



# PDBs' catalytic role in achieving the **UN SDGs**

## *An open door to SDG operationalization*

*February 16<sup>th</sup>, 2023  
01:00 PM (CET)*



Download the  
full report



## IDFC Identity card

The IDFC members, a group of 26 leading national & regional development banks, are working together to **implement the SDGs & the Paris Agreement** and joining forces as a platform to promote & leverage Sustainable Development Investment worldwide.

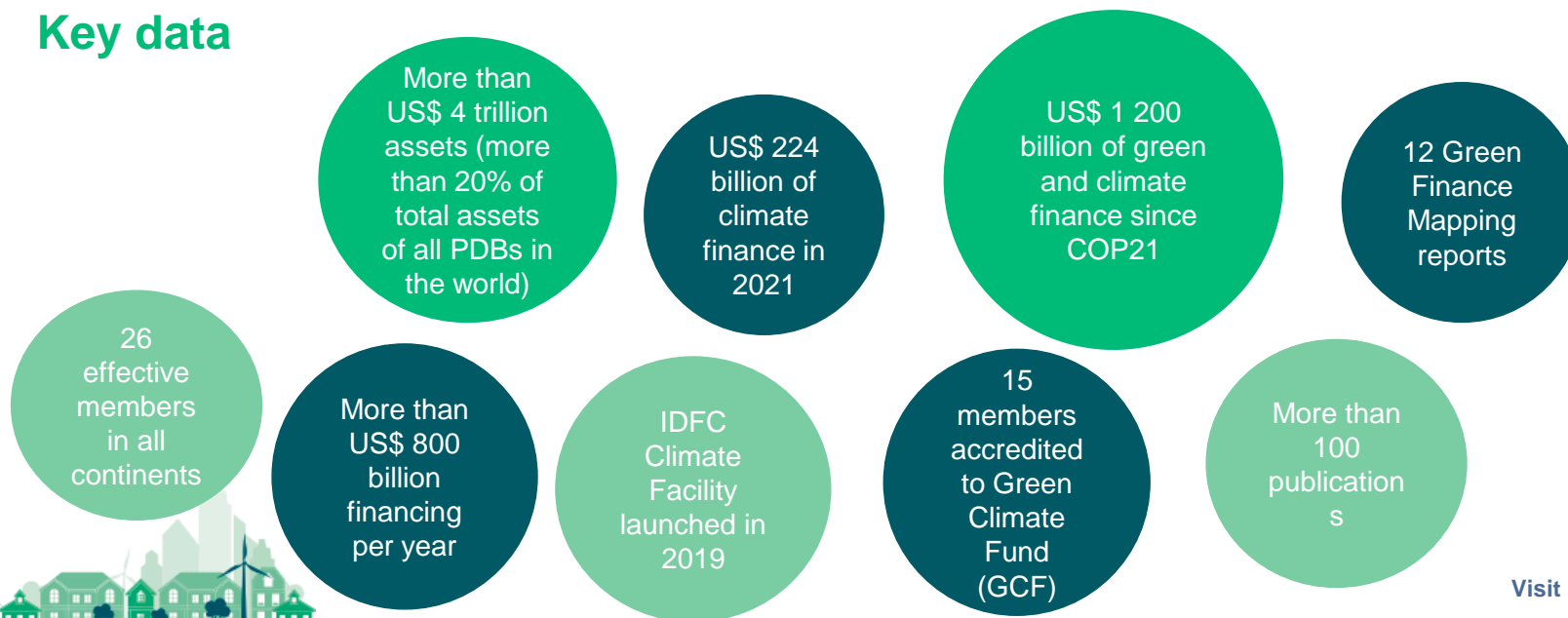
## Main objectives

- **Knowledge sharing and capacity building** on measuring and mainstreaming climate and SDG finance
- Pursuing advocacy on the role of PDBs and the redirection and **alignment of financial flows towards the SDGs and Paris Agreement**
- **Increasing cooperation between members** and easing access to project preparation and project financing

## 5 working groups

Climate Finance ; Biodiversity; Gender equality; SDG alignment; Cooperation for development

## Key data



## 26 members worldwide from developed and developing countries

### AFRICA

#### Nigeria

Africa Finance Corporation (AFC)

#### Eastern & Southern Africa Region

The Eastern and Southern African Trade and Development Bank (TDB)

#### Morocco

Caisse de Dépôt et de Gestion (CDG)

#### South Africa

Development Bank of Southern Africa (DBSA)

#### Western Africa Region

Banque Ouest Africaine de Développement (BOAD)

### ASIA & MIDDLE EAST

#### China

China Development Bank (CDB)

#### India

Small Industries Development Bank of India (SIDBI)

#### Indonesia

PT Sarana Multi Infrastruktur (Persero) (PT SMI)

#### Japan

Japan International Cooperation Agency (JICA)

#### Saudi Arabia

Islamic Corporation for the Development of the Private Sector (ICD)

#### South Korea

The Korea Development Bank (KDB)

### CENTRAL AND SOUTH AMERICA

#### Argentina

Banco de Inversion y Comercio Exterior S.A (BICE)

#### Brazil

Banco Nacional de Desenvolvimento Econômico e Social (BNDES)

#### Central and Latin America Region

Development Bank of Latin America (CAF)

#### Central America Region

Central American Bank for Economic Integration (BCIE/CABEI)

#### Colombia

Bancoldex S.A.

#### Mexico

Nacional Financiera (NAFIN)

#### Perú

Corporación Financiera de Desarrollo S.A. (COFIDE)

### EUROPE

#### Black Sea Region

Black Sea Trade and Development Bank (BSTDB)

#### Croatia

Croatian Bank for Reconstruction and Development (HBOR)

#### France

Agence Française de Développement (AFD)

#### Germany

KfW Bankengruppe

#### Hungary

International Investment Bank (IIB)

#### Italia

Cassa depositi e prestiti (CDP)

#### Russia

Vnesheconombank (VEB)

#### Turkey

Industrial Development Bank of Turkey (TSKB)

# About that advisory mission

- +18 months of work
- +50 interviews : Public Development Banks, Investors, NGOs, Credit Rating Agencies, Data Provider, Impact Specialists, Sovereigns ...
- 2 days seminar to test tools in Paris
- A global research across Europe, the Americas, Asia and the Middle East
- 5 contribution principles to move from impact taker to impact maker
- 5 tools developed to operationalize the concepts

## Speakers today



**Béryl Bouteille**  
*IDFC Secretariat*  
Head of IDFC  
Secretariat



**Marie Garcin**  
*IDFC Secretariat*  
Partnership Officer IDFC  
Secretariat



**Talal Alobayd**  
*ICD*  
Development Finance  
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**Derek Verrier**  
*DBSA*  
Operations Evaluation  
Specialist



**Julie de Brux**  
*Citizing Consulting*  
Founder & Socio-economic  
impact studies practice leader



**Patrick O'Connell**  
*AllianceBernstein*  
Director, Fixed Income  
Responsible Investing Research



**Gratien Davasse**  
*Natixis CIB*  
Green & Sustainable  
Finance Expert



**Cedric Merle**  
*Natixis CIB*  
Head of the Center of  
expertise & Innovation



**Fabien Cobat**  
*Natixis CIB*  
Green & Sustainable  
Finance Expert



**Marion Joubert**  
*AFD*  
Head of the Sustainable  
Development Analysis Department



**Fuad Huseynov**  
*Asian Development Bank*  
Private Sector Operations  
Department



**Mariana Villanueva**  
*AXA Investment Managers*  
ESG Analyst

# Summary

## Part I

- Background & genesis of this work
- Overview of the advisory mission and study
- Presentation of some key concepts & tools

## Part II

- Testimonies from various stakeholders

## Part III

- Q&A session



# Part I

- *Background & genesis of this work*
- *Overview of the advisory mission and study*
- *Presentation of some key concepts & tools:*
  - *Integration trackers*
  - *SAAU Framework*
  - *SART*

