



**The ILO's Social Finance Podcast Episode 4: Pushing the frontier: impact investing for decent work
– December 8, 2021**

Introduction

Welcome to the ILO social finance podcast on financial inclusion, impact insurance and sustainable investing. Our podcast brings insights from around the world, highlighting how financial services contribute to social and economic development.

Lisa Morgan: Welcome back to the latest episode of the ILO social finance podcast, pushing the frontier impact investing work. As you may know, the ILO is a specialized UN agency with the mandate to promote decent work that is amongst other things, promote rights at work and encourage the creation of employment. So improve both the quantity and quality of work around the world. We are therefore keen to understand the drivers of these work from both the public and private sectors. Today, we will be focusing on impact investing for decent work and speaking to Amad Berry, the CEO and co-founder of the global impact investing network or the Jen and Patricia Richter from the ILS social finance program. We warmly welcome both of you to the podcast. So, let's start with you. As I mentioned, promoting decent work or employment is the mandate of the ILO, but why are impact investors also interested in employment as an impact theme?

Amit Bouri: Mainly impact investors are focused on investing in a better world. And more specifically, what that means is that they're, you know, they're fundamentally investors, but they're, we're making investments that are intended to generate a positive, measurable, social, or environmental impact alongside a financial return. Now in practice, this means that impact investors are motivated and helping to improve livelihoods of people to address gender equity, racial equity, to help build healthier and stronger communities and many, many other focus areas, but all of these different priorities for impact investors connect back to quality jobs and decent work because ultimately if you're trying to improve livelihoods for people, for their families, for their communities, work is one of the most important vehicles that helps provide economics sustainability, financial security, there's countless studies, which I'm sure the ILO knows better than I do around how it intersects with health outcomes, education, outcomes, and others. And so many impact investors who are trying to put their money to work, to have a positive impact on the world are increasingly recognizing that one of the main factors and dimensions for them to focus on is the nature and quality of work at the company. Some projects that they invest in.

Lisa Morgan: Excellent. And do you want to say something, I believe that there was a survey that was done fairly recently about this. Would you like to elaborate a bit on that? And then we can go to petition

Amit Bouri: A couple of things that I'd love to highlight? I think one is that we, we do global surveys of investors and find out what are the areas that they're prioritizing, what are the themes that they're focused on and, you know, decent work and quality employment always comes up as one of the top areas. But I also want to highlight the fact that there's a number of, you know, specific kind of priorities that come up that aren't specifying work and jobs, but are connected them very fundamentally. Um, so many, uh, impact investors are focused on like food and agriculture and the



big priority for that is because it employs so many low-income people. It's a vehicle to have a positive impact on the lives of people all around the world. There's a lot of impact investors focused on things like health and housing and education, other areas that are incredibly important, but again, connect back to, you know, quality work and, and, and good jobs. **Lisa Morgan:** Right. And with the products that you've worked on, would you be able to say what percentage of people pay their premiums or receive their claims through mobile money?

And I think that's one of the things that I think is so exciting about this work in this conversation is that it is cross cutting. You know, it, it works across sectors across geographies and is one of those dimensions of impact. That's so incredibly important. One thing I'd also like to highlight is the, is the, the importance of this issue considering the COVID crisis. COVID in many ways is put a spotlight in many of the fissures and cracks in our system. As we know it, they're not noticing new and certainly issues around quality work have been well-known to people, you know, at the ILO and to your colleagues and peers, and, and many of the listeners who are joining us here today, but COVID certainly highlighted the fragility of many folks who are working very hard in quote unquote steady jobs, but don't have the financial security withstand made major shocks. And I think that's only elevating the importance of these issues around quality jobs and decent work on radars of not just impact investors, but I hope investors more broadly. We're thinking about the role that their capital has to play in building a better world.

Lisa Morgan: Great. And Patricia, would you like to add to this question about why impact investors are interested in employment as an impact theme and the influence that impact investors can have?

