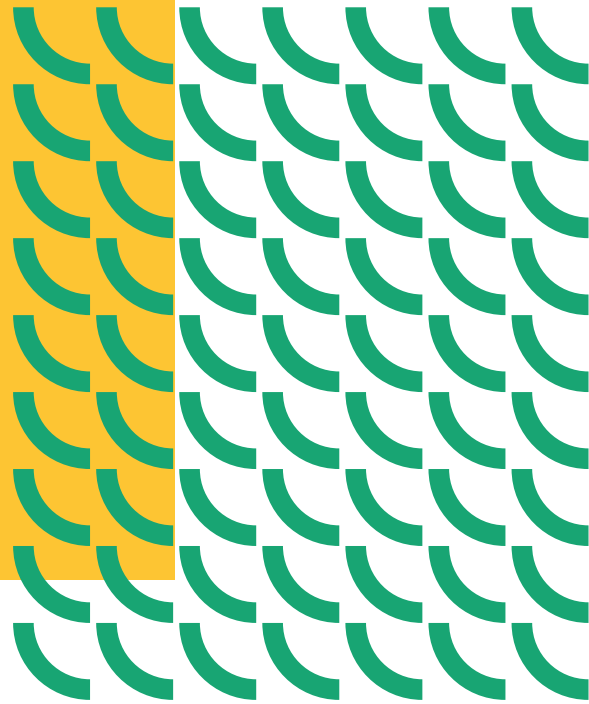


CONCEPTUAL BOOKLET

AFD 16th International Research Conference



FROM RESEARCH TO ACTION

Leveraging Results for Public Policy

DEC. 5
2024

#Research4Policies



PART 1

AFD's 16th International Research Conference

Why hold such a conference?

The International Research Conference organised by Agence Française de Développement (AFD) reflects its commitment to co-produce and share knowledge for development. It aligns with the priorities of France's international solidarity policy, and reflects AFD's strategic orientations in terms of research, innovation, and local capacity building. This year's event, titled "From Research to Action: Leveraging Results for Public Policy", highlights **how research findings can be translated into tangible actions to inform public policy, particularly in and with countries from the Global South.**

Held every two years, this conference reviews AFD's research work to contribute to public policy dialogue in partner countries and to improve the design, and hence the impact, of its financing on the ground.

The event draws on the unique characteristics of AFD's research, specifically:

1. Research with the Global South: AFD advocates for a collaborative approach with countries from the Global South, involving local stakeholders throughout the knowledge production process—from identifying key research questions to defining strategies for maximizing the impact of findings and ensuring that they are easily adopted by public

stakeholders. This enables AFD to co-design solutions that are adapted to the specific contexts of these regions.

2. Research by a Public Development Bank: as a public financial institution dedicated to achieving the Sustainable Development Goals (SDGs), AFD integrates sustainable and inclusive development principles into its work. This position gives it a unique approach, in which the production of knowledge feeds the reflection on development finance and the impact of the projects financed.

3. A multi-disciplinary approach: AFD's research is also characterized by its multi-disciplinary approach, combining economic, social, environmental, and political sciences. This interdisciplinary focus enables the development of more comprehensive and cross-cutting solutions to global challenges by breaking down silos and fostering the cross-sectoral dialogue needed to design sustainable development trajectories.

AFD's research conference also serves to **create a space for interaction between researchers, development practitioners and policy-makers, facilitating exchanges on research findings and science-based solutions** to strengthen cooperation and foster transdisciplinary dialogue.

By encouraging interactions, particularly among Global South partners, the event aims to pool knowledge and experiences beyond actions carried out by AFD, which is essential to build collective responses sustainable development challenges.

Ultimately, this conference seeks to **showcase how research can transform public policies**. It is an opportunity to strengthen collaboration between researchers and policy-makers while demonstrating how research contributes not only to strategic thinking but also to actionable solutions for equitable, sustainable and inclusive development.

Format and target audience

This one-day conference will feature four thematic round tables that illustrate AFD's approaches and priority research areas: assessing the risks and opportunities of pro-nature transitions, aligning finance with the Sustainable Development Goals, governance of public services in countries from the Global South, and taking into account social and demographic dynamics in ecological transitions.

Each round table will have two components:

- (1) two to three presentations of research papers by AFD researchers and research partners;**
- (2) a debate on these findings between researchers, policy-makers and development practitioners from both the Global North and the Global South.**

The conference is open to a diverse audience, including senior civil servants, policy-makers, Public Development Banks, civil society, experts in the fields covered by the round tables, researchers, academics and students from all the disciplines related to these issues (from social sciences and humanities to natural and climate sciences), think tanks and specialist media likely to disseminate the discussions.