# Phases and milestones of the mission

24 weeks

24 weeks

## PHASE I: PREPARATION OF THE REPORT

- Content research
- Data collection
- Survey preparation, collection and analysis of the results
- Interviews with IDFC members and third parties
- Circulation internally
- Integration of the IDFC members' feedback
- Presentation to the members in February 2022



## PHASE II: OPERATIONALIZATION AND FINE-TUNING

- Identification of case studies
- Preparation of 6 workshops with dedicated IDFC members to test the tools and concepts
- Presentation of the results during a two days seminar held by Natixis in Paris on September 19 & 20, 2022
- Experience-sharing with Mirova and the SDSN\* during the seminar
- Integration of the workshops' findings into the study

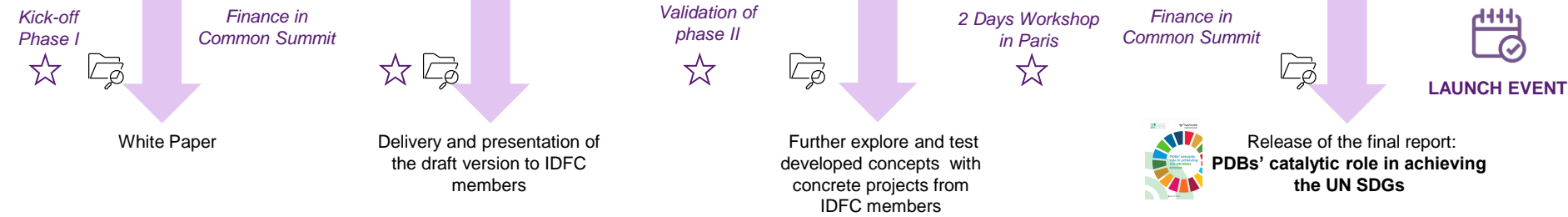


## FINAL REPORT & LAUNCH EVENT

Launch event with IDFC members active participation, Natixis teams and **third parties willing to testimony.**



September 2021      October 2021      February 2022      April 2022      June- August 2022      September 2022      October 2022      December 2022      February 2022



\* Sustainable Development Solutions Network

# Layout of the report

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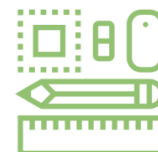
## What does it contain ?



**Review and analysis of the 2030 Agenda:** Concept, definition, notion of alignment & contribution and ecosystem



**State of art analysing the strengths and limits of existing approaches, initiatives & methods:** Literature, survey, review of existing framework



**Set of tools to maximise its contribution to the SDGs:** SDG integration trackers; SAAU; SDG Taxonomy; SART



**A “fictive” case study helping to understand how the recommendations can be put in motion:** Example of the fictive Robinson Bank



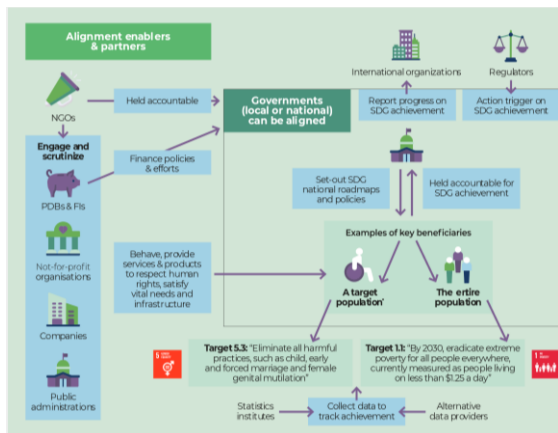
# Principles & operational guidance

## 1. Definition & principles

### Five contribution principles

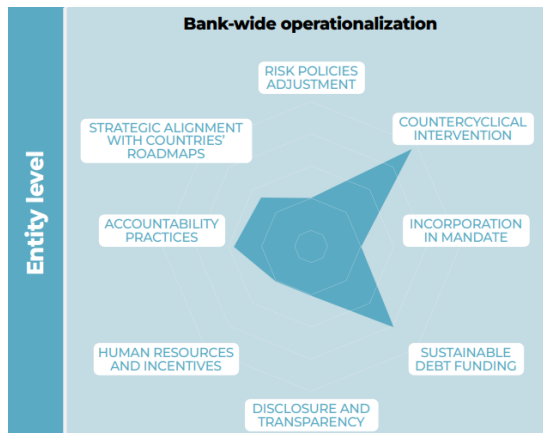
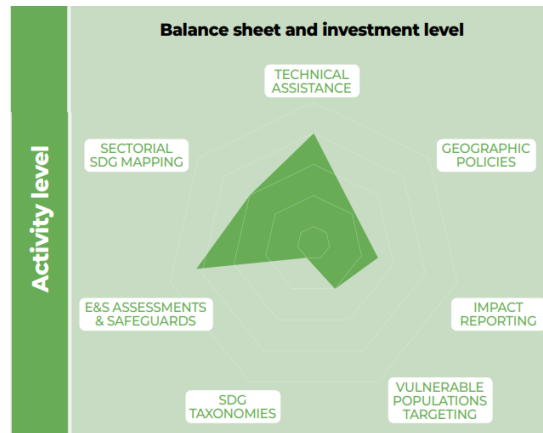


### SDG alignment ecosystem



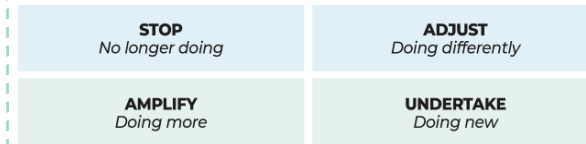
## 2. Evaluation tool

### SDG integration trackers

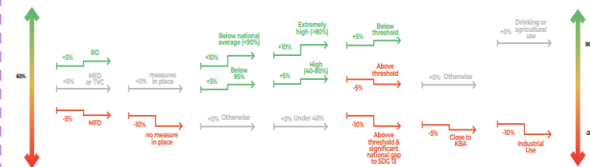


## 3. From impact taking to impact making

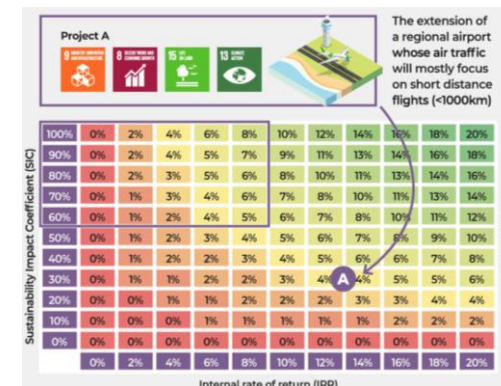
### The SAAU framework



### SIC Decision Tree



### SDG Adjusted Return Tool





# The SDG integration trackers



**Derek Verrier**  
*DBSA*  
Operations Evaluation  
Specialist



**Fabien Cobat**  
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Green & Sustainable  
Finance Expert



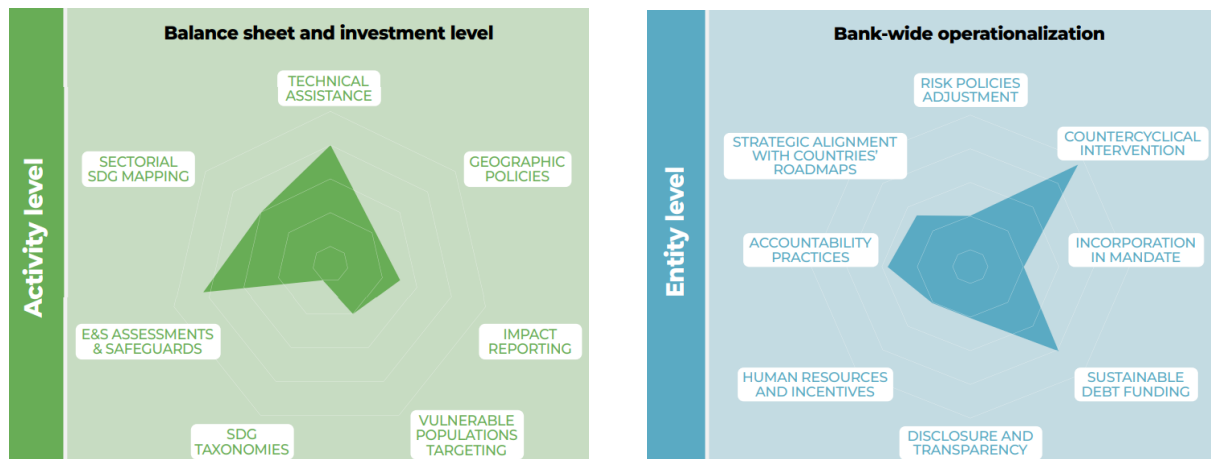
# The SDG integration trackers: first step, evaluate

Natixis has identified **fifteen SDG integration trackers** to support PDBs catalyzing changes in their organization.