Patricia Richter: Thank you, Lisa, and thank you for, for getting started on why this might have really this huge interest. And I think what you said, we simply come to the bottom line of employment and decent work is fundamental to, to our living as individuals, but also as society. And this is so because it is the livelihoods element that comes in there. I wanted to look a little bit at some of these statistics actually behind that. You already referred to what we are looking at here, why maybe investors that do want to do good, actually have quite a lot of work out there where they can get into. And this is what we hear as social finance at the ILO, because we do get requests from the investors. So how can we go about that? I mean, just looking at the mirror figures, there are 2 billion workers out there that are informally employed, and that basically means that they do not have access to social protection.

What you also already mentioned. So there's a huge gap. We have another 4 billion people. So now not only the informally employed, but 4 billion people that are not covered by any social protection. And this is so fundamental having this protection to, to get out of poverty cycles, to, to move on. Or when we look at the gender pay gap, that's good last year, if I'm not mistaken at slightly above 20%. So those are all these issues that also the investors come to us and say, Hey, what can we do? This is the basis out there. Partially it links to this quantitative element of we need more jobs, but it also relates to this quality dimension of what type of jobs is it out there. And we have really seen as part of the COVID-19 pandemic that the gaps actually even amplified. And again, looking at some, some numbers here last year and 2020, we saw a loss of about 9% of total working hours that doesn't tell us so much. But when we look at it, that actually means in one year that 255 million full-time workers in a way loss of jobs. So this is huge numbers that we are facing now and where the impact



investing industry can really step in in what we call this human centred recovery. And I think there is a lot to do, and this is I believe where we are today.

Lisa Morgan: Thank you, Patricia. Those numbers are just astounding looking to the future. Now, what do you think the trends will be? What trends do you think will be shaping the world in the near future and how, how would you connect that to impact investing?

Amit Bouri: I think this is something that we're very focused on with the gin, because, you know, we, we are not only trying to move more capital than what we define as impact investments, but you know, this comes at a very important time in the world where I think there's a lot of questioning, I think very healthy questioning of our overall economic system. You know, it's not just activists now that are calling for change to our economic system or shift from capitalism as we know it. But also times of industry, we hear everything from, you know, um, billionaires who have become very wealthy in the system. As we currently know it to heads of major corporations and others who are all recognizing that the system we have in place right now, isn't working. So I'm working for people it's not working for the planet. It's not actually working that well for investors who are trying to think about the long-term.

And so I think this conversation that we're having now about what we want the future of work to look like is very much a building block of what we want the future of our economic system to look like. I mean, we've been doing some work at the gin on kind of re-imagining capitalism. I actually have a podcast as well, focused on this topic called the next normal that's, you know, looking at different perspectives of how do we actually have a system that works for everyone and how do we actually build a system that, you know, we are really helping to make sure that it's more equitable, it's more fair. Um, and it creates economic opportunity and social mobility for everyone all around the world.

Lisa Morgan: Brilliant. Thank you for those insights. And Patricia, would you like to tell us a bit about what you think about trends that will shape the world of work in the near future and how they might connect with impacting?

Patricia Richter: I think what we do see is that when it comes to sustainable finance impact investing, we will see more regulatory approaches coming in that will also have an impact on the impact investors. And in particularly when we look at Europe Hyrum, we have the regulation by the European commission on the sustainable finance disclosure that are keeping the industry busy right now, employment place, quite some role in there, and not only again on the quantity, but we do see quality elements popping up there like, like child labour. So, um, increasingly the regulatory environment is not only becoming aware, but also putting a foot down there. And now the crystal ball element that says started now at the European level, who will be next and where will they be? Will the us also follow track here? Will we see more of these regulations emerging in Asia? And for those impact investors that are active internationally, what implications does this have if these regulations are not coordinated?

So I think this is one element that will keep us quite busy, perhaps a second one, we have this climate crisis and, um, we do have next to the COVID pandemic. We also have climate change shocks increasingly coming in. So we need to think closely about just transitions and how finance, how impact investors can pick this up and, and contribute to, to getting these just transitions implemented. And maybe a third point shaping the, the near future is just looking around at home



and we, we, we are working, but we do have also our children at home who I believe are increasingly putting the pressure on us. At least mine are asking me, so what are you doing at work? So I think there is this generation and the generations. I think we are already need to say we had the millennials that are starting to take decisions in networking life.

