
Finance for Sustainable Development Program

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Bui floating solar photovoltaic plant, Ghana © Daniel Duma / SEI

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Executive summary

The magnitude of investments required to achieve the Paris Agreement and the Sustainable Development Goals (SDGs) is enormous, yet progress in securing the financing needed to produce tangible results has been slow.

SEI's Finance for Sustainable Development (FSD) Program addresses the critical need for delivering more finance that drives sustainable development, with a particular focus on low- and lower-middle-income countries (LLMICs), including by attracting private-sector finance and business.

The program's signature is a two-pronged approach. First, through its research and engagement activities, the program generates micro-level insights about the characteristics that make sustainable projects viable on the ground. Then, those insights are used to inform macro-level policies on climate and development finance that can make more sustainable projects viable in their contexts.

The prevailing research and discussion about these critical issues have tended to focus on the supply side of finance, by which we mean both the availability and the accessibility of capital. A less explored but critical issue in this picture is the demand side – the sustainable economic activities seeking to access and use climate finance.

Our approach is grounded on the premise that greater understanding about the capacities and constraints facing those seeking to develop sustainable economic activities in these contexts is essential to designing the policies that lead to progress. Thus, we examine investment decisions at the firm level to better understand the challenges of generating sustainable economic value and of attracting private-sector investments in LLMICs.

The program works at the intersection of research, policy, and implementation, through a portfolio of activities: conducting research, offering targeted advisory services, and building capacity of key actors. We undertake case studies to examine the characteristics of successes and failures of a wide variety of enterprises – start-ups, corporations, public utilities, and public-private partnerships. We engage with project developers, lenders, entrepreneurs, and other project-level stakeholders to help generate new insights that can help create the enabling conditions for financing sustainable businesses. Projects address topics such as renewable energy, sustainable transport, climate-smart agriculture, adaptation, biodiversity, and, in general, sustainable business models.

We analyze the efficacy of various policy interventions – among them, blended-finance instruments such as guarantees, insurance, and currency risk instruments that realign risk and reward parameters and help sustainable development projects attract private investment.

The aim is to provide greater understanding about on-the-ground issues that must be addressed to attract private capital to the projects and countries that need it.

Started in 2022, the program now aims to build on its successful projects and expand by applying its signature approach to new sectors and contexts. The program works to foster and maintain partnerships that can help initiate and sustain meaningful progress. We focus on potential solutions that can make sustainable development activities financeable by various types of institutions with different risk and return expectations for the capital they deploy. By working with a diverse range of stakeholders – including governments, financial institutions, utilities, small businesses, large corporations and NGOs – the program aims to act as a knowledge broker, facilitator, and driver of effective change.

We believe there is a need for credible expertise on climate and development finance that is grounded on a deeper understanding of the real economies of LLMICs. As a leading, independent, science-based, and practice-oriented research institute working in LLMICs in Africa, Asia and Latin America, SEI is uniquely positioned to provide this.

This concept note introduces the program, sets out its aims and achievements thus far, and outlines its vision for future work.

1. The Finance for Sustainable Development Program

Since 2022, SEI has independently led the Finance for Sustainable Development (FSD) Program, which continues and builds upon the work that SEI has carried out through the Stockholm Sustainable Finance Centre (SSFC) partnership. FSD is based at the institute's headquarter in Stockholm, within the Development Policy and Finance Team, and collaborates with colleagues in other project teams both at headquarters and in the institute's centres worldwide (especially SEI Africa in Nairobi). FSD also collaborates with the Center for Financing for Sustainability (based at SEI Asia in Bangkok), the Equity in Adaptation Finance (involving researchers at headquarters and in the SEI US), and the Financing Urban Transition projects (based at headquarters).

The research program focuses on bridging micro-level knowledge on business viability and macro-level policy on climate and development finance.

The program's research and engagement activities benefit from SEI's experience and status as one of the world's leading sustainability research institutes. The program supports the institute's strategy, which identifies finance as a priority avenue for change and impact to achieve climate mitigation and sustainable development.

There is an urgent need for credible sustainability expertise that is focused on the real economy grounding of climate and development finance especially in LLMICs. As a leading, independent, science-based, and practice-oriented research institute, SEI is uniquely positioned to fill these needs.

1.1 Core capabilities

FSD contributes to its core thematic areas through three types of activities: research, advisory services, and training.

[1] Research – The program uses SEI's signature approach, which leverages practice-oriented, multidisciplinary research. The program aims to contribute to answering the most relevant research questions surrounding finance for climate and development. The program mostly conducts research on topics related to sustainable economic activities in LLMICs.