PART 2

5 December 2024: The program

8:30am – 9:15am

COFFEE RECEPTION

9:15am – 9:30am

OPENING SPEECH

By **Carl Bernadac**, Director of the Economic Analysis and Public Policies Department (AFD)

9:30am – 11:00 am

ROUND TABLE 1

How can demographic and social dynamics be integrated into ecological transitions?

11:30am – 1:00 pm

ROUND TABLE 2

Sustainable finance: issues related to the adoption of alignment frameworks

1:00pm – 2:00pm

COCKTAIL LUNCH

2:00pm – 3:30pm

ROUND TABLE 3

Public services beyond the State: opportunities and risks for rethinking public action in countries from the Global South

4:00pm – 5:30pm

ROUND TABLE 4

How can we assess the risks and opportunities of pro-nature transitions?

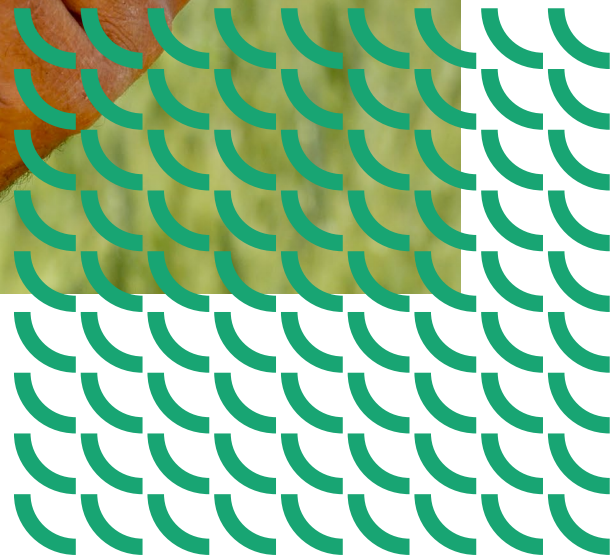
5:30pm – 5:40pm

GENERAL CONCLUSION

By **Thomas Melonio**, Chief Economist and Executive Director of Innovation, Strategy and Research (AFD)



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PART 3

Focus on the thematic round tables

ROUND TABLE 1

How can demographic and social dynamics be integrated into ecological transitions?

As a result, development challenges have become more diverse: tackling inequality and managing demographic change are now more effectively integrated into public policy design and donor strategies. **Environmental and climate challenges are also key concerns, especially for the most exposed and vulnerable populations and regions.** Conceptualising the interconnections between these components is now essential to better identify priorities, leverage synergies, and design public policies that are relevant, acceptable and effective.

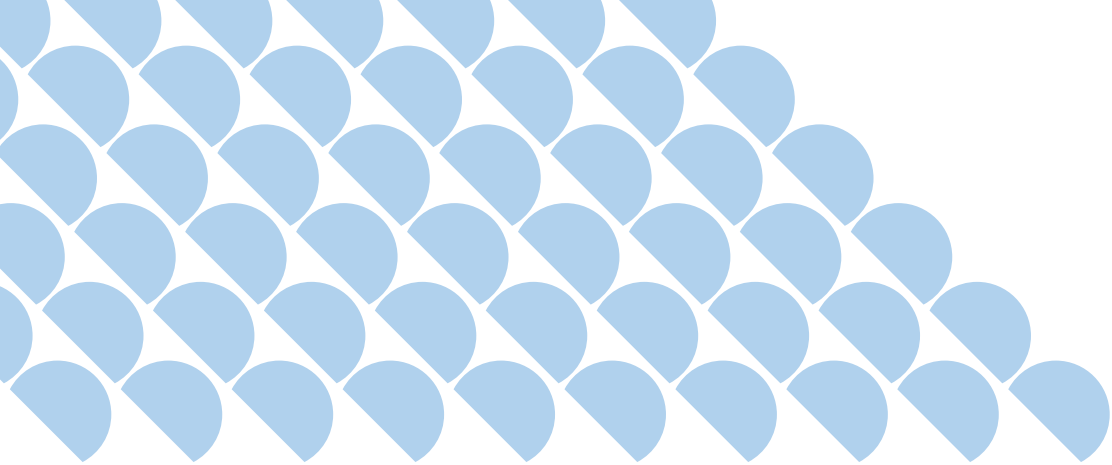
Unprecedented demographic trends are also reshaping multiples dynamics (social, employment, health, etc.). Declining fertility rates – except in sub-Saharan Africa – combined with increasing life expectancy signal an ageing global population, which will have various consequences, in particular for the labour force, employment, income distribution, healthcare and intergenerational transfers.