Now we see those zoomers and I have to say that I just learned this word, the zoomers that are getting into the job market now, and they are paying more attention to quality and to, to purpose. And they are wanting to make sure that their money is invested in that purpose as well. And that purpose might be quality of jobs related. So we have a universe that is coming together as we speak that is increasing this pressure on, I believe the impact investing community to not to rethink, but to move to a different level of activity.

Lisa Morgan: You're not alone in being the first one on this call to hear the word zoomers, it's also a new word to me, but I think this also leads to another question of, you know, the quantum of impact that impact investors can have. So, you know, what influence do you think impact investors could actually have on the world of work on employment, on jobs?

Amit Bouri: You know, one of the things that's so important to you understand about impact investing in general is that it represents something that I think is incredibly appealing, but it's quite distinctive from conventional investing, you know, in conventional investors, optimizing their financial returns Mia with, for given level of risk. And so they may be in slow and steady investments, or they may be doing venture capital, which are high risk, high return, but they're primarily optimizing around the financial returns, impact investors inherently are trying to sell from multiple objectives at the same time, trying to achieve financial returns, you know, that allowed them to sustain their activities, but also trying to achieve impact performance. And how do they drive greater impact in the world and in, and in specific areas like quality jobs. And we were thrilled to partner with the ILO on how did actually like understand how impact investors can have an impact on quality employment and quality jobs.

And I think that's something that I think is really important because there's a lot of things that some very important at a conceptual level, but are actually quite challenging to operationalize and to put into practice. And we have a system called Iris plus, and that's spelled I R I S with the plus sign. And it's available on our website@irisdotthegin.org. And it is a system that is available to all, for, to measure, manage and optimize your impact performance. And so through our work with, with the, we've actually built out the theme of quality jobs, I mean, the way I would encourage you to think about this is it helps you understand how you can translate your good intentions as an investor into real results. So it starts off with specific strategies, you know, things like how investors can invest to help improve health and wellbeing across the workforce, how they can promote and improve rights, respect and cooperation in the workplace, and mean a total of five different strategies connected to the specific metrics that you can track at a company level to understand your performance.

And I think this just helps bring these great intentions and these important objectives that we've been talking about at a systemic level down to the way in which, you know, companies and investors operate. We think this is incredibly powerful and incredibly important. And one thing I wanted to highlight about building on Patricia's comments is that, you know, we definitely serve the community of impact investors, which is, you know, growing all the time. And we have over 350 member firms in 52 countries that the gin we have over 40,000 people and attract and use our resources. But what I would say is incredibly important is that impact thinking it's reaching much



broader audiences, whether it's through some of the regulatory action that Patricia spoke about, or just the general awareness of COVID, and a lot of folks are reflecting on how they can make a difference in the world, whether they're zoomers entering the workforce or whether they are, you know, people of older generations who have tremendous influence over the direction of companies and of capital, many people are trying to figure out how they can use their money, either activities to have a positive impact on the world.

And so I think we are in a moment where many, many more people are paying attention to these issues, which is why the work that we've done with the ILO is incredibly important at this moment where we have pension funds, major multinational corporations, government regulators, the investment banks, and others, trying to wrestle with this fact of how they can better promote, you know, quality jobs. Uh, and I, and hopefully we can, our collective efforts will help them do that in a way that really has a positive impact.

Patricia Richter: That sounds fantastic. And there's some really practical things that you've mentioned there. Patricia, would you like to add, and also, maybe tell us a bit more about, you know, if you were an impact investor, what could you actually do to start implementing these strategies? Thanks, Lisa. And thank you. I mean, this collaboration with digital has just been really amazing. You have a great team there. I have to say, it's not just working on a question basically, but also having the gym there, you see it more than 300 members, 350 members. I think what was amazing for us was having about a hundred of the gym members in the several conversations about shaping the quality strategic goals. And I think this number already shows what big interest is there in, in, in the community. And that this conversation about employment goes far beyond what we at the entry level here.