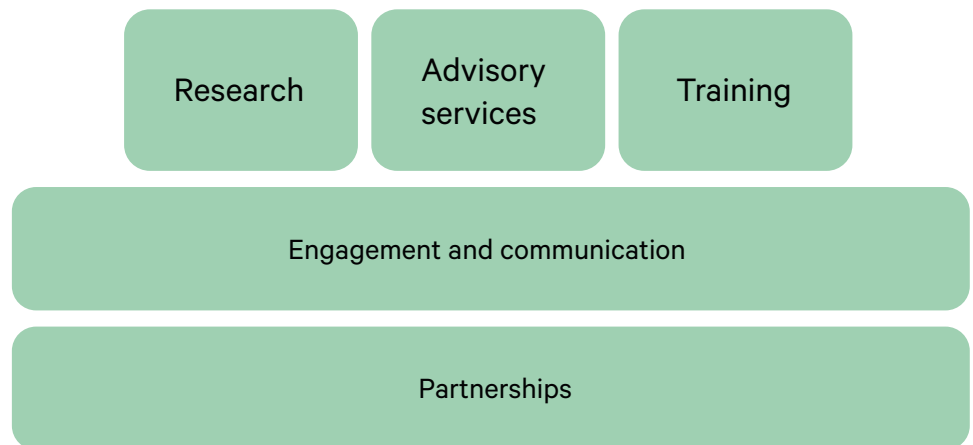
[2] Advisory services – The program provides advisory services to organizations, helping them navigate the complexities of sustainable development and respond to challenges in their particular contexts. FSD takes on an advisory role for appropriate private and public actors that fit into the wider scope of the program and its aims.

[3] Training – Through education and professional training, the program ensures that the research findings reach relevant policymakers, and representatives of businesses and non-governmental organizations (NGOs) – in a way that leads to evidence-informed policies and actions. With this in mind, the program contributes to both

internal and external training related to investments in sustainable economic activities in LLMICs.

To support and disseminate the results from the three types of activities, the program will undertake continuous internal and external **[4]** engagement and communication work, and forge **[5]** partnerships with organizations and experts that contribute to sustainable development.

Figure 1: FSD Program structure



1.2 Team

The FSD Program is hosted by the SEI Headquarters in Stockholm and sits with the Development Policy and Finance Team. Currently, the FSD Program consists of three core staff members with backgrounds in finance and sustainable development. In addition, we involve additional researchers in various activities and contribute to projects outside of FSD.

Core team



Daniel Duma, Program Lead and Research Fellow, SEI HQ: Daniel holds a PhD in Economics and leads SEI's Finance for Sustainable Development Program. His current research portfolio includes work on blended finance at the project level, with a particular focus on renewable energy projects in sub-Saharan Africa; financing industrial decarbonization in low-income countries; and the reform agenda of multilateral development banks. Recently, Daniel led FSD's work on the private finance for development initiative of the Swedish International Development Cooperation Agency (Sida), providing insights to the drivers of the investment decision of private firms. Daniel has been engaged in various global finance initiatives including the Paris Summit for a New Global Financial Pact, COP27, and COP28. Prior to coming to SEI, Daniel worked at Enel, a multinational renewable energy company, for 10 years.



Maximilian Bruder, Innovative Finance Expert and Research Fellow, SEI HQ: Max is a Research Fellow in the Finance for Sustainable Development Program and a final-year PhD Fellow at the United Nations University. His research focuses on sustainable business models and inclusive innovation in low- and lower-middle-income countries. He is experienced in both quantitative and qualitative research methodologies as well as using systems-thinking to identify and map actors, institutions and relationships within multi-level system perspectives. He has completed projects analysing sustainable business practices and the role of the private sector in attaining the SDGs. He has also conducted country-level program evaluations on financing innovation in poverty contexts.



Carly Evaeus, Project Manager and Fellow, SEI HQ: Carly is an experienced project manager and coordinator and holds the position of Project Manager in SEI's Finance for Sustainable Development Program. Prior to joining SEI, Carly coordinated two of Sida's strategic private-sector networks, SISD and SLSD, which consist of Sweden's largest institutional investors and leading companies; the aim of the networks is to further engage Swedish private-sector actors in sustainable activities in low- and middle-income countries. Through her work she enabled collaboration with other experts in sustainable finance such as the Global Investors for Sustainable Development Alliance (GISD), leading researchers and key policymakers. Prior to her work at Sida, Carly worked with topics such as sustainable finance at the World Wildlife Fund for Nature (WWF-Sweden) and digitalization at the Swedish Association of Local Authorities and Regions (SKR). For many years she worked with the think tank Tällberg Foundation.

Collaborators



Miquel Muñoz Cabré, Senior Scientist, SEI US: Miquel's research focuses on renewable energy, the energy transition, and climate change, encompassing aspects such as green finance, policy analysis, and socioeconomic benefits. His current projects include risk mitigation for renewable energy investments in sub-Saharan Africa; national renewable energy policy alignment with climate targets and SDGs; benefit-sharing with local and Indigenous Wayuu communities in La Guajira, Colombia; and the development of an AI tools for policy analysis.