Demographic shifts, coupled with the consequences of reaching the planet's biophysical boundaries, will drive profound societal changes, influencing organizational structures and institutional frameworks. These trends

will also impact agriculture and food systems, access to natural resources (especially minerals), the nature and location of economic activities, human mobility and social transformations.

Scientific research, and in particular studies coordinated by AFD with research teams from all backgrounds, has delved into these themes to explore policies to support society through these biophysical, technological and sociological changes. Between 2017 and 2020, AFD has carried out 22 research projects in around thirty countries and published around one hundred *Research Papers and Public Policy Dialogues* published by Editions Agence Française de Développement. **The aim of this research is to make the public policy-making process more responsive to inequalities, more inclusive, and more effective.**

While the solutions adopted depend on the diagnosis, societal acceptance of these measures is not always easy or obvious, even when supported by scientific evidence. Ensuring social acceptability is therefore critical in shaping public policies, and calls for a just transition.



AFD's work on public policy dialogue is aligned with these considerations. **AFD has developed a variety of analytical tools to foster reflection, with two specifically designed to address issues of inequality:**

- The multidimensional diagnosis of inequalities (current situation and trends), based on the methodology developed by the African Centre of Excellence for Inequality Research (ACEIR) in South Africa;
- The fiscal incidence analysis (examining redistributive impacts and tax equity), based on the approach developed by the Commitment to Equity Institute (CEQ) at Tulane University (New Orleans).

These diagnostic tools enable beneficiary countries to initiate national debates on societal challenges, to identify the points that are considered least acceptable, and to reflect on how to move towards greater equity through more effective redistribution and better-targeted economic policies to reduce poverty and inequality.

This session will explore these challenges at different stages of the life cycle: education and training, access to infrastructure, working life and workforce adaptation to the predicted changes in employment patterns, financing of social policies, pension systems sustainability, and intergenerational solidarity. The objective is to investigate how research can inform decision-makers, while enabling public policy actors to communicate their constraints and guide researchers, towards solutions that deliver higher-quality public services, and equitable, technically viable, and financially sustainable policies.

ROUND TABLE STRUCTURE

This round table will examine the interplay between inequalities, demographics and the ecological transition, along with public policy options that tackle these complex and evolving challenges.

Sequence 1: Research

The first segment will present insights into the social dimension of ecological transitions, viewed through the lens of demographics and the labour market.

- **How does ecological transition affect the labour market?**

The ecological transition has direct consequences on labour markets, particularly on the distribution of jobs (between “green” and “brown” sectors). These changes requires support both in terms of training and social protection. Addressing these shifts requires support through targeted training and social protection measures. This presentation will examine the employment implications of a net-zero trajectory, highlighting its effects on inequality, including impacts on informality and pension systems, with a focus on Colombia.

Presentation by Oscar Becerra, researcher at the University of Los Andes, Colombia.

- **Ageing issues in context analysis and public policy dialogue in AFD’s partner countries**

Understanding ageing trends is crucial, as countries experiencing population ageing face social challenges with distinct implications for health, social protection, employment, taxation, housing, regional planning, and migration. This presentation will propose a framework for analyzing the social contexts in AFD’s partner countries to better inform public policy decisions.

Presentation by Serge Rabier, senior researcher, Demography and Gender, AFD, France.

Sequence 2: Debate

The concluding debate will focus on how stakeholders and practitioners leverage available tools to enhance the social sustainability of ongoing transitions, while continuing to reduce poverty and multidimensional inequalities.

Debate organised with:

RAHMAN ABDUROHMAN,
Deputy Director of Functional Surveillance and Research at the ASEAN+3 Macroeconomic Research Office (AMRO), formerly at the Ministry of Finance of Indonesia

SOULEYMANE DIALLO,
Director General of Planning and Economic Policies (DGPPE) at the Ministry of the Economy, Planning and Cooperation of Senegal

ALEJANDRA MACIAS,
researcher at the Centre for Economic and Budgetary Research (CIEP), Mexico

VALÉRIE SCHMITT,
Deputy Director of the Social Protection Department at the International Labour Organisation (ILO), Switzerland



ROUND TABLE 2

Sustainable finance: issues related to the adoption of alignment frameworks

Since the Paris Climate Agreement in 2015, financial institutions and investors have been increasingly focused on the impact of their activities. Article 2.1.C of the Paris Agreement states that financial flows must be compatible with a development path that is both low in greenhouse gas emissions and resilient to climate change. **The interpretation of this article has sparked widespread use of the term “alignment” to frame discussions on the role of finance in achieving the SDGs.**

The concept of alignment is generally examined through three core concepts: risk management, the pursuit of positive impacts for nature and society, and the economic opportunities arising from the transition to a low-carbon economy. In practice, alignment methods aim to create a common framework that guides the flow of finance and clarifies the responsibility of all financial actors in supporting sustainable development.