“SDG integration trackers” are **based on crucial items for PDBs to maximize their contribution** to the 2030 Agenda at activity and entity levels.

**IDFC members overall level** of advancement or maturity against those SDG trackers **assessed (Fig.1)**. IDFC members’ SDG integration **advancement is heterogeneous**. Such heterogeneity reflects members’ mandate specificities, size, scale, thematic and geographical constraints.

**Figure 1: SDG integration trackers, IDFC members assessment**



# Operationalization of the SDG integration trackers with DBSA

The Development Bank of Southern Africa (DBSA) & Natixis worked to transform the SDG integration trackers tool created during Phase I to make it suitable for any Public Development Bank willing to assess itself.

Table 1 : Example of one SDG integration tracker in Phase I

Entity-wide SDG integration		0	1	2	3	4	5
<b>1. Incorporation in mandates</b>	assesses whether the fulfillment of SDGs and 2030 Agenda implementation are explicitly referred to in PDB's mandates.	?	?	?	?	?	?

1. Too much variability in the rating through IDFC members using the tool as well as among teams within a same PDB;
2. Some SDG integration trackers needed to be defined more precisely to be easily understandable;
3. The scoring system between 1 to 5 was not precisely defined and subject to interpretation.

The scoring system has been completed by some precise definition enabling PDBs to assess themselves more precisely (Fig.2);

The SDG integration trackers definition have been fine-tuned to better correspond to PDBs' reality.

Figure 2: Final SDG integration tracker – Activity Level

Activity level	Geographic policies:	Impact practices:	Vulnerable populations:	Taxonomies:	E&S assessments & safeguards:	Sectorial SDG mapping:	Technical assistance:
	relate to the potential prioritization of lending activities in countries or even areas/regions where SDG gaps are the most acute. It is done mostly by applying territorial filters or locations tiering (e.g. countries classification underpinning capital allocation or assistance services offering).	review whether PDBs perform ex-ante impact assessment in project's early stage (estimates on foreseeable outcomes), and/or in itinere and ex-post impact evaluation (observed impacts). This tracker also pays attention to impact assessment methods level of sophistication (data collection, processing, analysis, and approaches used).	this criterion relates to interventions and schemes targeting specific and beneficiaries, requiring process to identify and survey particular segments of populations, especially deprived populations. It requires to get feedback or information on living conditions and basic needs fulfillment prior and after projects or activities commissioning.	analyze whether PDBs use classification systems to determine or assess activities or projects' sustainability or greenness (Taxonomies can be developed and used internally, externally or have other various purposes, criteria can be qualitative, quantitative, rely on standards, etc.).	evaluate PDBs' processes such as exclusion lists, "do no significant harm principles" (avoiding negative spillovers or harmful side effects) and compliance with international standards.	refers to PDBs' procedures to measure and report on their presumed contribution to SDGs through sectorial exposures (economic sectors being assigned one or several SDGs to which they "intuitively" contribute). The granularity of the mapping (sub-sectors covered) and the sophistication of the demonstration vary. The main output is the outstanding financing engagements split by goal.	assesses whether PDBs provide project developers or intermediaries with support, advisory services and/or capacity building programs. They do so to enhance projects readiness, mitigate negative impacts, maximize SDG contribution or reduce risks.



# The SAAU framework



**Talal Alobayd**  
*ICD*  
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*Natixis CIB*  
Green & Sustainable  
Finance Expert



# The SAAU (“Stop, Adjust, Amplify, Undertake”) Framework

## Diagnosing and acting



To accommodate different situations and starting points, Natixis designed the **Stop, Adjust, Amplify, Undertake (SAAU) Framework**.



Regardless of PDBs’ mandates, level of maturity or geographical area, the SAAU Framework is a **practical and simplistic canvas** that could be used by each PDB to further integrate SDGs into their activities

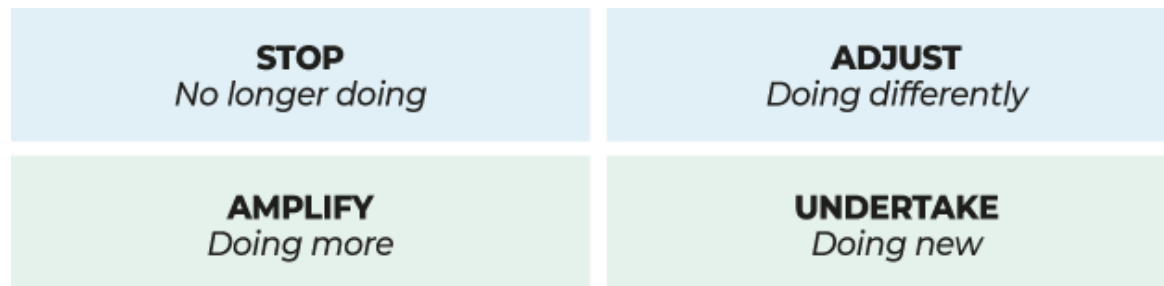


**The four categories (Fig. 3) can be filled by PDBs** to strengthen their ability to contribute to SDGs.

The **results of the SDG integration tracker self-assessment exercise can help setting priorities**, possibly by tackling the items with the lowest scores.

They could **help design action plans**, thus **helping PDBs to become SDG alignment catalyzers**.

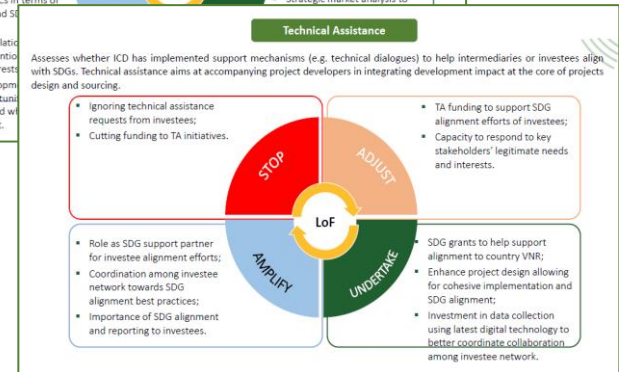
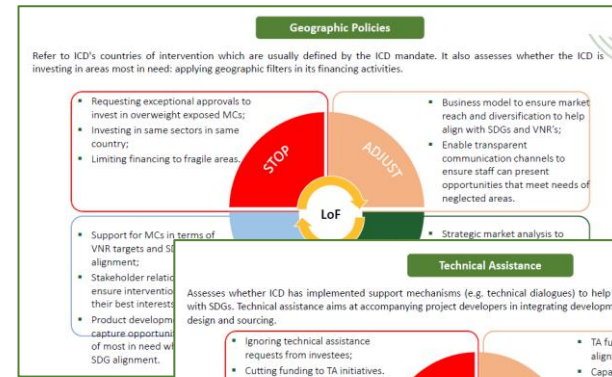
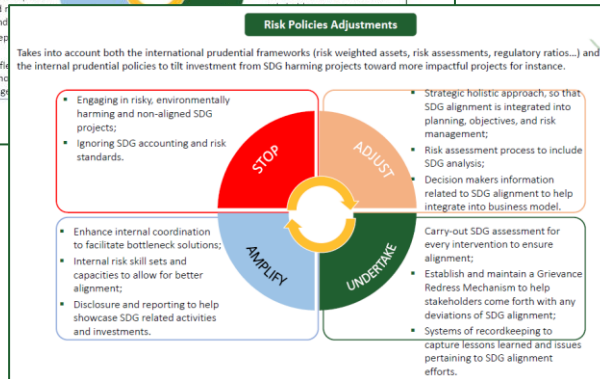
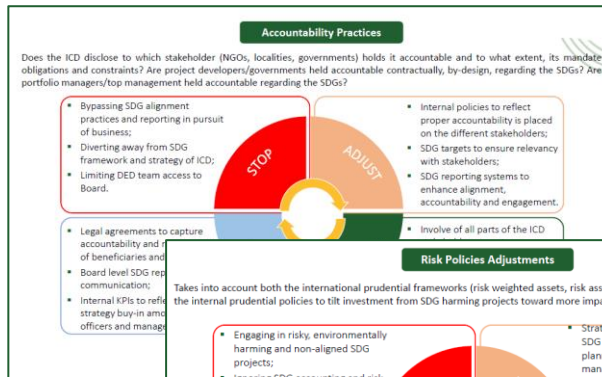
Figure 3: the SAAU Framework