Katherine Browne, Research Fellow, SEI HQ: Katherine Browne is lead of the International Climate Risk and Adaptation Team. Katherine's research focuses on international climate finance; policy coherence between climate and development agendas; and adaptation to complex, cross-border climate risks. Katherine has closely followed climate finance negotiations under the UN Framework Convention for Climate Change for a decade, first as a writer and team lead for the Earth Negotiations Bulletin and then in her role as climate finance lead for SEI's strategic policy engagement. Before she joined SEI, Katherine conducted extensive fieldwork in the Western Indian Ocean region, supported by a Fulbright-Hays Fellowship in Madagascar and a Fulbright Fellowship in Mauritius.



Aaron Maltais, Senior Research Fellow, SEI HQ: Aaron is the Policy and Road Map Lead for the Secretariat for the Leadership Group for Industry Transition. Aaron has extensive experience in leading research and engagement efforts on climate and sustainability transitions. He has served as the director of a research centre and has led several research teams and projects. He also has extensive experience in projects that engage directly with public- and private-sector actors. Aaron's expertise encompasses climate change, sustainability, environmental policy, international relations, ethics, democracy, and human rights. His current focus areas are green industry transitions, just transitions, sustainable finance, climate mitigation, climate justice, and implementing the SDGs.



Annika Hligert, Research Associate, SEI HQ: Annika is a Research Associate in the Development Policy and Finance team at SEI. She has experience in comprehensive literature reviews, systematic project mapping and analysis, and data synthesis. Recently, Annika has completed an evaluation of the transformative potential of Swedish climate finance for the Swedish Expert Group for Aid Studies (EBA) and a study on domestic financing for management of chemicals and waste in low-income countries for UNEP. She is interested in what affects the flows of climate and development finance and the organisational structures through which these funds are channeled. Annika holds an Msc in Political Science from Stockholm University and a BA in Political Studies from Cambridge University.

2. Background – the climate and development finance landscape

Finance is a key enabler of sustainable development. If investment is deployed effectively into sustainable economic activities, it can fuel growth and development by seizing green windows of opportunity and structural change for LLMICs.

Attaining the SDGs and the Paris Agreement goals requires trillions of dollars of investments per year by 2030 and beyond. The amounts currently provided are falling dramatically short, on a global level and particularly in LLMICs [1]. These countries are most in need of funding to achieve both economic growth and the transition to a sustainable economy. Financing this dual challenge in the ongoing economic context of high debt is a daunting task [2].

Given the limited availability of public funds, a recent focus has been on increasingly leveraging, through blended approaches, private profit-seeking finance for sustainable economic activities [3]. This objective has been fundamental to the Addis Ababa Action Agenda agreed by the UN in 2015, but in the near decade since its adoption, progress has been disappointing. For example, in 2021, the private finance mobilized for sustainable development through blended finance was USD 40 billion, around 1% of the amount needed [4] [5].

This should not come as a surprise. Many of the countries targeted by the blended-finance approach suffer from chronically low investments in all sectors, not just in sustainable development [6],[7]. Their macroeconomic conditions are typically characterized by relatively weak formal institutions, a lack of infrastructure, and other factors that render them less attractive to business [8]. With largely undiversified economies, these countries are more vulnerable to external shocks, as was underscored by the pandemic and the Ukraine war, both of which affected commodity markets and other sectors [8]. These factors result in higher risk premia and, thus, a higher cost of capital. Within this context, at the micro-economic level, firms are expected to earn an adequate risk-adjusted return while contributing to sustainability by investing in access to energy, climate action, or biodiversity. Managing these conditions is an enormous challenge for any investor, domestic or foreign.