There are two complementary methods for defining alignment frameworks, which differ in their nature, degree of obligation, and impact.

On one hand, governments, financial regulators (such as central banks), and/or supranational bodies (like the European Union) establish standards that financial actors must adhere to, with penalties for non-compliance. These **regulatory approaches** primarily focus on financial stability concerns related to climate risk management and/or sustainability risk management. They may also promote greater transparency by requiring the disclosure of

extra-financial (or sustainability) information, though they do not always provide detailed, prescriptive guidance on alignment. Examples of such regulatory approaches include the *Sustainable Finance Disclosure Regulation (SFDR)* and the *European Green Taxonomy*.

On the other hand, **voluntary approaches** are based on commitments made directly by financial institutions, without any legal obligations. Initiatives of this type, such as the **Task Force on Climate-Related Financial Disclosures (TCFD)**, aim to establish common principles for investment and extra-financial reporting. These approaches are generally structured around two main pillars:

- **Quantitative pillar:** This involves targets expressed in terms of greenhouse gas emissions (e.g., total emissions, emissions intensity), which help establish an accountability framework for measuring progress.
- **Qualitative and commitment pillar:** These are alignment objectives that can be incorporated into a transition plan and reflected in an institution's strategy, operations, and risk management. This pillar supports the development and implementation of transition strategies.

To date, there are at least fifty voluntary initiatives¹ operating at various levels, including groups of public and private financial actors, individual institutions, portfolios, projects, or underlying assets. More flexible than regulatory approaches, voluntary approaches allow institutions to gradually adapt their practices. However, the lack of harmonization or convergence between the different initiatives makes impact assessment more challenging and increases the risk of greenwashing.²

Therefore, what lessons can be drawn from the various alignment practices observed to date?

Regardless of whether a regulatory or voluntary approach is adopted, the notion of alignment raises important questions about the relevance of the methods used and their tangible contribution to the SDGs and global climate goals.

To strengthen their credibility, individual commitments to alignment must be consistent with national or sectoral trajectories that are supported by appropriate policies and regulations. The feasibility of transition plans and stakeholder commitments is heavily influenced by external factors, or “dependency pathways,” which must be carefully identified and understood. Achieving these goals requires both inter- and intra-sectoral synergies: decarbonization (and adaptation) relies on integrating value chains, the energy sector, spatial planning, carbon pricing policies, as well as consumption and production standards and regulations.

Finally, a transition plan must include a financing strategy and clear objectives defined across multiple time horizons, rather than relying solely on distant deadlines. This approach ensures that short-term actions align with long-term goals, creating a more credible and actionable roadmap for achieving sustainable transitions.

Furthermore, do the trajectories adopted reflect a social and political pact? It is essential to also examine the principles of justice and the allocation of carbon budgets within the methods used to define emissions targets. The overall coherence of aggregating the individual alignments of financial institutions requires careful consideration, as does the temporality of the targets and the intermediate milestones for the medium and long term. Setting targets too far in the future may undermine the credibility of these alignments and their ability to drive meaningful action.

Additionally, how can the feasibility and materiality of declared alignments be assessed? How can a cohesive accountability framework be developed to ensure that the commitments of economic actors are aligned with national or regional development pathways? These are crucial questions that need to be addressed in order to assess the effectiveness of alignment efforts.

Through its research, **AFD aims to clarify the concept of alignment and explore the operational implications of this term for AFD and its partners**, providing actionable insights for advancing alignment strategies that are both credible and impactful.

¹ See Institut Louis Bachelier (2024), The Alignment Cookbook 2. <https://www.institutlouisbachelier.org/wp-content/uploads/2024/05/cookbook-0905.pdf>

² “Greenwashing is a marketing method that consists of communicating with the public using ecological arguments. [...] The term ‘greenwashing’ is often used by NGOs to stigmatise companies that try to display environmental concerns that are far from being present in their practices”. (Novethic definition)

ROUND TABLE STRUCTURE

The objective is to examine both voluntary and regulatory approaches from diverse geographical and institutional perspectives, with a particular focus on the role of Public Development Banks, especially in the context of climate finance under the framework of the Paris Agreement.

