Implementing the Addis Ababa Action Agenda to achieve the 2030 Agenda for Sustainable Development – a selection of innovative examples
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With the adoption of the Addis Ababa Action Agenda in July 2015, world leaders expressed their commitment to a revitalised and enhanced global partnership, laying the foundation for the 2030 Agenda for Sustainable Development.

Now, more than two years later, we need to discuss ways to quicken the implementation.

To finance the 2030 Agenda, the world must respond to a dual challenge: mobilising societies’ resources for sustainability, and doing this in a manner that leaves no one behind. All societal actors, and all private individuals and households, have a contribution to make. Sweden supports greater cooperation and new partnerships between countries, the private sector, the social partners, civil society organisations, and the knowledge society in various parts of the world.

We need to develop our capacity to this end. Sweden believes that sharing examples within and between countries and organisations can be a good start, inspiring similar context-specific activities and helping to avoid pitfalls. That is why we have chosen to present a compilation of examples from different sectors of Swedish society. We published a similar compilation in 2017, but this year we are presenting fewer though more detailed examples.

By showcasing a selection of innovative examples, we also hope to engage stakeholders and promote a more action-oriented dialogue in various national and international forums, such as the Financing for Development Forum.

It should be emphasised that the content of the examples from non-state actors does not in any way represent an official endorsement or position of the Swedish Government. The examples included in this report are based on their relevance to the Addis Ababa Action Agenda.
2a. Gender-responsive budgeting

The Swedish Government is committed to gender-responsive budgeting to ensure that the central government budget promotes gender equality. Today, policy proposals and reforms presented in the Swedish Budget Bill must be based on a gender impact assessment.

What is gender-responsive budgeting all about?
The Swedish Government has strengthened its focus on gender-responsive budgeting – the application of gender mainstreaming in the budget process. Gender-responsive budgeting is about assessing the gender impact of budget policy, ensuring that a gender perspective is applied throughout the budget process. To ensure that the budget contributes to gender equality, a gender perspective must be applied at the earliest possible stage of the budget process.

The budget guidelines stipulate that policy proposals and reforms presented in the Budget Bill must be based on a gender impact assessment. Government Offices officials have received relevant training and a step-by-step guide on conducting a gender impact assessment in the budget process, which involves the following five steps:

1. assessing the gender equality relevance of the policy proposal,
2. analysing in what way gender equality is of relevance,
3. identifying, analysing and presenting gender patterns pertaining to the proposal,
4. analysing the impacts of the proposal on gender equality – referring to gender equality policy objectives, and
5. examining adjustments or other solutions if the proposal is expected to have negative or no impact on gender equality.

All government officials are responsible for applying gender-responsive budgeting practices in their work. Four Government Offices officials are responsible for promoting the use of these practices by providing specific gender budgeting tools and guidance. In addition, every department in each line ministry has a budget officer responsible for the budget process.

Why is gender-responsive budgeting important?
Gender-responsive budgeting seeks to ensure that the budget promotes gender equality and that resources are redistributed to this end. Social resources are to benefit the entire population. Integrating a gender perspective into policy-making will help to shape a sustainable society.

Policy proposals and reforms presented in the Budget Bill must be based on a gender impact assessment.
What has been achieved so far?

Gender-responsive budgeting practices are developed continuously and systematically to ensure a clearer gender perspective in government policy. Steps have been taken to ensure that the gender impact of budget policy is highlighted in the analysis underpinning budget decisions. In particular, an ex-ante gender impact assessment of reforms and policy proposals must now be part of budget planning. Furthermore, the use of gender-disaggregated data in the Budget Bill has been systematised.

The Swedish National Financial Management Authority has conducted a gender analysis of reforms in 2015–2016 in seven main expenditure areas of the Budget Bill by reporting data and effects by gender. The Authority has also developed a method for further implementation of gender-responsive budgeting.

Analysis of past reforms showed, for example, that increasing maintenance support – a government grant provided to a single parent if the other parent is not financially able or refuses to pay child support – affected women more than men. Two underlying reasons for this were identified. Firstly, when a child’s parents do not live together, it is more common for the child to live with their mother than with their father. Secondly, on average, single women earn less than single men.