I said, okay, let's do some head count. And then yeah, we estimate and put this number down. Then the next advanced level is okay, had to count, no, shouldn't we talk or full-time equivalent. Maybe this is what we should do. But we moved with the gin to this level of quality jobs, which is really not the most easy thing to measure. And we are fully aware of that. So it was amazing working with these about 100 members and with her team, from, from the gin and the technical side along strategies that aimed at improving health and wellbeing across the workforce and what investors can actually do to push this agenda and push the frontier in the businesses that are being financed or on jobs skills. And perhaps I pick this out as, as an example, because we get back to the future, your job skills for the future.

That was another of the strategic goals that the investor stood was super important. It links a bit also to this climate change and just transition work that I alluded to, to, to be for investors can support investee companies, shaping skills of the employees in the companies that they are financing by putting this into a strategic framework. If you finance a company, you can think of the future market of the company and what skills do the current employees actually need to get there. And the investors in the best case, if they even have some technical assistance can support the companies to get there, maybe even designing these trainings. And we saw the value of that now as part of the COVID-19 pandemic as online trainings, that can be tweaked a little bit here and there, um, every year, but then they become available to the employees also in the longer term. So, so those were examples that we've discussed with the group of investors that seemed to, to make sense to them and putting the metrics also behind, um, starting with metrics on number of employees trained or, or the training hours, but then also moving on to things that not everybody might have thought



about, like Everett, employee, tenure, what does this tell us? It does tell us a lot. Are employees happy? Are they satisfied with the job that they have?

Amit Bouri: No one thing I want to build on what Patricia was saying. I think it's so important that as we look at these huge global issues, that we're all wrestling with new things, like how do we mitigate the climate, but also how do we adapt and build more resiliency in communities given the shifts that climate change will cause, you know, quality jobs are very essential to that. There'll be new industries developed. I mean, things like, you know, um, how do we, you know, in the energy transition, how do we build up new industries around renewable infrastructure, all over the world, right? We need this on every continent and every country and that as we're forming these new industries, you know, how do we build quality employment into them? You know, so we have more resilience at the company level and at the community level, but also for individual households and the individuals themselves to workers.

And this is an incredible opportunity shaped by an incredible, scary trend that we're all wrestling with. But there's a way that we, I think it's important that we think about, and this comes back to your question about what impact investors can do. That it's important that we think about how to embed quality jobs across our entire economy, across all sectors, you know, across the companies large and those tiny start-ups. Because I think fundamentally what we want to do is we want to have healthier communities. We want people who are at the lower end of our socioeconomic spectrum to have mobility meant to have access to better education, outcomes, and health outcomes and beyond. And one of the greatest points of leverage is to make sure that investors are valuing the creation of quality jobs, um, and to sustaining of quality employment for the companies that

Lisa Morgan: So Amit and Patricia, if you had one action or one message that you would like to give impact investors, investors listening to this podcast episode, what would that

Amit Bouri: Well from my side, I think it's had to have a bias towards action. If you're looking around at the world and worried about the state of the worker and the, you know, the stability of many of our societies, I think it's so critical that we actually start to operationalize all these great things that we've been discussing. And so my one action would be to check out the great work that exists in the Iris plus that I mentioned earlier. It is, you know, it's freely available to everyone and it represents a collaboration as Patricia mentioned with a great team at the ILO, but also with many impact investors who are thinking about these issues. Uh, so there's a wealth of resources and guidance that will help you become more effective at being investing in quality jobs. So that, that would be my one recommendation to get, get going

Patricia Richter: Patricia and picking it up exactly where it left off, take the gin, work the investing strategies and integrate into the overall investment policies, investment strategies that the impact investors are having and build the capacity of your, your staff to actually implement them. So perhaps that would be my final word to add here. Thank you so much, Lisa. Thank you.

Lisa Morgan: You both. That was incredibly insightful. I really enjoyed listening to you both talk about impact and how it relates to the world of work. So thank you both for your time and thank you to the gin for our fantastic collaboration. And we've really enjoyed having you on the podcast. So I wish both of you a good rest of the day. Thank you so much.



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