Sequence 1: Research

- **Alignment approaches to achieve the objectives of the Paris Agreement**

This concept of alignment differs fundamentally from approaches that focus solely on reducing financed emissions in relation to a global warming threshold or those that advocate for the adoption of climate actions commonly found at the level of financial institutions. The aim of this report is to provide concrete pathways for aligning financial activities with the objectives of the Paris Agreement.

Presentation by Laurent Bergadaa, sustainable finance expert at AFD, France.

- **A contextual approach to regulatory frameworks for sustainable finance**

Faced with the challenges of climate change, financial regulation is focusing on its stability mandate, mobilising tools to manage financial climate risks. However, this approach differs fundamentally from alignment policies as defined by the Paris Agreement. In this context, what role could regulators and central banks play in achieving alignment? This paper explores the specific issues faced by emerging and developing economies (EDEs), where resilience and adaptation priorities are central to the climate finance agenda, due to their heightened climate vulnerability. The combination of long-term financing needs for transition and the structural macro-financial challenges of these economies presents a unique equation for regulators in EDEs.

Presentation by Marine Lagarde, Senior Project Team Leader, Financial Systems Division, Sustainable Development Solutions Directorate, AFD, France.

- **What does the notion of alignment mean for Public Development Banks?**

There are over 530 Public Development Banks (PDBs) worldwide, responsible for approximately 10% of annual global investment flows. These financial institutions serve as a powerful tool for governments to drive transitions. *The Public Development Bank Handbook*, presented during this session, is co-published by AFD, the World Bank, the United Nations Department of Economic and Social Affairs (UN DESA), and the Finance in Common (FiCS) global network. The handbook summarizes current research on how public financial institutions approach the concept of alignment. Specifically, it aims to explore the strategies employed by PDBs to finance projects with significant environmental and social impacts, while considering the transition risks and development trajectories unique to each economy.

Presentation by Nicolas Picchiottino, Director of the Public Development Banks Department at AFD and Secretary General of the International Development Finance Club (IDFC), France.

Sequence 2: Debate

The research presented will be discussed in this sequence. The aim is to put into perspective a plurality of viewpoints on the notion of alignment through the contributions of experts, practitioners and regulators.

Debate organised with:

CLAIRE ESCHALIER,

Director of the “Financing for Development” programme at the Institute for Climate Economics (I4CE), France

CRISTINA FRÓES DE BORJA REIS,

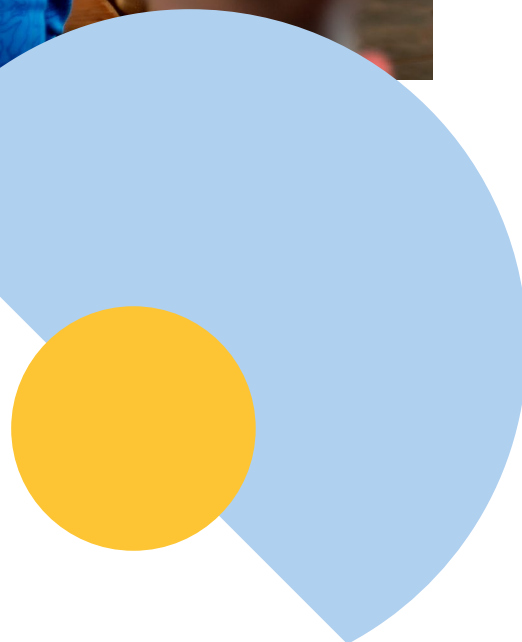
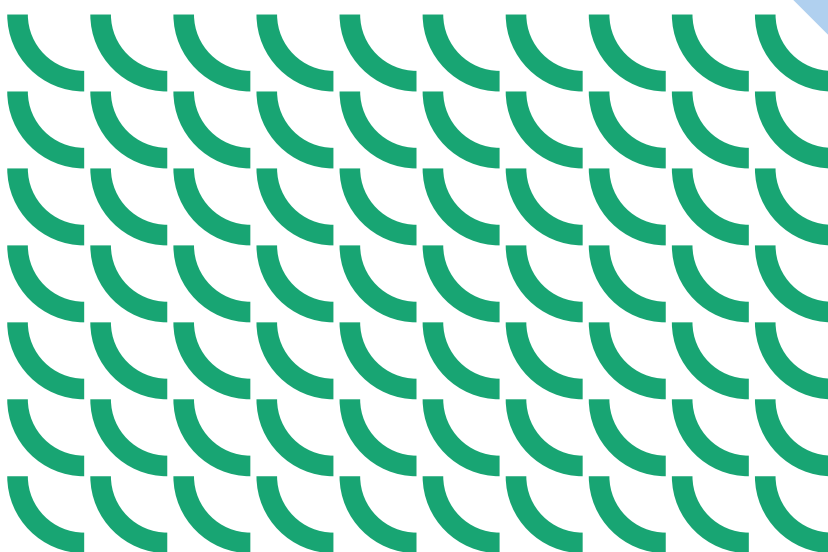
Under-Secretary for Sustainable Economic Development at the Ministry of Finance of Brazil