# Apply the SAAU Framework with the ICD

The Islamic Corporation for the Development of the Private Sector (ICD) first circulated the **SDG integration trackers to 13 internal team members** comprising of **professionals from Director level to Mid-Managers** and those from **3 years of service to over 15 years of service** and from **front office staff to back-office staff**.

ICD analyzed the aggregated results and applied the **SAAU** to the **two lowest scoring SDG trackers at the entity level and two at the activity level**.



Apply the SAAU Framework to the lowest SDG integration trackers as a first step to build an action plan.





# The SDG Adjusted Return Tool (SART)



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# The SDG Adjusted Return Tool: An adaptation of Natixis' GWF mechanism



In the context of the **IDFC advisory mission**, Natixis proposed to use an **SDG Adjusted Return Tool (SART)** as a **steering tool** for the PDBs that are willing to contribute to SDG alignment.

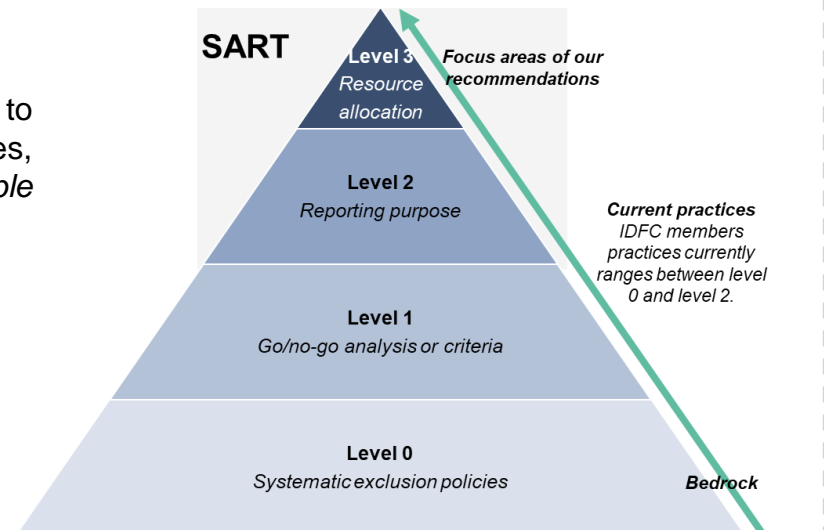


This **conceptual instrument** is designed to **steer capital allocation in an active, strategic & systematic manner**. It is inspired from Natixis' **experience in developing its so-called "Green Weighting Factor"**.



## KEY FACTOR SUCCESS

- Use it as a **"change management"** tool to guide credit operations, incentivize employees, *"lead internally and foster a sustainable development culture"*
- Make its use **systematic and/or mandatory**



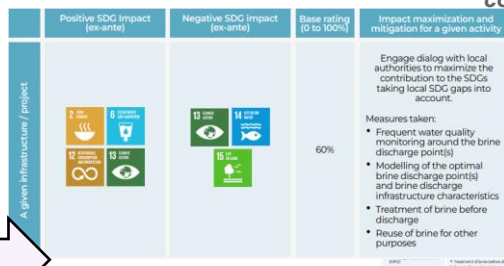
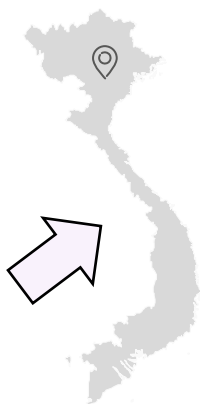
# Zoom on a multi-layered SDG alignment tool



The SDG Adjusted Return Tool (SART)

## Project level

SDG gaps at territorial level



Sustainability Impact coefficient

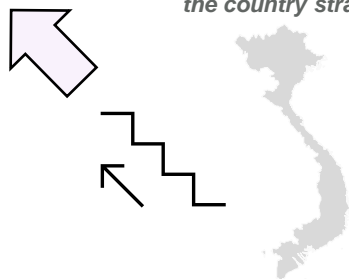


SDG Adjusted Return Tool

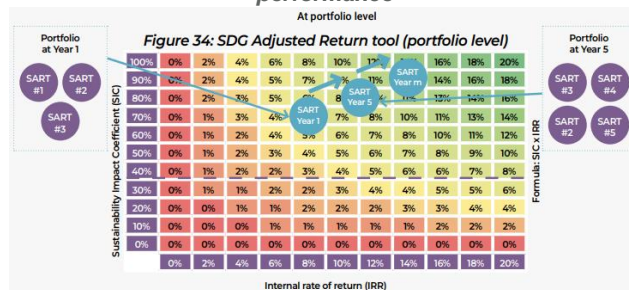


## Portfolio level

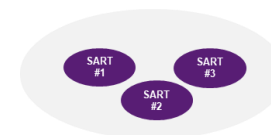
SDG contribution feeding the country strategy



SDG Adjusted Return Tool: driving portfolio performance



DNSH mitigation beyond the project scope at portfolio level (impacts fungibility)



# Zoom on the Sustainability Impact Coefficient (SIC)

A taxonomy for dedicated project financing

The **sustainability impact coefficient** is based on internal taxonomies under the form of decision trees which can be used directly by front officers.

The coefficient provided by the decision tree rely on datapoints relevant from both environmental and social perspectives. It integrates local dataset analysis to identify where gaps are more acute and estimate projects' contribution to bridge SDG gaps.

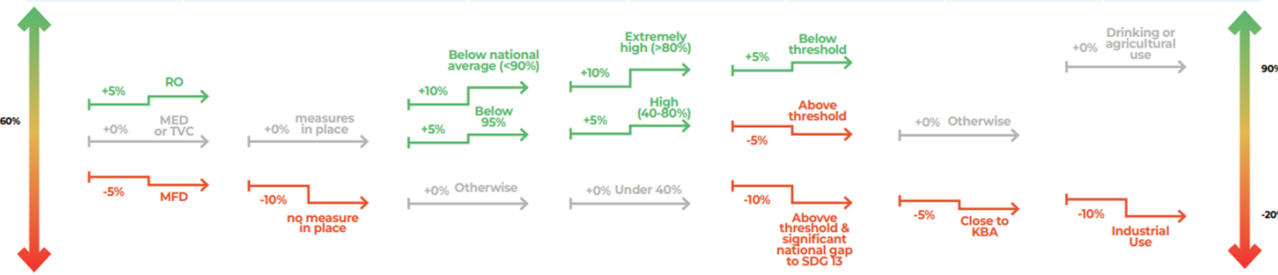
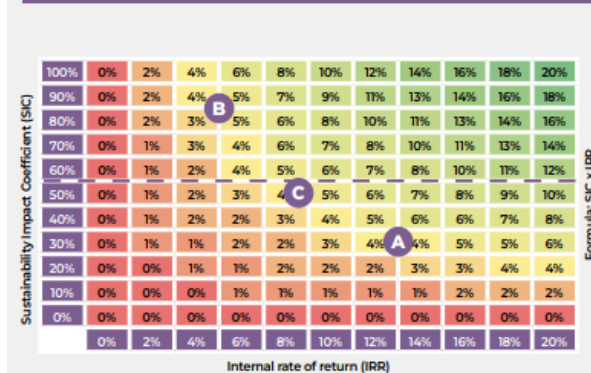
The SIC can be used to **weigh projects SDG contributiveness** and **enhance capital allocation** accordingly. This tool helps science-based decision making in investment committees.