In brief, at the end of 2015, maintenance support was increased from SEK 1 273 to SEK 1 573 per month for each child. Table 1 below shows the total cost of maintenance support before and after the reform. Comparing the total cost of the support after the reform to what would have been in the same period of time, had the reform not been implemented, it can be concluded that the cost of the reform was approximately SEK 390 million in the first six months of 2016. Women received 86 per cent of the total amount paid, both before and after the reform, which means that the reform increased disposable income for more women than men. However, to estimate the total gender equality impact, all reforms related to financial stability for families and children need to be considered.

<table>
<thead>
<tr>
<th>Total</th>
<th>Women</th>
<th>Share</th>
<th>Men</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1 541</td>
<td>1 328</td>
<td>86%</td>
<td>213</td>
</tr>
<tr>
<td>2016, with reform</td>
<td>1 892</td>
<td>1 630</td>
<td>86%</td>
<td>262</td>
</tr>
<tr>
<td>2016, w/o reform</td>
<td>1 498</td>
<td>1 293</td>
<td>86%</td>
<td>205</td>
</tr>
</tbody>
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Source: Försäkringskassan (Swedish Social Insurance Agency)

Continuous improvements to methods and implementation are vital, and future development will be guided by the method designed by the National Financial Management Authority. Moreover, further improvements need to be made when it comes to reporting gender-disaggregated data. When a completely new reform is proposed, there may be no gender-disaggregated data to refer to – or even worse, no data at all. Such cases require innovative ways of assessing gender impact. Nonetheless, analysing underlying factors contributing to gender inequality in a certain area is always key. An approach that is not based on an understanding of such factors will treat the symptoms, not the causes.

What challenges do we face?

Challenges include ensuring that all government officials have sufficient expertise, knowledge and time available to perform comprehensive gender impact assessments.
Effective tax systems are essential to increase domestic resource mobilisation. This in turn is vital to ensure sustainable development, self-reliance, good governance, growth and stability, and has particular relevance for developing countries. For 30 years, the Swedish Tax Agency has partnered with other countries and provided technical assistance to improve tax system effectiveness.

Some developing countries suffer from aggressive tax planning schemes, tax evasion and the lack of modern and effective tax systems and business processes. In some cases, they also lack the capacity to mitigate and prevent tax base erosion. Tax initiatives are sometimes misused, and international companies systematically transfer taxable profits to countries with a low tax rate to reduce their tax costs. Inefficient processes, lack of taxpayer confidence and low compliance drain tax payments that are meant to contribute to national revenues.

Support from various international stakeholders is an important component in modernising national tax administrations. Rapid advances in information and communication technologies (ICT) have also created new opportunities. For example, modern ICT tools (smart phones, tablets, etc.) are today often available to people in developing countries. Demand for user-friendly and smart eServices also promotes change and improved tax collection systems, as reliable services are essential to ensure voluntary tax payments.

More than 100 countries and jurisdictions collaborate to implement the OECD/G20 BEPS Package in the Inclusive Framework on BEPS. The challenges of BEPS are discussed in the OECD Committee on Fiscal Affairs and in meetings in partnership with regional tax organisations and thematic global forums.

BEPS is of major significance for developing countries, many of which are now joining the Inclusive Framework to counteract BEPS, as these countries are heavily reliant on corporate income tax, particularly from multinational corporations. Involving developing countries in the international tax agenda is vital to ensure that they receive the support needed to address their specific needs.

Sweden supports the work of the Inclusive Framework on BEPS, in particular by encouraging developing countries to participate in the work and by establishing contacts with developing countries participating in the Inclusive Framework. Sweden also provides technical assistance to implement BEPS measures through a twinning project with the Seychelles.

Exchange of information

The international tax landscape has changed dramatically in recent years. With the political support of G20 leaders, the international community has taken joint action to increase transparency and improve exchange of information in tax matters in an effort to reduce weaknesses in the international tax system.

Internationally agreed standards of transparency and exchange of information in the tax area are very important. With over 130 countries and jurisdictions currently participating, the Global Forum on Transparency and Exchange of Information for Tax Purposes has ensured consistent and effective implementation of international transparency standards.