ZEPH NHLEKO,

Chief Economist at the Development Bank of South Africa (DBSA)

MURTAZA HUSAIN SYED,

Head of Ecosystem, Asian Infrastructure Investment Bank (AIIB), China



ROUND TABLE 3

Public services beyond the State: opportunities and risks for rethinking public action in countries from the Global South

Public services are of strategic importance for several reasons. Firstly, they address a broad spectrum of essential human and social needs, such as health, education, water, waste management, and energy, as well as key government functions like justice and security. Despite being central to the SDGs, they remain insufficient or unavailable in many countries. Public services also raise important questions about the role of the State and public actors, including non-state entities like local authorities. These questions concern their nature, respective missions, and their institutional and territorial organization. Additionally, they explore the dynamics between the State, public actors, the private sector, and civil society.

In most of the countries where AFD operates, public services are shaped by the complex history of state-building and the evolving relationship between the State, the market, and society. The management, financing, and delivery of these services have been deeply impacted by major reforms and programs:

- From the 1980s onwards, structural adjustment policies, waves of privatization, and the rise of New Public Management led to an increase in public-private partnerships for commercial public services, alongside significant disinvestment in social services and sectors.
- From the 2000s onwards, the acceleration of decentralization transferred critical responsibilities for access to and the quality of basic services to local authorities, despite their still-developing capacities.

These reforms, coupled with often limited macro-budgetary contexts and, in the case of Africa, rapid and sustained demographic growth, have led to significant challenges. These include difficulties in guaranteeing adequate basic public services and ensuring their quality.

However, the growing gap between people's legitimate expectations and the reality of the services provided by the public authorities often leads to growing frustration and mistrust of the State. Yet, there is a growing tendency, particularly among property owners, to advocate for a "return of the State", arguing for the State's role in safeguarding access to services for the broadest possible population.

This seesaw reflects a **tension between two conceptions of "public services"**: on one hand, services provided by public actors, and on the other, services delivered to the public – meaning services accessible to the greatest number, regardless of the governance model. In many countries, both in urban and rural areas, essential services such as water, health, education, energy, and justice are provided to people outside the reach of the state. **These are often considered "commons" or "substitute" services.**

Organized by and for the public at various levels, primarily local, these services are often the result of spontaneous self-organization by users, residents, and citizens. While they have certain limitations, they compensate for the absence or failure of services provided by public and private actors. These services offer an "extra" to the users they serve, through their local roots, affordability, flexibility, and alternative modes of governance.

ROUND TABLE STRUCTURE

In this context, the purpose of this round table is to reconsider the different approaches to the governance and delivery of public services in countries of the Global South. It will also examine the importance of adopting a sustainable approach to transforming public action and services, particularly through partnerships between public institutions and society.

Sequence 1: Research

The round table will begin with a presentation of the results of three research projects supported by AFD on this theme, focusing on:

- **Substitute services in the fragile states of sub-Saharan Africa**

The “Suppléance” project examines the development of public services provided by non-state actors in the absence of the state, focusing on sectors such as education, health, justice, and security. It explores whether these services merely fill a gap or whether they offer additional benefits to citizens through their local roots, affordability, or flexibility.

Presentation by Gilles Holder, researcher at the Centre national de la recherche scientifique (CNRS), France.

- **Shared water services in Bolivia**

The “Water Territories and the Commons in Bolivia” project investigates water self-management in Bolivia, particularly following the “water wars” in Cochabamba and La Paz, which were protests against the privatization of water resources. The project analyzes the successes and limitations of these self-management models and examines the factors that contribute to their resilience in the face of social and environmental shocks.

Presentation by Franck Poupeau, researcher at the Institut de hautes études sur l'Amérique Latine de l'université Sorbonne Nouvelle (IHEAL CREDA), based between France and Bolivia.

- **Public-commons partnerships in the care sector in Bogota, Colombia**

The program aims to establish public-commons partnerships in the health sector in Bogotá to improve access to healthcare. This research-action project combines analysis with public policy dialogue. By December 2024, several stages will be completed, including the selection of care centers, a diagnosis of current practices, and the creation of learning communities to co-create pilot partnerships over a 12-month period.

Presentation by Maria-José Alvarez, Professor of Sociology at the University of Los Andes, Colombia.