## The Sustainability Impact Coefficient (SIC)

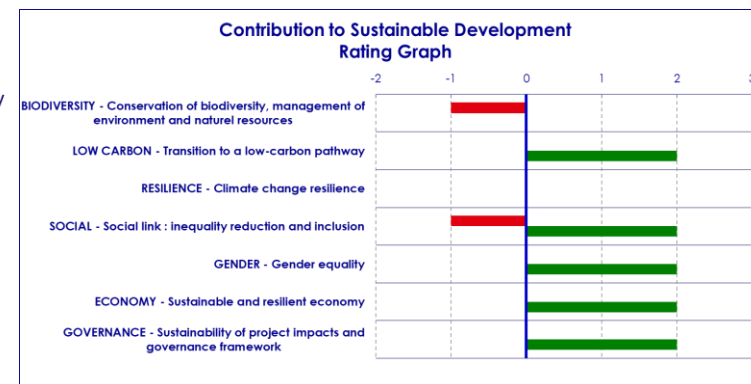
Example on a desalination project

Technology	Brine management measures	Water supply need	Projected water stress	Carbon intensity of energy	Key Biodiversity area	Final use
<ul style="list-style-type: none"> <li>- Reverse Osmosis (RO)</li> <li>- Multiple Effect Distillation or Thermal Vapor Compression (MED or TVC)</li> <li>- Multistage Flash Distillation (MFD)</li> </ul>	Any of the following: <ul style="list-style-type: none"> <li>- Frequent water quality monitoring around the brine discharge point(s)</li> <li>- Modelling of the optimal brine discharge point(s) and brine discharge infrastructure characteristics</li> <li>- Treatment of brine before discharge</li> <li>- Reuse of brine for other purposes</li> </ul>	Population using basic drinking water services (%) in the region: <ul style="list-style-type: none"> <li>• &lt;90%</li> <li>• &lt;95%</li> <li>• &gt;95%</li> </ul>	Projected water stress in 2040, based on a +2°C climate scenario (SSP2 RCP4.5) in the region	EU Taxonomy threshold for low-carbon energy (100gCO <sub>2</sub> e/kWh)	If the facility is located in or adjacent (<10km, marine <50km) to a Key Biodiversity Area	High-value use of water (human consumption, agricultural irrigation)

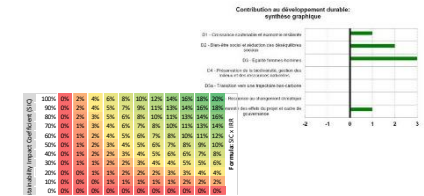




# AFD Sustainable Development Mechanism: an SDG alignment tool



# SART & SDM: two complementary approaches



## Similarities

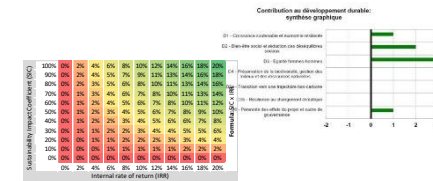
- Both concepts address the **SDGs and their interlinkages**: do no harm, maximization of positive impacts and interlinkages
- **Enhance investment decision**: both can be used during the project appraisal phase to drive investment decisions
- **Change management tool**

## Differences

- **Purpose**: strategic allocation tool vs. screening tool
- **Scope of analysis**: detailed and dedicated taxonomy and assessment trees vs. more qualitative and expert-based tool adapted to all sectors and type of projects (infrastructure projects, grants, PBL).
- **Reference for investment decision**: portfolio as a reference vs. standalone analysis at project level
- **Innovative vs. matured methodology**

# SART, an inspiring tool for DFIs...

...to be considered according to DFI's own mandate & internal tools



## Tackles the limits or areas of improvement of AFD SDM

- **Harmonization of analysis** (compared to a qualitative assessment)
- Improvement of the **articulation between the qualitative impact assessment** and quantitative analysis, based on project result indicators (vs separate accountability and follow up on results during execution)
- **Analysis at portfolio level** to better inform country strategy, identification process and pipeline decisions (prioritization, complementarity of impacts of different transactions)



## Inspiration from SART for potential evolutions

- More **precise assessment trees** for some sectors and Sustainable Development dimensions (SDM grid)
- Deeper RETEX on **impacts at portfolio level** to optimize newly identified opportunities, relevant to close the SDGs gaps, at clearance in principle





## Part II

### *Testimony:*



*Fuad Huseynov, Asian Development Bank Private Sector Operations Department*



*Julie de Brux, Citizing Consulting Founder & Socio-economic impact studies practice leader*



*Mariana Villanueva, AXA Investment Managers, ESG Analyst*



*Patrick O'Connell, AllianceBernstein, Director, Fixed Income Responsible Investing Research*





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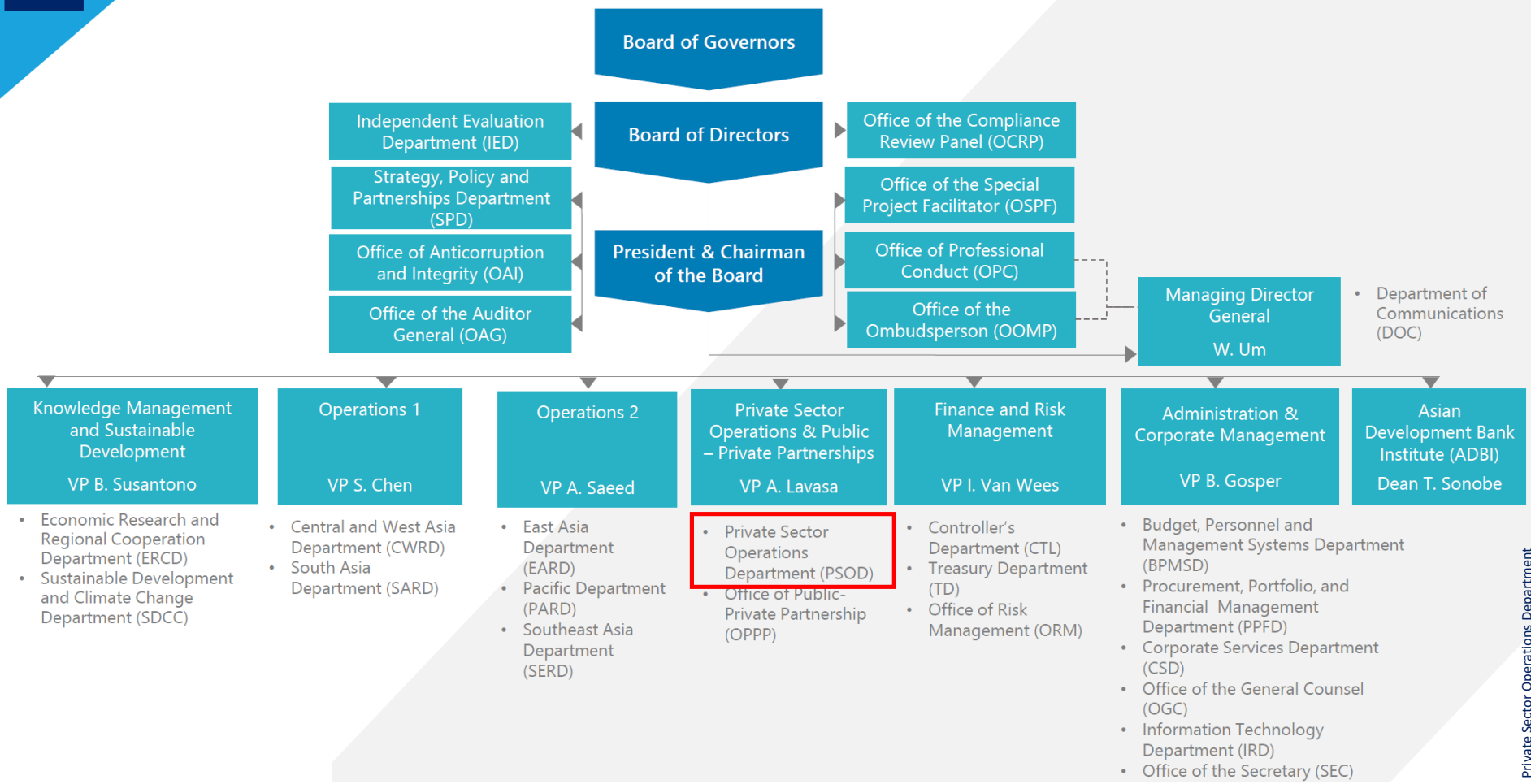
*Mariana Villanueva, AXA Investment Managers, ESG Analyst*