The implementation of BEPS and increased exchange of information and reporting will be strong drivers to increase support to developing countries.
Careful planning and ownership is important
The Swedish Tax Agency (STA) is an independent authority, which always works within the framework of Swedish foreign and development policies. Projects usually benefit the recipient country and its authority, but the STA and its staff also receive feedback and inspiration to continuously develop. Experience from many projects and collaborations has shown that long-term institutional cooperation based on mutual trust and confidence ensures sustainable development.

Two examples
South Africa and Sweden started a collaborative project in 1996, which lasted for more than ten years. There was a strong commitment from both countries to develop South Africa’s tax administration following political change in the country.

The project plan was very flexible and the two tax administrations could choose their path together in a ‘step-by-step’ implementation format. Over time, areas for capacity building shifted and new services and business processes were implemented with the firm support of the top management of both tax authorities. The South African Revenue Service went from being an outdated, inefficient administration to a modern, service-oriented tax administration with increased tax collection.

Botswana Unified Revenue Service (BURS) was established in 2004 and was looking for a partner. Contacts were made with the STA in 2008. Discussions to set up a partnership resulted in a development project financed equally by the two countries. The project started in 2010 with a few areas, such as compliance risk management, tax registration, process modernisation, tax returns and training in tax audit, supported by ICT tools.

In 2011, BURS emphasised that its most important focus was to establish a ‘Large Taxpayer Unit’, including capacity-building, staff training and management support. Flexibility from all parties made it possible to adjust the planning and change part of the budget to support the establishment of the new unit, training, additional areas of capacity building, and management support.

When Swedish funding through the Swedish International Development Cooperation Agency (Sida) ended, BURS and the STA continued their collaboration – with 100 per cent funding from BURS. Support and ownership from top management in both countries, close relationships between experts and staff, and a flexible mindset were key to the success of this long-lasting partnership.

Conference on Capacity Building concerning Taxation
In May 2018, Sweden will host the Conference on Capacity Building concerning Taxation, a top priority on the international agenda. The conference aims to strengthen the capacity of low- and middle-income countries to implement effective tax policies through dialogue and experience exchanges. The conference will complement the First Global Conference of the Platform for Collaboration on Tax and the UN Financing for Development Forum. The aim of the conference is to increase knowledge about key factors for successful capacity building by sharing experiences of practical examples for mutual learning.

The Swedish Tax Agency has partnered with other countries and provided technical assistance to for example Bosnia and Herzegovina.

1 http://www.oecd.org/tax/beps/beps-about.htm
3a. Achieving the UN Sustainable Development Goals-interlinkages and examples from the Swedish steel industry

What do the UN Sustainable Development Goals (SDGs) mean for the Swedish steel industry, and vice versa? Do the SDGs represent an existential challenge, given the industry’s considerable level of emissions? Or do they offer opportunities for an innovative sector to develop the full societal value of a recyclable and permanent material? Regardless of the answer, a long-term partnership between the steel industry and the Stockholm Environment Institute shows the importance of considering all 17 SDGs together to determine how to achieve both the steel industry’s commitments under its Vision 2050 and the SDGs.

From early 2015 to mid-2016, the Stockholm Environment Institute (SEI), Jernkontoret (Swedish steel producers’ association) and the Swedish steel industry conducted a co-creation project for increased societal value. The project showed that focusing on creating societal value (one of the commitments in the steel industry’s 2050 Vision) could enhance the industry’s competitive edge. It also showed that the Swedish steel industry, in close cooperation with others, has a clear comparative advantage in producing products and solutions for the global sustainability transition. The project delivered four different scenarios for 2050 and a ten-point strategic plan.

After the project ended, the decision was made to continue the co-creation process to explore how different stakeholders could contribute to societal value creation and how this could be assessed in relation to the SDGs and targets. In late 2016, a new joint research project was launched to develop a methodology and toolbox to evaluate how products and processes in the Swedish steel industry affect broader societal goals and interests. The plan was to develop a ‘societal value compass’ (described in more detail below) to guide the industry towards its long-term vision of creating as much societal value as possible.