Sequence 2: Debate

How does this work enrich the practices and approaches of those involved, particularly in the following areas?

- The construction of the State and public services in Africa, Latin America and Asia;
- The conditions for services beyond the State to contribute to objectives of general interest;
- The relevance of these services and the ways in which they can be linked to the services provided by the public sector (raising questions of geographical coverage, service levels, and legal and financial tools);
- The effects on the State and public players, on their authority, their legitimacy and their ability to invest in and support different modes of service management and governance.

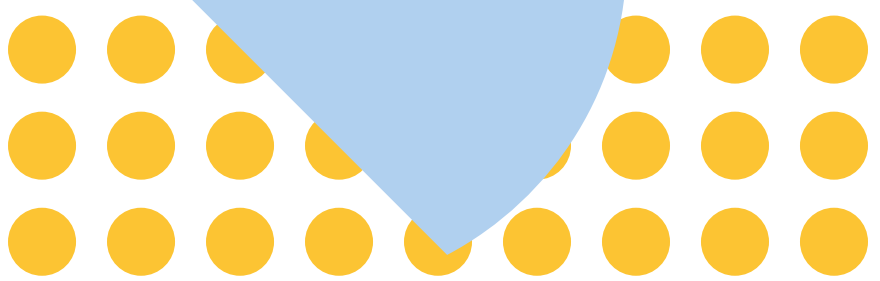
Debate organised with:

MATHIEU LE CORRE,
Head of the Essential Services and Natural Resources Department, GRET, France

NATALIA MORENO SALAMANCA,
Ministry of Equality and Equity of Colombia, remote participation

OLIVIER PROVINI,
researcher at the Université de La Réunion





ROUND TABLE 4

How to assess the risks and opportunities of pro-nature transitions?

In 2012, the United Nations established the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), which is considered the biodiversity equivalent of the IPCC. In 2019, with the publication of the *Global Assessment Report on Biodiversity and Ecosystem Services*, the platform highlighted that biodiversity loss is not only an environmental issue but also deeply intertwined with development and socio-economic policies in the broadest sense. The report documents the rapid and unprecedented decline in biodiversity, driven primarily by human activities. It identifies five main causes of biodiversity loss: changes in land, sea, and ocean use, excessive resource extraction, pollution, climate change, and the spread of invasive species. In response, the IPBES issued a call to action, dedicating two of its six chapters to strategies for achieving a sustainable future and exploring the options available to decision-makers. Similar to how COP21 on climate resulted in the adoption of the Paris Agreement, **COP15 on biodiversity led to the adoption of the Kunming-Montreal Global Biodiversity Framework in late 2022.** This framework introduces several measures aimed at addressing the lack of recognition of the biodiversity crisis within the economic and political landscape.

In particular, the framework sets out 23 targets, urging governments, as well as economic and financial stakeholders, to rethink their models in order to systematically integrate biodiversity-related issues. It calls for actions to ensure that the national policies of the States Parties to the Convention on Biological Diversity more effectively support biodiversity conservation, with the goal of reducing global ecological degradation. The aim is for the 180 signatory countries

to consider implementing legislative or regulatory measures that curb biodiversity loss while simultaneously preserving the well-being and prosperity of their populations.

Similar to climate change, the degradation of biodiversity can lead to two types of risks in the economic and social spheres:

- **Transition risks** arise from changes in policies, consumer preferences or behaviors, and technological advancements aimed at mitigating the impact of human activity on biodiversity. These changes can affect economic activities and asset values.
- **Biodiversity-related physical risks** occur when the loss of biodiversity (such as the decline in genetic, species, and ecosystem diversity) directly impacts human capital and economic activities. Industries that depend heavily on ecosystem services, either directly or through their supply chains, are particularly vulnerable. For example, industries that consume large volumes of water (e.g., for industrial cooling) are reliant on ecosystems to regulate water flows or purify water. The health of these ecosystems is crucial for maintaining the quality and availability of water, which in turn supports the profitability and employment in these sectors.