*Patrick O'Connell, AllianceBernstein, Director, Fixed Income Responsible Investing Research*



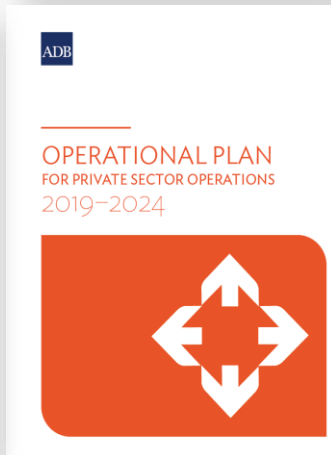
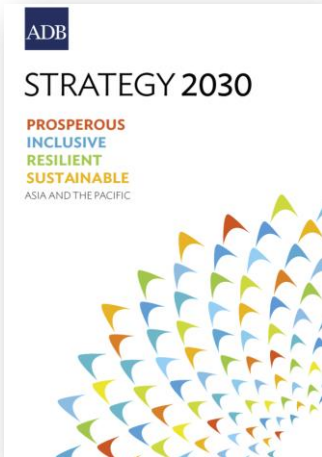
# Functional Organizational Chart



Private Sector Operations Department



# Why is an Ex-ante Framework needed in PSOD?



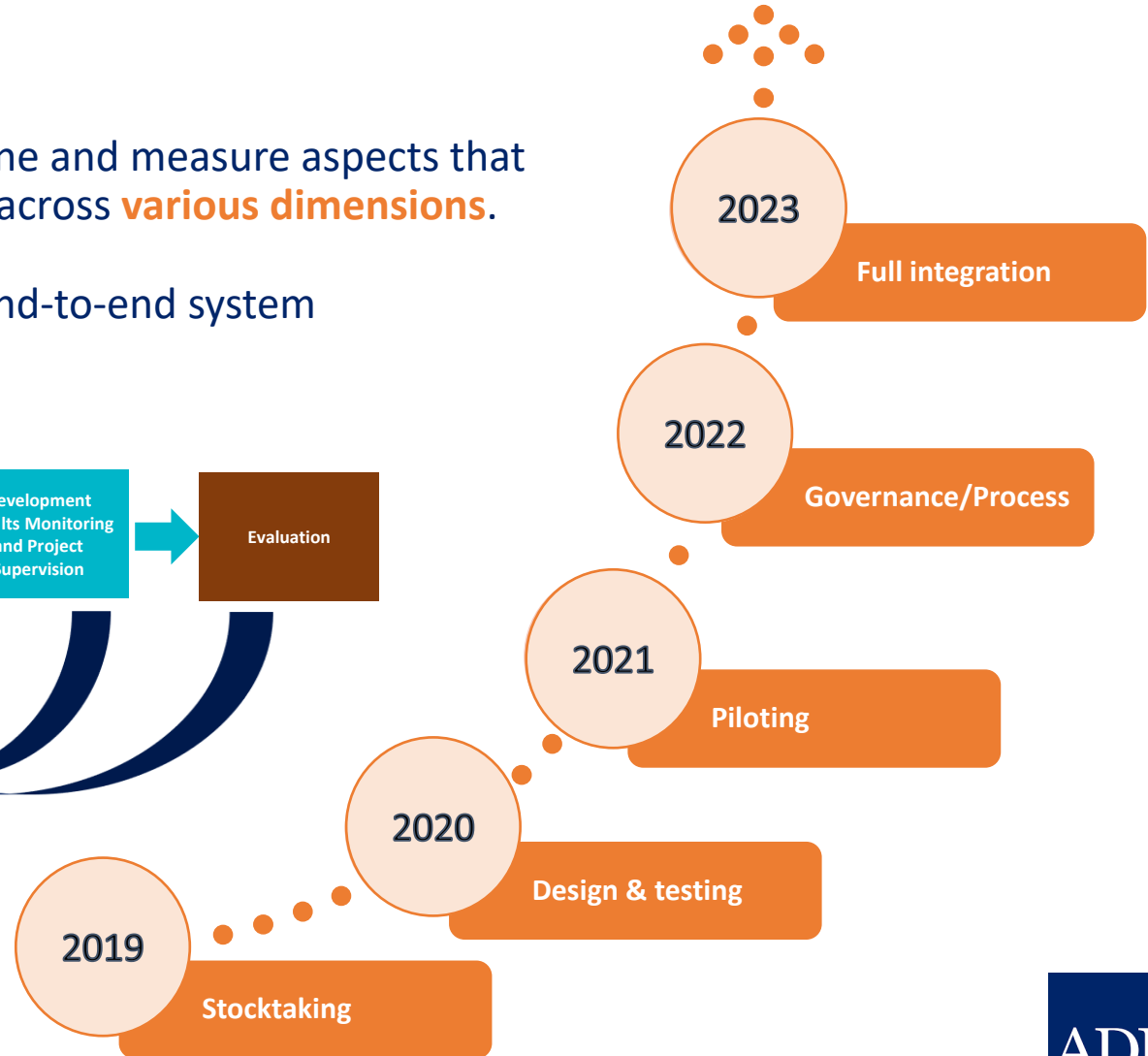
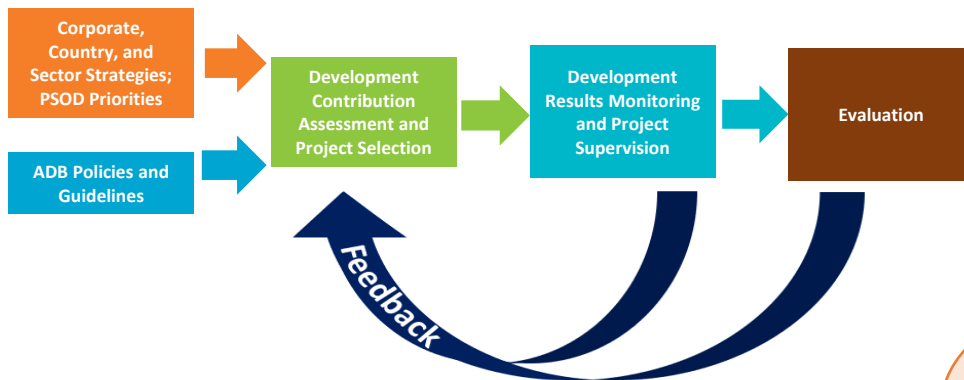
- **Strategy 2030** – private sector operations will reach **one-third of operations in number** with **development impact** as the key objective
- Projects will increasingly be higher risk, experimental, innovative, and strongly developmental
- Need for further enhancement of ex-post evaluation success rates for development results & additionality
- The **Operational Plan for Private Sector Operations** proposes a portfolio approach to development impact, risk, and financial returns