The 17 SDGs represent goals for sustainable development. While each SDG is important on its own, the potential trade-offs between the various SDGs are not well researched. SEI has been researching these interlinkages and trade-offs for a few years. To use the SDGs as a guide to ensure societal value creation, it is important to understand how contributions to one SDG may have positive or negative spill-over effects on achieving others. It is therefore necessary to analyse the 17 SDGs in terms of how they interact with and influence one another, and this must be done systemically and scientifically.

Initial research using this methodology indicates that the Swedish steel industry can have a positive impact on many more of the SDGs than initially thought – particularly when interlinkages between the SDGs are considered.
The steel industry contributes to SDG 1 (No poverty), 2 (Zero hunger) and 3 (Good health and well-being) through job creation and sustainable infrastructure, and by providing stainless steel used in health care. The steel industry can also have a positive impact on SDG 4 (Quality education) and 5 (Gender equality) by supporting technical and industrial education. Iron powder is used for SDG 6 (Clean water and sanitation). Specialised steel applications for wind turbines, stronger and lighter vessels and safer buildings contribute to SDG 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructure) and 11 (Sustainable cities and communities). Steel plants can promote SDG 8 (Decent work and economic growth) and provide regional development that can help achieve SDG 10 (Reduced inequalities). If products that have only societal value are produced, the steel industry would also support achieving SDG 12 (Responsible consumption and production) and 13 (Climate action). The steel industry also integrates along value chains and private-public platforms, which contributes to SDG 16 (Peace, justice and strong institutions) and 17 (Partnerships for the goals).

Despite this, steelmaking still has potentially adverse impacts on SDGs 14 (Life below water) and 15 (Life on land), but improvements are possible. For example, by-products from steelmaking could be further utilised, reducing the need for virgin materials which, in turn, would have a positive ecosystem effect.

To illustrate the interlinkages between different SDGs and the steel industry in greater detail, SDG 13 has been selected. Progress on this goal contributes to SDGs 3, 6, 14 and 15. Smart steel, which is stronger and lighter, has unique qualities to contribute to SDG 13 essentially by increasing efficiency, productivity and recycling along the entire supply chain. Still, steelmaking is a considerable source of CO₂ emissions. After two years of research, the Swedish joint venture HYBRIT (hydrogen breakthrough ironmaking technology)³ is ready to construct a pilot plant to find a solution to eliminate CO₂ emissions by replacing coking coal with hydrogen in the process of turning iron ore into iron. If successful, hydrogen-based steel production has the potential to generate integration cycles with systems for SDG 7, where hydrogen plays a central role for energy storage and feeding fuel cells, which would also contribute to SDG 11 and 12.

Although adverse impacts involved in achieving the SDGs require continuous attention and improvement, possibilities for contributing to the SDGs represent potential business opportunities. A method for gauging the societal value of products and processes, the societal value compass, is currently being developed. A fundamental point of departure is to regard the SDGs as a set of parameters that must be viewed as a whole, where the impacts from products or processes are assessed across all SDGs and targets. This method will be based on a cross-impact balance analysis, conducted in co-creation with society. Below is an initial prototype of this compass, which can be used to illustrate, both conceptually and quantitatively, societal values in different settings (country, year, level of sustainability), including all the interlinkages between the 17 SDGs.

The compass, when finalised in mid-2018, will assist the Swedish steel industry in its decision-making on product portfolio development, investments and alliance-building. It will also help the industry communicate its potential contributions to sustainability, for example to investors, current and prospective employees, customers, policymakers and civil society. It can be used for systematic analysis beyond current trends (action point in the steel industry’s strategic plan). Moreover, and even more importantly, policymakers in any country or sector will be able to use the compass to analyse and compare different paths to more sustainable development.

The compass prototype is used to illustrate societal value in different settings, including all interlinkages between the SDGs. The colour scale shows how the SDGs affect each other and where reinforcements and reductions are possible. The darker the green, the better the options.