This paradigm has led AFD researchers to explore methodologies for identifying the sectors most affected by these two types of risk and determining where action should be prioritized. Through a mirror effect, opportunities to shift production models can sometimes be found for the most at-risk sectors by adopting systems that capitalize on the health of ecosystem services or by implementing approaches that significantly reduce the pressures leading to biodiversity degradation. Thus, analyzing physical and transition risks could also **serve as a pathway for identifying opportunities and designing pro-nature development trajectories.**

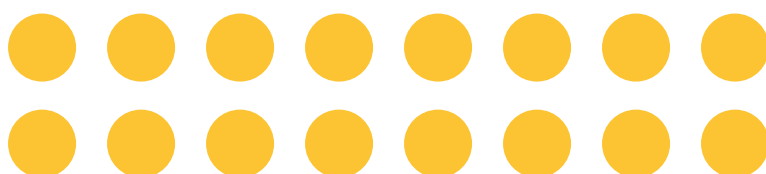
In the coming years, businesses and financial institutions should be encouraged to disclose how physical and transitional risks related to the degradation of nature could impact them. Target 15 of the new Global Biodiversity Framework specifically urges them to “*regularly assess and disclose their biodiversity risks, dependencies, and impacts throughout their operations, supply and value chains, and portfolios.*” The Task Force on Nature-related Financial Disclosures (**TNFD**), which positions itself as a “market-led scientific initiative supported by governments, businesses, and financial institutions worldwide,” was launched in 2021. It has developed a methodological framework to assist companies and financial institutions in reporting on how they consider these risks. Additionally, the Network for Greening the Financial System (**NGFS**) has issued recommendations on how financial market players should assess the financial risks associated with biodiversity loss. **While some financial institutions have already begun integrating climate-related risks into stress tests and financial assessments, the inclusion of biodiversity loss represents a completely new area of analysis.**

Recognizing the significant need to address these issues, AFD began focusing on them in 2019. The Research Department has played a pivotal role in engaging with this topic by utilizing several tools to better measure these challenges, including:

- The **GLORIA** (*Global Resource Input-Output Assessment*) **database**, which not only tracks material footprints but also provides a wide range of environmental, economic, and social indicators.
- The **ENCORE** (*Exploring Natural Capital Opportunities, Risks and Exposure*) **database**, which evaluates the reliance of production processes on ecosystem services.
- The **STAR** (*Species Threat Abatement and Restoration*) **indicator**, which estimates the potential reduction in the risk of species extinction that could be achieved at a specific site, within a company’s footprint, or within a country.

AFD’s research, particularly through analytical work with these databases, has allowed it to explore a pioneering role in the donor community. It has also facilitated public policy dialogues with its clients and partners to assess these risks and address the associated macro-financial and social stability challenges.

These tools, along with other initiatives and methodological frameworks, will be discussed to evaluate their added value in both research and practical applications for companies and financial institutions.



ROUND TABLE STRUCTURE

In this context, the aim of this round table is to initiate a discussion on assessing the risks and opportunities associated with pro-nature transitions, in the context of achieving the SDGs, the Paris Agreement, and the Kunming-Montreal Global Biodiversity Framework. The round table will also explore how these transitions can contribute to national and even international public policy dialogues.

To kick off the discussion, the round table will begin with two presentations focused on methodologies for analyzing the risks and opportunities linked to pro-nature transitions.

Sequence 1: Research

- **How can we analyse the physical and transitional risks associated with biodiversity loss and their potential impact on macroeconomic and socio-economic stability?**

Based on a case study carried out in South Africa by AFD, this paper will present different examples of spatially-explicit risk assessment focused on macroeconomic balances and on social indicators.

Presentation by Paul Hadji-Lazaro, macroeconomist specializing on climate and biodiversity at AFD and Matthieu Trichet, PhD student at AFD, France.

- **How could the financial sector be exposed to transition risks? Example of an analysis assessing how the reduction of species extinctions could affect certain financial sectors.**

This study will introduce a new approach for assessing the risks of transition at the economic and financial level aimed at reducing the risk of species extinction. This approach complements methods developed in recent years, which have primarily focused on risks associated with the degradation of ecosystem integrity.

Presentation by Siwar Alvaro Ortíz Guzmán, doctoral student at the Vienna University of Economics and Business (WU), Austria.

Sequence 2: Debate

These presentations will be followed by a debate involving AFD partners who have been involved in the research projects outlined above. This will provide an opportunity to explore their contributions to public debate and decision-making processes.

Debate organised with:

KATIE KEDWARD,
researcher at the University College London
Institute for Innovation and Public Purpose
(UCL IIPP), United Kingdom

SERAFIN MARTINEZ-JARAMILLO,
senior consultant in financial systems
at the World Bank, formerly at the Central
Bank of Mexico, remote participation

JENIFER ZUNGU,
“Ecological Infrastructure for Water Security”
(EI4WS) project manager at the South African
National Biodiversity Institute (SANBI), South
Africa

FIND THE SPEAKERS' BIOGRAPHIES

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For a world in common

Agence Française de Développement (AFD) implements France's policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. It also provides training in sustainable development (at AFD Campus) and other awareness-raising activities in France.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 2,700 projects in the field, in 120 countries and French Overseas Departments and Territories. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



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