# What is an Ex-ante Framework?

- A tool that allows ADB to define and measure aspects that affect the success of projects across **various dimensions**.
- It is the front end of PSOD's end-to-end system





# PSOD's Ex-Ante Framework Schematic



Private Sector Operations Department



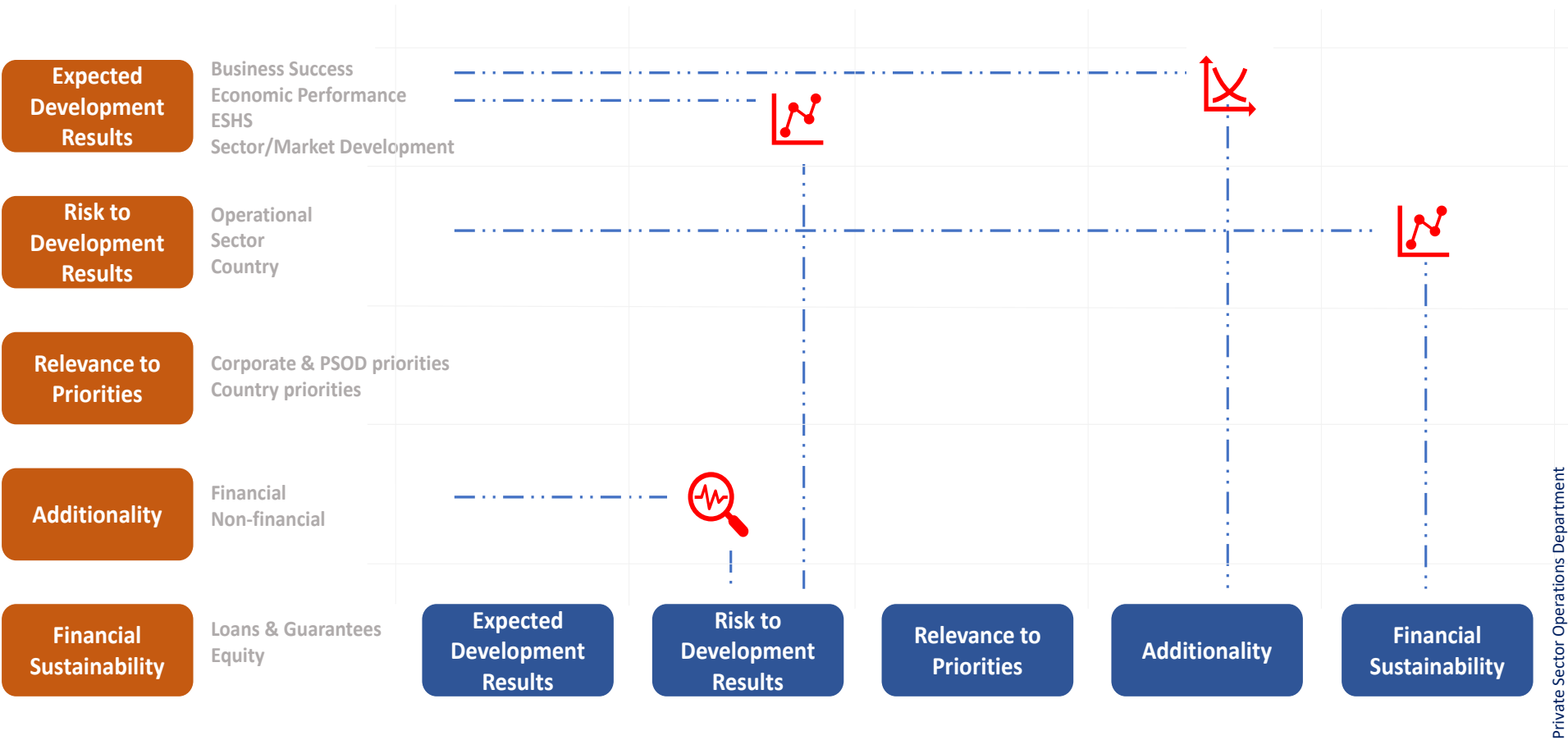


# The Portfolio Approach Tool

- **Objective** is to provide the decision-makers in PSOD and at ADB with a tool to assess how ADB's proposed investment aligns with strategic goals of PSOD/ADB and how it fits with annual delivery targets.
- The Tool allows us to place a specific new transaction within the context of strategic targets at the time of commitment and consistently track portfolio performance and guide future decision-making.
- It also provides data to conduct deeper analysis and generate insights across various important dimensions.



# Real Time Portfolio Analysis 1



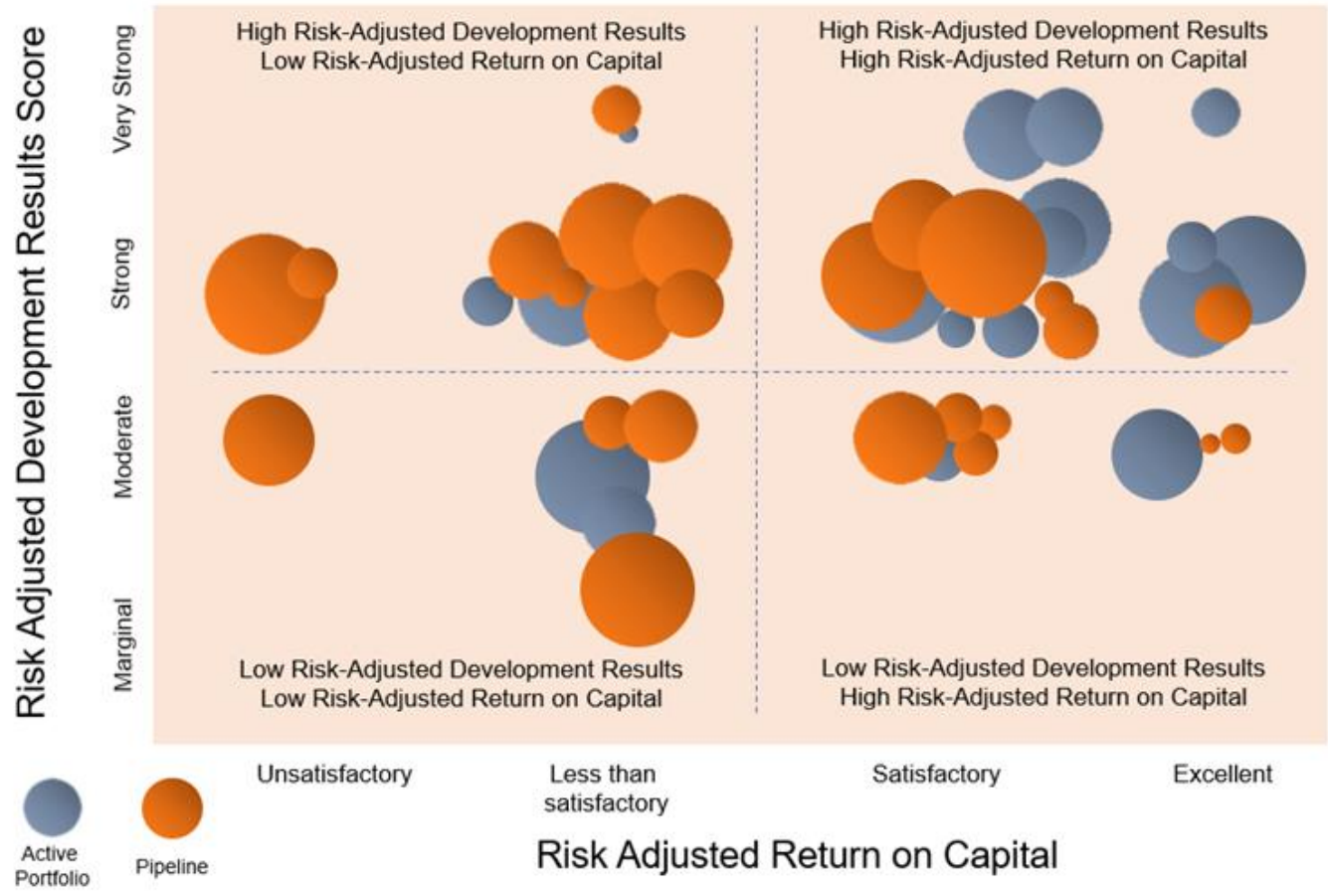
Private Sector Operations Department





# Real Time Portfolio Analysis 2

## Portfolio Simulation: Active Portfolio and Pipeline Assessment







## Part II

### *Testimony:*



*Fuad Huseynov, Asian Development Bank Private Sector Operations Department*



*Julie de Brux, Citizing Consulting Founder & Socio-economic impact studies practice leader*