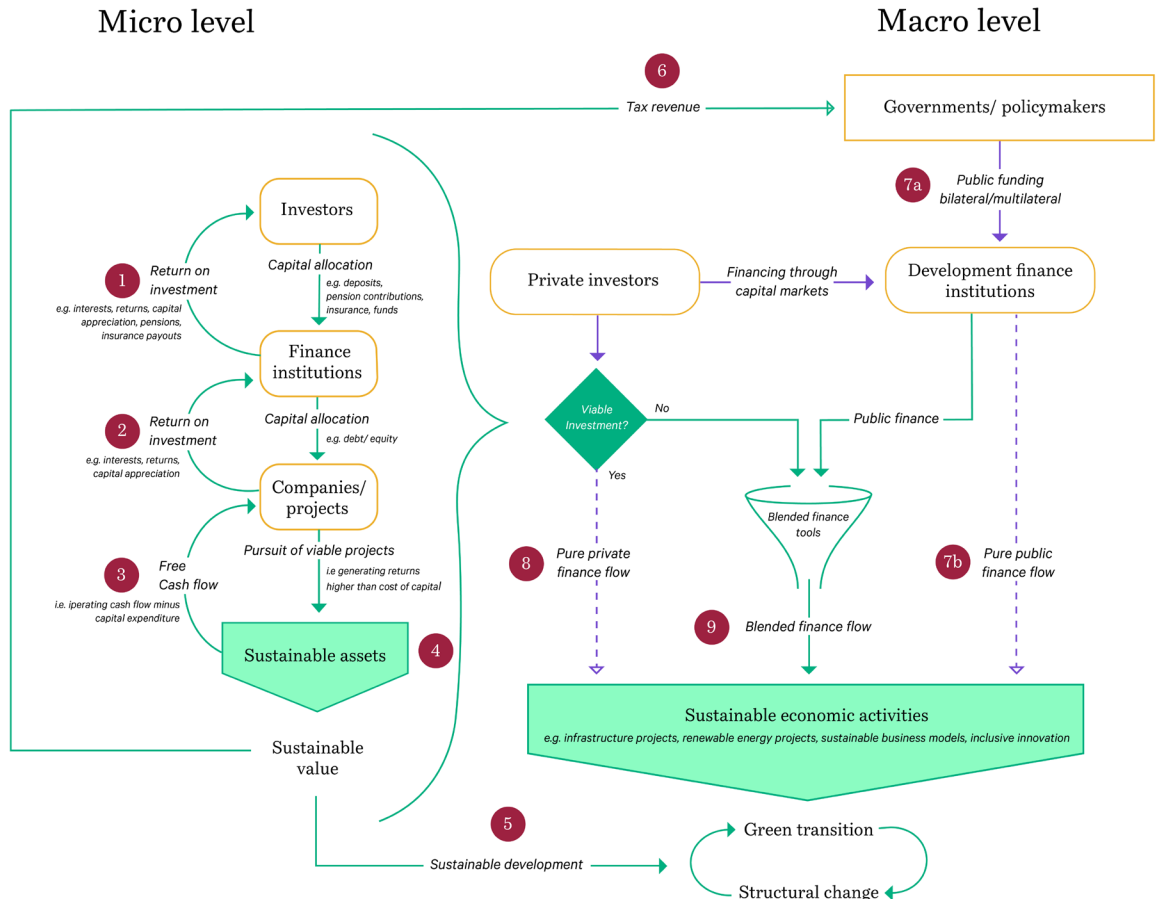
Though there is no shortage of policy and research initiatives tackling this challenge, the focus thus far has largely been on the supply side of finance. Much research focuses on calculating the bill: the cost of funding the SDGs and climate goals by 2030 or 2050 [9]. Others are calling on the financial sector to change, either voluntarily or by coercion, and redirect the capital of their shareholders (or depositors/pensioners) into sustainable development and away from unsustainable practices [10], [11]. Yet again, others are calling for public, private, and multilateral finance to be scaled up rapidly to tackle the enormously costly global challenges [12], [13]. At the same time, it has been implicitly assumed that LLMICs can absorb such large amounts of capital and turn them into power capacity, sustainable transport infrastructure, climate-smart agriculture, sustainable business models, and other desirable outcomes – an assumption that is not a given [14], [15].

3. The FSD research approach

Against this supply-side focused landscape, our program pursues a complementary research approach: looking more at the demand side of finance. The FSD Program focuses on the investment decisions at the firm level. It attempts to uncover how sustainable projects can generate private economic value. We also study solutions that can make sustainable economic activities financeable by various types of institutions with different risk and return expectations for the capital they deploy. By engaging with project developers, lenders, entrepreneurs, and other project-level stakeholders, we generate insights at the micro-economic level on the enabling conditions for financing sustainable businesses. We analyse how blended-finance interventions – particularly risk mitigation and transfer – from development agencies, development finance Institutions (DFIs) and multilateral development banks (MDBs) – can realign risk/reward parameters and make such projects more attractive for private investors. We then extrapolate the micro-level insights we gain to better inform realistic and pragmatic macro-level development and climate finance policies for LLMICs through global, regional, or bilateral policy frameworks such as the UNFCCC, the G20, initiatives such as the European Union Global Gateway and reform agendas such as the Bridgetown Initiative.

Our understanding of the climate and development finance landscape is schematically summarized in Figure 2.

Figure 2: The FSD Program’s perspective on the climate and development finance landscape



The figure provides a representation of the finance for sustainable development process across the micro and macro levels. It is intended to provide a way to visualize the leverage points where policy interventions are likely to be effective. As such, the figure is also intended to help map the relevant questions the research community should seek to answer.

Starting at the micro level (on the right-hand side of the figure), we identify four types of relevant actors for the investment process. Each actor evaluates the investment opportunity and, if the decision is positive, allocates resources (blue flows) with the expectation of achieving a return on their investment (green flows). The process shows how firms absorb capital from financial markets to purchase assets that generate returns that exceed the cost of that capital and ultimately distribute those returns as dividends back to investors.