³ http://www.hybritdevelopment.com/
Sweden has issued a guarantee of USD 57 million to the International Finance Corporation (IFC) through the Swedish International Development Cooperation Agency (Sida). This guarantee enables private capital investments of USD 1 billion in sustainable infrastructure in developing countries.

When UN Member States gathered in Addis Ababa in 2015, the purpose was to discuss new funding solutions and the need to mobilise the expertise, knowledge and capital of private actors for implementation of the SDGs. Infrastructure and access to sustainable energy services were highlighted as particularly important areas for private investment mobilisation.

According to OECD estimates, USD 3.3 to 4.5 trillion in annual investment would be required to implement the SDGs in developing countries by 2030. Institutional investors, such as pension funds, insurance companies and state-owned funds, and well-resourced organisations and individuals control an estimated total of USD 100 trillion. Institutional investors have long-term financial obligations that fit well with infrastructure investments, which usually have a long economic life. However, matching institutional capital and the need for loan financing for sustainable infrastructure development in developing countries has yet to take place on a large scale. One major reason is that institutional capital is often regulated based on risk levels and the type of investments that can be made.

Sida works actively within the framework of the Swedish Government’s bilateral, regional and global international development strategies to facilitate investment of private institutional capital for development and implementation of the SDGs. As a donor agency, Sida has an internationally relatively unique guarantee instrument that enables risk sharing with financial actors, thereby eliminating obstacles to the mobilisation of long-term capital for investment in developing countries.

IFC is part of the World Bank Group and promotes sustainable economic growth through investment and advisory services in the private sector in developing countries. Through equity investments, loans and guarantees on market terms, funding is offered to companies in regions with limited access to international capital markets. In addition to project funding on its own books, IFC also mobilises capital for its projects from other lenders and investors. IFC is funded through member countries’ equity capital investments in the same way as other multilateral financial institutions are. One of IFC’s key activities is lending for infrastructure projects, where its focus areas include power, transport and water. More than 60 per cent of IFC’s energy investments are currently in renewable energy.

Sida and IFC have jointly developed a model where institutional capital is invested alongside IFC in sustainable infrastructure projects. The financing model and the approach have gained considerable international attention, as the model shows how large volumes of long-term institutional capital can be mobilised by a multilateral bank, enabling finance for more projects than previously.

The insurance companies Allianz and Eastspring (subsidiary of Prudential) have each set up a USD 500 million fund, i.e. a total of USD 1 billion, which will be used to finance new IFC infrastructure projects. IFC decides which projects will be financed, and follows its regular policies and procedures when evaluating projects.

IFC covers risks in the two funds through a first-loss tranche of 10 per cent. Sida counter-guarantees IFC in all projects related to renewable energy and investments in the poorest countries (except for investments in fossil fuel and mining projects). Sida’s counter-guarantee is expected to cover 20–25 individual projects, and its maximum guarantee coverage is USD 57 million.

The loans are usually issued to project companies which are responsible for implementation of the infrastructure projects. In many cases, IFC is mandated to raise additional financing from other international and local lenders, including mobilising local private capital, resulting in
further private capital being mobilised into each project. Sida’s Director General, Carin Jämtin, has said: “If we are to create sustainable development, we need to think and act in new ways. There is enough money in the world to eradicate poverty but the funds are not available in the developing countries where they are needed. Now we are making sure that the world’s largest investors dare to invest there.”

Loans covered by Sida’s guarantee will be committed over the next five years and are expected to have an average maturity of 11 years, and in some special cases up to 20 years. Sida’s guarantee to IFC has a tenure of 25 years.

Sida’s guarantee enables IFC to make more sustainable investments in low-income countries and further invest in renewable energy; these are two development objectives emphasised in Sweden’s long-term dialogue with the IFC and the World Bank Group.

The projects are followed up by IFC in accordance with current guidelines and procedures. Sida has allocated funds for a mid-term review and evaluation of the programme, which will focus on social and environmental issues, poverty reduction and gender equality.