*Mariana Villanueva, AXA Investment Managers, ESG Analyst*



*Patrick O'Connell, AllianceBernstein, Director, Fixed Income Responsible Investing Research*

# The importance of quantitative impact evaluation

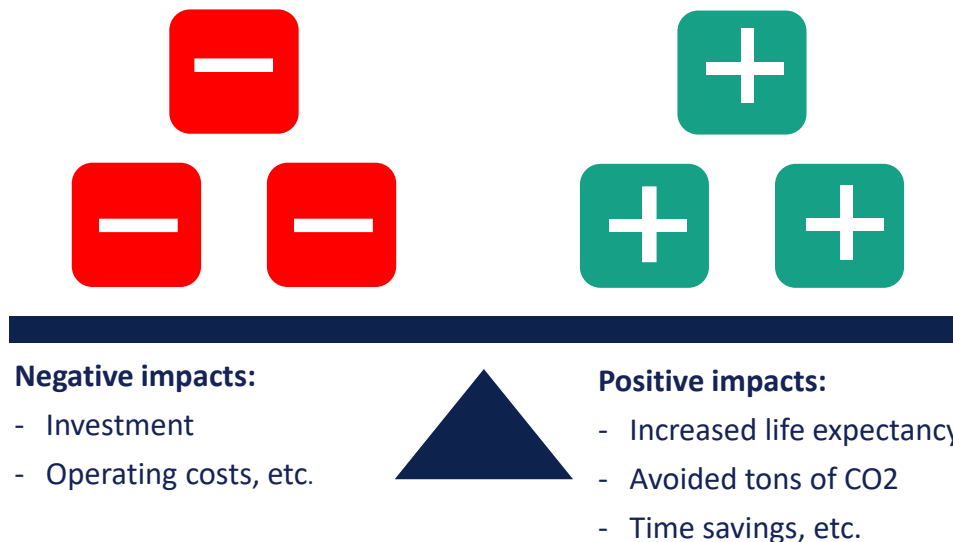


Natixis Webinar: PDB's catalytic role  
in achieving the UN SDGs

Julie de Brux, PhD  
February 2023

# Socio-economic-environmental evaluations

A decision-making tool to help allocate public investments towards impactful projects



## What do we call **impact**?

- Positive and negative impacts
- Economic, social, environmental
- For all stakeholders
- In the short, medium and long-term

## Two main characteristics of the method

- Don't compare apples and oranges => impacts are transformed into a **monetary unit**
- Positive and negative impacts arising from the project are compared to the costs and benefits of **not** carrying out the project (**counterfactual analysis**)

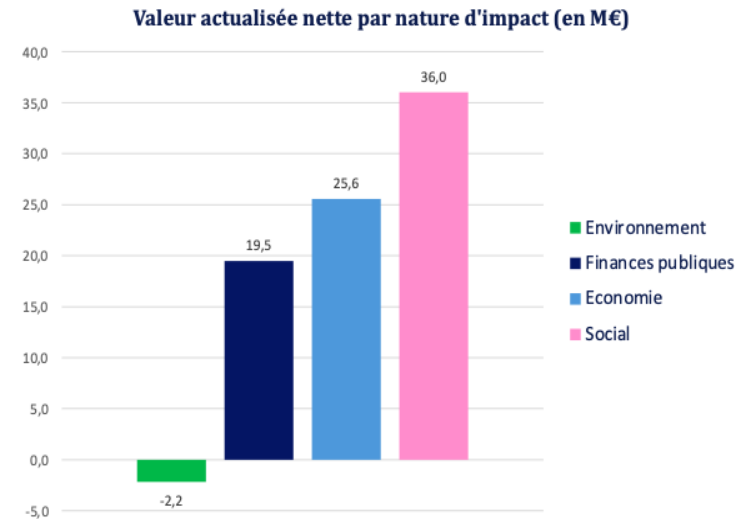
# Socio-economic-environmental evaluations

A decision-making tool to help allocate public investments towards impactful projects

Main metrics...

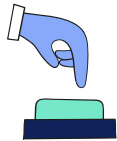
Metrics	Value
<b>Socio-economic Net Present Value (NPV)</b> = Positive impacts – Negative impacts, discounted	+80 M€
<b>Socio-economic Return on Investment (ROI)</b> = Discounted positive impacts / discounted negative impacts	1,9

... with the possibility to disaggregate the indicators



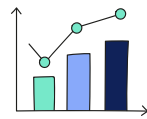
# Our offerings on evaluation, on the life-cycle of projects

Monitor your projects with the impact compass



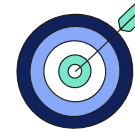
## Socio-economic-environmental evaluation

A decision-making tool, enabling to estimate the R.O.I. of public & private funds invested in terms of social, economic and environmental impacts



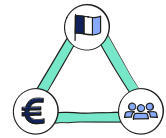
## Impact measurement

An approach that allows to follow the results and impacts of public and private activities. This evaluation is carried out on an ongoing basis.



## Socio-economic-environmental evaluation

Same as expertise #1, but the R.O.I. is calculated with real data (vs assumptions)



## Social impact bonds

A recent method of financing social/envir. innovation: project owners are prefinanced thanks to private investors. Investors are paid-back by the State if social and environmental impacts occur



## Part II

### *Testimony:*



*Fuad Huseynov, Asian Development Bank Private Sector Operations Department*



*Julie de Brux, Citizing Consulting Founder & Socio-economic impact studies practice leader*



***Mariana Villanueva, AXA Investment Managers, ESG Analyst***



*Patrick O'Connell, AllianceBernstein, Director, Fixed Income Responsible Investing Research*



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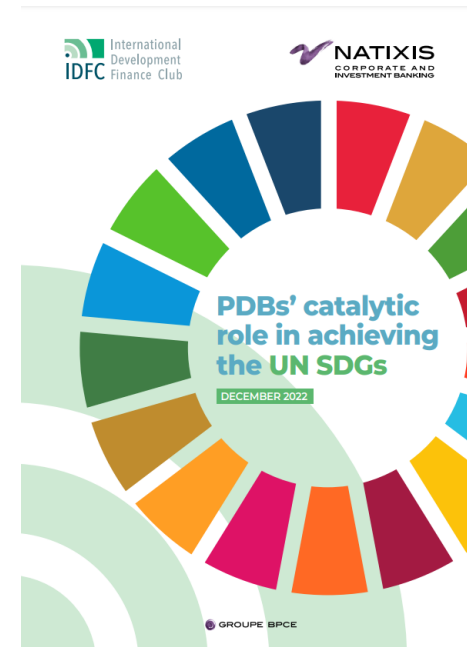
# Thank you !

For any questions on the report or its presentation,  
please contact the dedicated team:

 [idfc.privatecoei@natixis.com](mailto:idfc.privatecoei@natixis.com)



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