Steps in micro-level processes

- 1 Financial institutions are connected to the capital of investors through financial markets. Individual investors seek a return on their deposits, bonds, and equity (stocks) investments through interest rates, dividends, and pensions.
- 2 Financial institutions accumulate capital and use it towards further investment opportunities. Investors have various alternatives for where to place their capital and they are thus faced with opportunity costs and will choose the option offering the highest expected return for a given level of risk.
- 3 Companies seek to attract investors by offering them an expected return that is higher than the next best alternative of similar risk. To generate this return, the firm scouts for opportunities and performs a valuation exercise to estimate whether it can generate returns that are higher than the cost of capital needed to finance the project. To do so, the firm estimates, based on the best available information, the revenues, the costs, and the risk (the probability of events with negative impact on the project economics).
- 4 If the investment decision is positive, disbursements are made, implementation starts, and, through operations, cash flows are generated for the firm. The positive value then flows back up the investment chain (green) and financial institutions and ultimately (individual) investors receive a return on their investments.
- 5 The process outlined above functions in the same way for all investment projects. However, it is crucial for the sustainability agenda to fund projects that create explicit sustainable value. For investment opportunities representing sustainable economic activities like clean energy, sustainable transportation or biodiversity in LLMICs, it is a matter of global relevance for the investment decision to be positive. If the project economics were conducive for investors to generate revenue in line with their priorities, policy interventions would be unnecessary.
- 6 Tax revenues generated from the activities also serve as a basis for future public funding, potentially creating a reinforcing feedback loop.

For FSD, the focus is on those scenarios where the investment decision would not be positive without explicit support towards an enabling environment. We seek to understand why this is the case, and which steps can be taken to make the investment decision positive. Concretely, we study the design and implementation of interventions that alter the pivotal parameters of the decision: either by boosting revenues, reducing cost, or, most importantly, reducing or transferring risk through blended-finance instruments like guarantees. We do so by examining cases of both successful and unsuccessful projects and businesses in LLMICs.

With the learning from this stream, we move to the macro level on the left-hand side of the figure). We examine the related processes of governments and global actors, such as multilateral development banks (MDBs) and development finance institutions (DFIs), and policy-coordination processes like the UNFCCC, G20, G77 and the BRICS+, and attempt to influence them in ways that enable more positive investment decisions (illustrated on the right-hand side of the figure). The FSD Program then analyses the policy mixes that can be useful to attract additional investments from the private sector.

As illustrated in the figure, multiple types of funding streams exist that flow towards sustainable economic activities in LLMICs.

Steps in macro-level processes

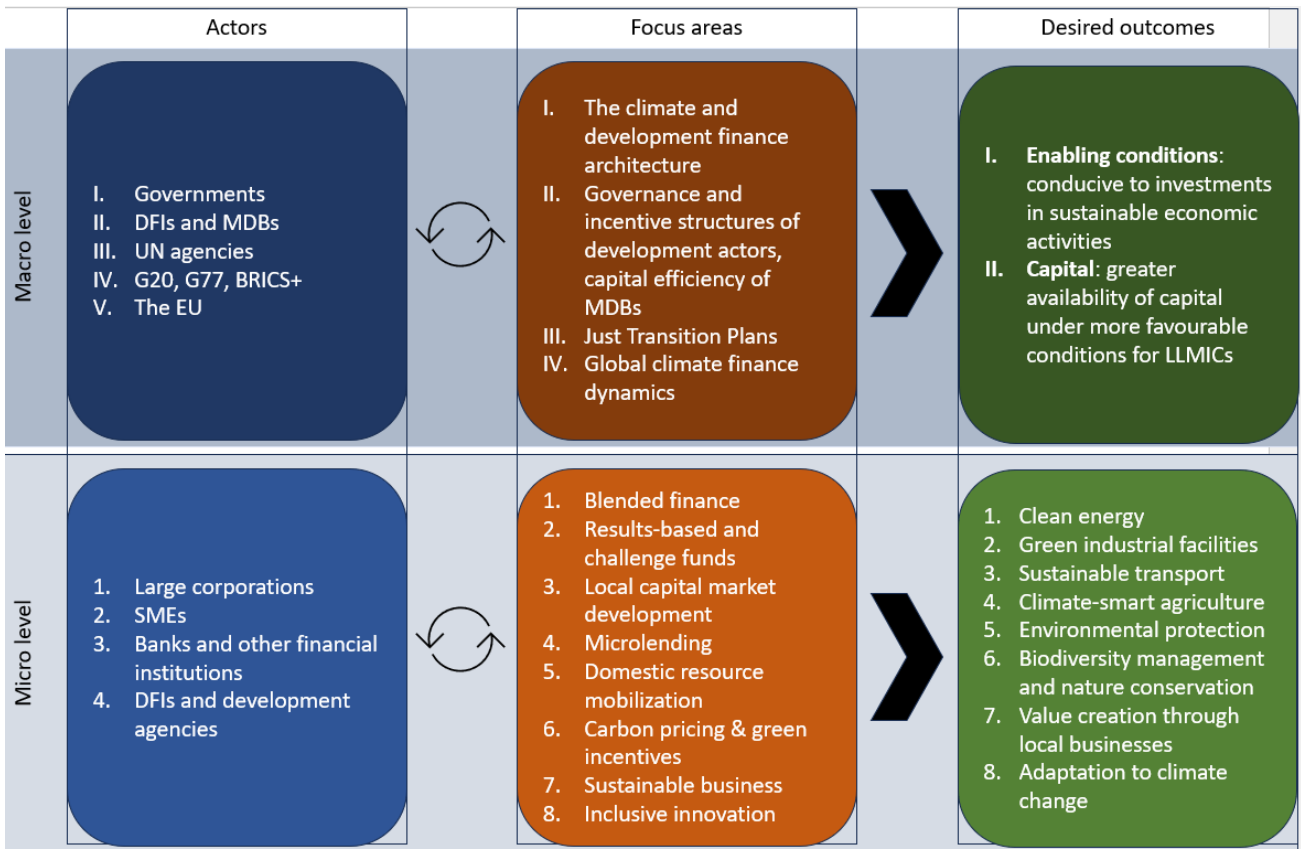
- 7** Purely public finance is raised by governments through taxes that fund public services but also capitalize development finance institutions. Official development aid flows, channeled bilaterally or via multilateral bodies, may also flow through DFIs or MDBs. These institutions raise additional capital from the capital markets and provide grants and loans, often on a concessional basis (i.e. below market rate). They also offer equity investments and guarantees to LLMICs. Due to the scale of the challenge, financing from public sources is insufficient.
- 8** In addition, there is private finance, which can also flow towards sustainable economic activities. However, due to the risk-reward profile of these projects, the micro-level process outlined above leads to only a few investments from the private sector.
- 9** To remedy this problem, public funds can be used to alter the risk-reward profile of these investments by using financial instruments such as guarantees and viability gap funding, making them acceptable to private investors. When structured as concessional, the blended-finance tools can also reduce the cost of capital. The FSD Program Team analyses how and when such instruments can be used for fostering sustainable investments.