Current international regulations (e.g. Basel III and Solvency II) require banks and institutional investors to make large capital provisions for investments in high-risk countries. With Sida and IFC together covering first loss in the funds, the overall credit risk is reduced to a level that makes investment attractive to institutional investors. The fund structure was initially discussed with several institutional investors. Allianz and Eastspring, which eventually chose to go ahead, have actively participated in elaborating the final financial structure. Other institutional investors have since begun negotiations with IFC on potential investments in a similar fund structure. Sida’s objective of creating a demonstration effect for how institutional capital may be mobilised has therefore been achieved.

**What is a Sida guarantee?**

Sida’s guarantee instrument is a way of mobilising private capital for development purposes and plays an important role in Swedish development cooperation. By providing guarantees, Sida promotes the use of private capital in development cooperation by reducing risk for private actors wanting to invest in development projects. Sida’s guarantees contribute to increased investments in development projects, which means that development reaches more people and more places.

Through guarantees, Sida enables the financing of projects in areas such as health, small businesses, sustainable infrastructure, environment and climate.

Read more about Sida’s guarantees: https://www.sida.se/English/partners/our-partners/Private-sector/Innovative-Finance/
In 2015, the world’s nations set themselves ambitious targets, defined in the Sustainable Development Goals, the Paris Agreement and the Addis Ababa Action Agenda. To achieve these targets, entire sectors of our economies must transition substantially, and the financial sector has a critical role to play in this transition. Sustainable finance contributes to the sustainable development of our financial markets and aims to improve economic efficiency and competitiveness, both today and in the long term.

Sustainable finance activities include sustainable funds, green bonds, impact investing, green lending, active ownership, credits for sustainable projects, and making the entire financial system more sustainable. Sweden has been a frontrunner in many of these activities and has been piloting green financial innovations. For example, Swedish banks have been active in the green bond market since its inception; the Swedish International Development Cooperation Agency (Sida) has been exploring innovative private-public partnerships, in cooperation with IFC and the World Bank, and since 2015, Nasdaq Stockholm has had a specific sustainable bonds market to promote both green and social bonds. Yet this is just the start of the transition, and Sweden intends to continue the push for sustainable finance innovation, including engaging its active financial technology cluster, Fintech, in Stockholm.

What are green bonds?
Green bonds are designed to give investors the opportunity to invest in environmentally beneficial projects. Green bonds were first developed in Sweden in 2007 to 2008 in a collaboration between the World Bank and SEB, a Swedish financial services group.

A typical green bond has a ‘use of proceeds’ clause that pledges money raised by the bond for use in green projects. In fact, the bond is usually backed by the issuer’s entire balance sheet. For investors, this means that they can invest in projects that contribute to climate adaptation, reducing greenhouse gas emissions and natural resource depletion or preventing air, water or soil pollution, while managing financial risk as they do with regular bonds. In practice, green bonds have been extremely popular with investors, and most issuances have been significantly oversubscribed.

Sweden is a green bond leader
Currently, Sweden ranks as the sixth largest source of green bonds globally, after the United States, China, France, Germany and the Netherlands.

Between 2013 and 2017, a total of 98 green bonds were issued in Sweden, raising SEK 98 billion on capital markets (approx. USD 12.26 billion). Cumulatively, these issuances are about evenly split between public and private issuers.

An example of a project financed by a green bond is the new bio-fuelled combined heat and power (CHP) plant in Stockholm. This plant is co-owned by Fortum, an energy and district heating company, and the City of Stockholm. The plant uses forest residues and wood waste to provide district heating for 190,000 households, electricity equivalent to 20,000 rooftops covered with solar panels. The new plant is one of the world’s largest biomass-fuelled, with fuelled CHP facilities.

![Issuances of Green Bonds in Sweden](https://www.climatebonds.net/cbi/pub/data/bonds)
Another example of green bonds financing sustainable development in Sweden are the green bonds issued by Kommuninvest, a financing agency owned by 274 local governments. The benefit of co-ownership of a lending agency is that Kommuninvest has secured the highest possible credit rating and can give local governments access to capital markets than would not be available to them individually. Kommuninvest is one of the largest issuers of green bonds in Sweden and has used these bonds to provide green loans for local government investments in, for example, renewable energy, green transport and energy-efficient buildings. Kommuninvest recently received the prestigious Momentum for Change Award from the UN Climate Change Secretariat.

