Concept Note

Side-event at the 4th International Conference on Financing for Development (FfD4)

Financing Decent Work: scaling impact for a more inclusive economy

Organized by:

United Nations Environment Programme – Finance Initiative (UNEP-FI) and the International Labour Organization (ILO)

Abstract:

Decent work is a cornerstone of the 2030 Agenda and a fundamental pillar of the renewed global sustainable finance framework. Financial institutions play a critical role in creating decent and productive jobs to ensure that all people benefit from inclusive and sustainable economic growth. By managing financial flows, they are also in a unique position to encourage real economy companies to adopt responsible labour practices that not only protect workers but also drive productivity and shape long-term economic stability.

Protecting workers' rights, ensuring fair wages, and providing social protections are proven strategies to reduce inequalities and strengthen financial market resilience. These practices make companies less vulnerable to crises and contribute to more predictable returns. Lower employee turnover, higher productivity, and improved profitability clearly show that companies investing in decent work gain a competitive edge.

While the efforts of individual financial institutions to promote decent work are important, their impact is greatly amplified when aligned with national development goals and when public and private stakeholders come together to contribute to a shared roadmap.

This event will bring together Governments, development banks and commercial banks from emerging countries, along with experts from the labour and finance space, for a concrete and practical discussion on how financial institutions can strengthen the financial sector's impact on the creation and promotion of decent work.

Session Overview

The FfD4 presents a key opportunity to showcase concrete financial initiatives, outlining a pathway to scaling up financial institutions' impact on decent work.

With more than 500 banks and insurers, managing assets exceeding US$170 trillion, UNEP FI is uniquely positioned to encourage financial institutions to expand their role in creating employment opportunities and strengthening policies and processes and client engagement to prevent labour-related human rights abuses, including forced labour, child labour, and modern slavery.

In collaboration with the ILO and two co-leading commercial banks from developed and emerging markets, UNEP FI is leading a Decent Work Working Group, which includes 17 banks from Europe, Africa, and Latin America and the Caribbean. This Working Group supports banks in thinking through how they increase decent employment creation and respect workers' rights through different levels: portfolio alignment, portfolio shift, ecosystem leverage.

Objectives

This session aims to foster a practical and action-oriented dialogue among governments, development banks, commercial banks from emerging and developing markets, and experts from the labour and finance sectors on how financial institutions can strengthen their role in promoting decent work.

To achieve this, the session will explore:

- Employment creation: The role of financial institutions in fostering decent work through the development of tailored financial instruments as well as methodologies to measure their impact.
- Portfolio alignment: How financial institutions can enhance the alignment of their portfolios with decent work standards, particularly in sectors with higher risks to labour rights.
- Portfolio Shift: Ways in which financial institutions can drive positive change by promoting greater financial inclusion for SMEs as engines of employment creation, while increasing financing to real-economy businesses that adopt emerging practices beyond minimum labour standards.
- Ecosystem leverage and alignment with development goals: How can financial institutions align their portfolios with national development goals and collaborate with private and public multi-stakeholders to maximize efforts and impact.

- Potential speakers:

1. Liesel van Ast Deputy Head UNEP-FI/Eric Usher Deputy Head UNEP-FI (moderator)

2. Craig Churchill, Chief of the Social Finance Programme at the International Labour Organization (ILO).

3. Member State Representative (EU representative highlighting the importance of regulations like the CSRD on working conditions disclosures as a driver to enhance the financial sector's commitment to decent work, or the representative from Nigeria, where they have adopted sustainable banking principles at the national level and can contribute by emphasizing the role of partnerships between financial actors and states in creating decent jobs)

4. FMO- Entrepreneurial Development Finance (Development Finance institutions and part of the UNEP-FI and ILO Decent Work Working Group).

5. Eduardo Osuna, CEO of BBVA México (Co-leading bank of the UNEP-FI and ILO Decent Work Working Group).

6. Executive Director Caixa Bank, Jean Benevides (Brazil, public finance institution). Caixa is the largest bank in Latin America in number of customers (nearly 146 million4) and in loan balance (with a portfolio of R$787.4 billion)).

- **Event Modality**: In-person side event
- **Duration:** 90 minutes

- Proposed flow of the session:
  Welcome & Framing (5 min)- UNEP-FI Moderator introduces the session, presents briefly the Guidance as a result of the UNEP-FI/ILO Decent Work Working Group, and sets the stage for discussion.
  Speakers (50/60 min):
- The role of financial institutions in promoting decent work (ILO)
- The importance of aligning financial efforts with national development goals and the role of policy and regulation in driving financial institutions' commitment to promoting decent work (Member State Representative)
- Concrete actions banks can take to increase portfolio alignment with decent work standards and drive portfolio shifts by increasing financing for companies that meet or strive to meet high-quality standards that promote workers' well-being (FMO/BBVA Mexico)
- The role of financial inclusion for underserved workers and SMEs as creators of employment opportunities (Caixa bank/BBVA Mexico)
  Audience Q&A (15 min)
  Open discussion for participants to engage with panelists
  Closing (5 min)