4. Thematic focus areas and theory of change

The program operates on a theory of change based on the idea that private, for-profit business and finance organizations are highly competent at identifying value-creation opportunities. Where there is underinvestment in areas that are clearly desirable from a social welfare point of view, there is a market failure that must be corrected. This is the case for investments in sustainable economic activities like clean energy and sustainable transport.

Hence, the program’s micro-level research stream focuses on studying practical interventions that can correct such market failures and create the enabling conditions for positive investment decisions to happen. Practical interventions include blended-finance instruments, such as concessional lending, guarantees, currency management, results-based funding; and economy-wide policies, such as carbon pricing, local capital-market development, and fiscal policy. By understanding the use and impact of such interventions and promoting their improvement, FSD contributes to creating the enabling conditions for the relevant actors (lenders, DFIs, large corporations, and small- and medium-sized enterprises) to generate desirable outcomes. Such outcomes

Figure 3: FSD Program theory of change



include renewable energy infrastructure, biodiversity protection, and, generally, sustainable value creation.

Involving specific types of actors in the sustainable development context, FSD identifies interventions in various focus areas that can generate desirable outcomes, at both micro and macro levels (Figure 3).

Thus, insights gained in the micro-level stream of work feed into the macro-level stream, in which the research focuses on the global financial architecture, governance of multilateral development banks, and the processes that underpin multilateral finance processes, including the ones under UNFCCC.

Our theory of change specifies that by promoting an agenda of improvement of the micro-level instruments and policies, we enable actors to contribute to desirable outcomes. The most relevant are the UN, EU, the G20, G77 and BRICS+, and the national governments in these organizations. The aim is to help these entities improve the enabling conditions for micro-level actors to contribute to the desirable outcomes.

5. Our vision moving forward

The program plans to continue and expand its work and team. We aim to further develop our internal capabilities to tackle a variety of related topics in depth, and to produce knowledge and ideas that are useful for practitioners and policymakers in the finance and sustainable business sectors. Our activities – research, advisory service, training, engagement, and partnership building – offer a portfolio of work that allows us to contribute to progress. We believe that this work can improve policies and practices of governments, financial institutions, and firms, and increase financial flows to sustainable economic activities in LLMICs.

Key value-added aspects of our program are:

- The program has a strong focus on LLMICs.
- SEI has 35 years of experience working to address climate and sustainable development challenges.
- With offices on five continents, the institute is a highly regarded organization that has a proven track record in using credible science and serving as a trusted partner.
- SEI and the program bring together a team of interdisciplinary researchers and project managers who are well embedded in global science and practice networks.

Annex I – Project portfolio

The FSD Program has developed a substantial portfolio of projects at both micro and macro levels. Depending on project objectives, FSD pursues a host of approaches and activities, including research, engagement, advisory services, knowledge sharing and partnership building. A sample of such projects and activities of different scopes and sizes, both completed and ongoing, is presented below.

5.1 Micro-level projects

Risk-mitigation instruments for utility-scale, renewable energy investments in sub-Saharan Africa

Timeline: 2022–2025 (ongoing)

Actors	Focus areas	Desired outcomes	FSD Program activity	Partners
Large corporations MDBs/DFIs	Blended finance	Utility-scale, renewable-energy infrastructure for economic development	Research Engagement and communication Partnerships	University of Cape Town Industrial Development Corporation (Zambia) Ministry of Energy (Ghana)

This project is looking at risk-mitigation instruments for renewable energy investments in sub-Saharan Africa. The project aims to generate deeper understanding of what works well and the extent to which best practices can be scaled further. Taking a regional approach, the project began by shortlisting large wind and solar projects, and engaging with the people and organizations responsible for developing and financing them. From them, we gathered information on risk allocation and mitigation, barriers and the roles of various DFIs and development partners, and government policy. After processing this information, we convened two small-group, technical workshops in Zambia and Ghana to document the interactions and experiences of different actors in the region. We expect that the results of this research will be impactful for thinking about risk going forward. Our ambition is to examine more sectors, country case studies, and financing structures over the coming years.