Options to address some of the challenges of scaling up green finance are emerging quickly, as highlighted by the latest G20 Green Finance Synthesis Report3 and the EU High-Level Expert Group on Sustainable Finance4. There is also momentum to promote voluntary principles for green finance, to further develop green bond guidelines and reporting standards, and to adopt environmental disclosure rules. However, the ultimate goal is not just to shift existing financial markets towards green investments, but to direct significant new capital flows towards projects that will transform the lives of the most vulnerable. To help make this happen, the Swedish Government, in cooperation with the Stockholm Environment Institute and the Stockholm School of Economics, recently launched the Stockholm Sustainable Finance Centre.

The Stockholm Sustainable Finance Centre will carry out research on the risks and opportunities related to sustainable finance, developing an evidence base for financial institutions and policymakers to maximise returns for investors and boost sustainable development. The Centre will work closely with financial stakeholders to identify solutions that shift capital allocation to support the transition to sustainable societies, and will help to facilitate dialogue between the various stakeholders impacted by the sustainability transition in the finance sector. It will also provide education and training to financial professionals and policymakers on the practice of green finance. The Centre will collaborate with Stockholm Green Digital Finance to drive innovation in sustainable finance via FinTech applications.

Stockholm Sustainable Finance Centre

The implementation of the Paris Agreement and the achievement of the Sustainable Development Goals of the 2030 Agenda are expected to require investments of tens of trillions of dollars2 over the next two decades. It is estimated that two thirds of this investment will be in developing countries. Investors and financial institutions have a crucial role to play in shifting the global economy to a low-carbon, sustainable path. Yet sustainable finance is still in its infancy. Less than 1 per cent of global bonds are green, and less than 1 per cent of global institutional investors’ holdings are in green infrastructure assets.

The SDGs are a road map for a sustainable future and will be a fundamental driver for economic growth. To investors and asset managers, the SDGs represent investment opportunities and a framework for assessing sustainability risks. Through their investments and engagement with companies on sustainability issues and by requesting reporting on the SDGs, investors and asset managers can contribute to the achievement of the SDGs.

Swedish Investors for Sustainable Development (SISD) explores the role of investors in the SDGs. It is a concrete example of Goal 17: Partnerships for the goals. Competitors work side by side with a development agency on both pressing issues and investment opportunities.

SISD is a partnership comprising 17 institutional investors, pension companies, investment companies and the Swedish International Development Cooperation Agency (Sida). Its mission is to explore the role of investors, sustainability risks and opportunities related to the SDGs. Formed in 2016, SISD is a platform for learning, sharing experiences, starting voluntary projects, promoting engagement in corporate governance around the SDGs and contributing to the international dialogue on the role of investors in the SDGs.

SISD can inspire other countries and development agencies to work with investors and asset managers and in collaboration with the private sector to achieve the SDGs. The network is an example of how competitors can learn and share experiences in order to contribute to the SDGs.

The financial sector has a key role to play in sustainable development, as recognised in both the 2030 Agenda and the Addis Ababa Action Agenda. Not only do financial actors influence development through asset allocations, they can also influence companies and issuers of financial instruments through corporate governance, voting at company annual general meetings and by requiring reporting and disclosure, which in turn will catalyse for consistency new preferred practices and developments.

From a sustainable investment perspective, the SDGs bring corporate social responsibility (CSR) and sustainability to a new level and dimension where, in addition to financial performance, making and measuring a positive impact is in focus.

Sida acknowledged the important role of finance in the SDGs at an early stage, and in June 2016 gathered the largest institutional investors and investment companies in Sweden to talk about the role of, and opportunities for, investors. This resulted in the establishment of the SISD partnership, which has a steering group of CEOs and an operational network for sharing, learning and conducting projects.

Six working groups (based on five SDGs and investment opportunities and obstacles) feed ideas, experiences, learning and new ways of thinking into the operational network.

**SDG 5 – Gender equality**

This group focuses on the potential that lies in empowering women, women’s labour market participation and women’s representation in leadership positions in investment companies.
SDG 6 – