!



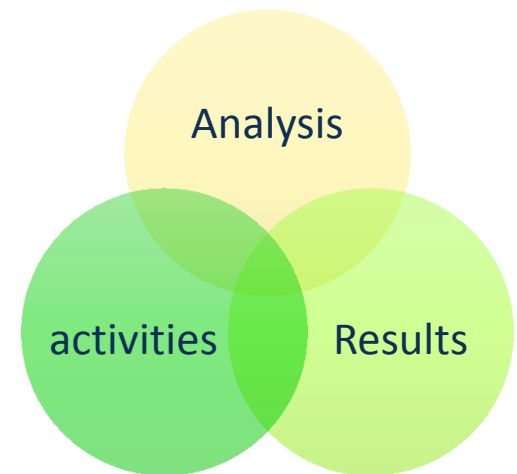
European Bank
for Reconstruction and Development

WB investments – social requirements

- Safeguards related to resettlement
- New policy at WB on cross-cutting issues:
 - All investments will be provided points as regards gender (as well as environment, governance)
 - 0-3 points are awarded in design phase
(analysis 1, expected results 1, planned activities 1)



WORLD BANK GROUP



Sida investments – social requirements

- Investment are expected to be done with a gender perspective, this can e.g. entail:
 - Equal access to resources, including potential funds (criteria must be gender sensitive)
 - Equal access to resources, including water (analysis of existing access, control and benefit therefore required)
 - Equal access to work opportunities in projects (who has what position, what salary for what kind of work)

Good to know: Sida provides loan guarantees to SME (FinPoint project in Palestine)



WHY consider social aspects?
– smart economics and human rights

**smart
thinking**



Efficiency – we want sustainable solutions!

Mixed groups (women and men) in public as well as private decision-making, has positive impact on:

- governance (decrease in corruption)
- retention of staff
- creativity and innovation
- turn-over, return on equity, return on sales

Efficiency: The EBRD Business case for gender equality in their investments

- **Financial performance** – Companies with the most gender-diverse management teams enjoy:
 - 17% **higher stock price** growth;
 - 42% **higher return in sales**;
 - 66% **higher return on invested capital**;
 - 53% **higher return on equity**.
- Diversity leads to a **higher customer focus** by better reflecting the female customer base.
- Investing in Equal Opportunities policies can also have strong **reputational benefits** and help clients rise above competitors.
- Diversity and Equal Opportunities policies help improve **talent management**
 - Access to the best available **talent pool**;
 - Boosting **creativity and innovation** (complementary knowledge, skills and experience);
 - More **loyal and productive employees**.

Human Rights – we want all to benefit and we want to honour our commitments!

- Recognition of the importance of involving both women and men in the management of water and sanitation: 1977 United Nations Water Conference, Mar del Plata; 1981-90 the International Drinking Water and Sanitation Decade,
- Call for including women's access to decision-making: Convention on the Elimination of all forms of Discrimination Against Women, article 1, 2, 3, 4 and 7.
- Gender mainstreaming as a prerequisite for sustainable water management: 1992 the International Conference on Water and the Environment in Dublin,
- Calls for women's participation and involvement in water-related development efforts: Agenda 21 (paragraph 18.70f), and the Johannesburg Plan of Implementation (paragraph 25). 2005-2015 the International Decade for Action, 'Water for Life',
- Highlight the close inter-linkages between gender equality and women's empowerment: 1992 the Millennium Development Goals (MDGs) and in the 2015 Sustainable Development Goals (SDGs),
- Access to clean water and sanitation as a human right: 2010 Resolution 64/292, the United Nations General Assembly,
- The importance of empowering rural women as critical agents: 2012 Rio +20 Outcome Document.



HOW to consider social aspects
– PSP (some inspiration)

Preparatory phase

- Consider how women and men, boys and girls might benefit from the investments in terms of improvements, but also in terms of access to the capital invested.
- Consider the direct health implications as a parameter for what should be prioritised
- Consider if industries or households should be prioritised – if you have to choose and consider socio-economic effects as a parameter for decision-making!
- Consider what industries should be prioritised (supply and treatment) and weigh in positive health implications
- Consider in what phases who should be engaged in order to achieve what (e.g. for consultations, surveys, tendering)

Preparatory phase

- Consider how criteria are formulated for loans/pilots (if you want to target female entrepreneurs and/or if you want social sustainable investments)
- Consider technical support mechanism for SMEs (to increase access)
- Consider loan guarantees for certain types of investments (certain type of companies)

Implementation

- Consider what demands you are going to put on companies (in tendering processes) on their use of human resources, stakeholder engagement processes, consultations etc.
- Consider how communication should be done:
 - For good water management at company or at household level (who?)
 - To decrease thefts (who?)
 - To decrease corruptive behavior in water supply/WWTP staff (who?)
 - To increase payment rates for increased cost-recovery (who?)
 - Others?



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Thank you