2. Cost and benefits of financing innovation in humanitarian and poverty contexts

Time: 2023 (completed)

Actors	Focus areas	Desired outcomes	FSD Program activity	Partners
Governments	Climate and development finance architecture, governance, and incentive structures	Enabling conditions Capital	Research Advisory services	–

We conducted a qualitative cost-benefit analysis on the role of innovation in humanitarian contexts. We analysed to what degree innovation projects bridge the existing funding gap, which innovations bring value in humanitarian contexts, and how donors can maximize the impact of their funding. By conducting a systematic literature review, the research team created a novel framework that re-envisioned the humanitarian context as a holistic system. The framework was subsequently validated through a series of workshops with experts from the field of development cooperation and humanitarian assistance. Using this framework, we offered concrete policy advice on which levers in the system are particularly effective in enhancing the humanitarian-development system.

3. Financing an archetypal green steel project in a developing country

Timeline: 2023–2024 (ongoing)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Large corporations, international banks, governments, MDBs, DFIs	Blended finance	Decarbonized steel-production facilities in developing countries	Research	Oxford Institute for Energy Studies, Leadership Group for Industry Transitions (LeadIT)

The project assesses what the financing of an archetypal green steel project would look like in a developing country. By building a financial model for a greenfield export-based plant, we intend to identify the various, possible drivers of financial viability and formulate policy recommendations to make green steel possible in developing countries. We calibrated our findings with representatives from H2 Green Steel, the company building a pioneering, hydrogen-based, green steel project in northern Sweden.

4. Sustainable business models in developing-country contexts

Timeline 2022–2023 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Small and medium enterprises	Inclusive innovation	Value creation through local business	Research	–

By analysing inclusive businesses, we aimed to understand the conditions under which innovations introduced by private-sector actors can lead to sustainable-development outcomes in “base of the pyramid” (BoP) communities. Our developed framework maps out challenges on both the supply and demand sides. Our research underscores the pivotal role of partnerships for the survival of inclusive innovations in the market. Crucially, not all challenges are equal in explaining survival patterns, with design and adoption emerging as particularly critical areas to consider when introducing innovation. Our findings reveal that innovations introduced by social business entities tend to survive more often than those by purely corporate entities. We derived strategies for entrepreneurs and funders to identify suitable conditions for conducting sustainable business in contexts of deep poverty.

5. Trade-offs between sustainability and profitability in business operations

Timeline: 2023 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Large corporations, small and medium enterprises	Sustainable business models	Value creation through local business	Research	–

We analysed financial and sustainability performance trade-offs and synergies. Leveraging a uniquely constructed dataset and using a mediated structural equation modelling approach, we conceptualize “sustainability performance” as a compound concept consisting of various sub-indicators. We find a statistically significant correlation between multiple sustainability indicators and different financial-performance measures. We furthermore find sector-specific variations emerge as a significant facet. We derive clear implications for managers about which sustainability dimensions are particularly crucial for achieving sustainability outcomes without neglecting the financial performance.

5.2 Macro-level projects

1. Assisting the Egyptian government in preparing to host COP27

Timeline: 2022 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Governments	Global climate finance flows	Capital	Capacity building	Egyptian government Swedish Embassy in Cairo

FSD delivered climate-finance training to a group of representatives from the Egyptian government. The two-day training, facilitated by the Swedish Embassy in Cairo, included courses on sustainable finance, climate diplomacy, renewable energy, and industrial transitions.

2. The Paris Summit for a New Global Financial Pact and the Bridgetown Initiative

Timeline: 2023 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Governments, development partners	Development partners, MDBs, DFIs	Capital	Engagement and communications	

Members of the FSD Program Team participated in the Paris Summit for a New Global Financial Pact. Using insights from experts across SEI's global centres, the team published a call to action for reform of the global financial architecture, in line with principles outlined in the Bridgetown Initiative.

3. Support for the Swedish International Development Cooperation Agency (Sida) to operationalize private-sector contributions to development challenges

Timeline: 2021–2023 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Government	Blended finance, development partners, MDBs, DFIs	Capital	Advisory services	Sida

Members of the FSD Program Team worked closely with the Swedish International Development Cooperation Agency (Sida) on a project aimed at supporting its staff to better understand and integrate the potential involvement of private-sector actors in development-related activities. The project involved:

Conducting a needs assessment, including running an initial workshop with the relevant units focused on finance and sustainable development.

Developing learning materials about the financial sector, real economy and SDG linkages.

Testing the approach to identify potential private-sector solutions for development challenges; with Swedish Embassy staff in Kenya and Rwanda.

Developing a learning-and-analysis toolbox to take users through a series of steps from the development challenge to the potential private-sector solution, including the required institutional and administrative capacity to enable that solution.

4. FSD@COP28

Timeline: 2023 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Governments	Development partners, MDBs, DFIs	Capital	Engagement and communications	Business Sweden

FSD Program Team members participated in COP28, organizing a panel on industrial decarbonization in developing countries and speaking at two other panels on renewable energy finance.

5. Funding the management of chemicals and waste

Time: 2023 (completed)

Actors	Focus area	Desired Outcomes	FSD Activity	Partners
UN bodies, governments	Development partners	Capital	Advisory services	University of Cape Town

At the request of the UN Environment Programme (UNEP), FSD provided an analysis of funding models for the management of chemicals and waste, looking at both domestic resource mobilization and private-sector finance solutions.

6. Support to develop the renewable energy portfolio of the Norwegian Agency for Development Cooperation (Norad) Department for Climate and Environment

Timeline: 2024-2025 (ongoing)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Governments	Blended finance, global climate finance flows	Capital	Advisory services	Norwegian Agency for Development Cooperation (Norad)

This project aims to update the evidence base for the Norad renewable energy portfolio, with a focus on low- and lower-middle-income countries, particularly those in sub-Saharan Africa. The project will synthesize and analyse existing academic and practitioner literature on renewable energy interventions to make recommendations in line the agency's intervention logic and theory of change. The review of the literature will examine two areas: 1) the effectiveness of interventions (support for generation, transmission, distribution and knowledge transfer) for increasing energy access; and 2) the impact of energy access on sustainable development objectives such as economic growth, poverty reduction, education, health, gender equality, and greenhouse gas reductions. The methodology combines systematic and purposive sampling strategies with content analysis, which will be supplemented by in-depth, country case studies.

7. FSD@UN Financing for Development Forum 2024

Timeline: 2024 (completed)

Actors	Focus area	Desired outcomes	FSD Program activity	Partners
Governments	Development partners, MDBs, DFIs	Capital	Engagement and communications	Swedish Mission to the UN

The program participated in the UN Financing for Development Forum 2024 as part of the official Swedish delegation. With the Ministry of Foreign Affairs of Swedish and the Swedish Mission to the UN, the program organized a side event on renewable energy finance in Africa in the challenging macroeconomic context. The event convened representatives from UN entities, UN Member States, international financial institutions, academia, and the private sector. The event presented an opportunity to enable policymakers, investors and project developers to make more informed decisions when designing and financing renewable energy projects in Africa.

Annex II – Research and Media Outputs

Research

Duma, D., & Muñoz Cabré, M. (2023). *Risk mitigation and transfer for renewable energy investments: A conceptual review*. SEI Report. Stockholm Environment Institute. <https://doi.org/10.51414/sei2023.042>

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Mondini, N., Maltais, A., Moberg, Å. (2023). IFIs and Heavy Industry Decarbonization in Emerging and Developing Economies. LeadIT brief. LeadIT Secretariat, Stockholm, Sweden.

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Shawoo, Z., Maltais, A., Bakhtaoui, I., & Kartha, S. (2021). *Designing a fair and feasible loss and damage finance mechanism*. SEI Report: Stockholm Environment Institute, Stockholm. <https://www.sei.org/wp-content/uploads/2021/10/211025c-davis-shawoo-loss-and-damage-finance-pr-2110l.pdf>

Maltais, A., Gardner, T., Godar, J., Lazarus, M., Mete, G., & Olsson, O. (2021). *Six insights on investing for net zero*. SEI Brief: Stockholm Environment Institute, Stockholm. <https://www.sei.org/wp-content/uploads/2021/10/sei-brief-six-insights-net-zero-maltais-281021.pdf>

Marbuah, G. (2020). *Scoping the sustainable finance landscape in Africa: the case of green bonds*. Stockholm Sustainable Finance Centre. https://ssfc.wpenginepowered.com/wp-content/uploads/2022/05/SSFC_greenbonds_africa_report_updated.pdf

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OP-eds, perspectives and webinars

Op-ed: Context – Climate change talk is cheap without viable projects to finance [Climate change talk is cheap without projects to finance | Context](#)

SEI perspective ahead of the Paris Summit for a New Financing Pact: [Seven ways to reform the global financial system for climate and sustainable development goals | SEI](#)

Webinar with Dan Croft (IFC) and Judith Raphael (Multiconsult) on risk mitigation for renewable energy finance in Southern Africa. <https://www.youtube.com/watch?v=QoPmON80xJI>

Environmental Finance – *Are green bonds funding the transition?*
<https://www.environmental-finance.com/content/analysis/are-green-bonds-funding-the-transition.html>

EURACTIV perspective – *Four key issues the EU's recovery plan must address to tackle the economic and climate crisis.*
<https://www.euractiv.com/section/climate-environment/opinion/four-key-issues-the-eus-recovery-plan-must-address-to-tackle-the-economic-and-climate-crisis/>

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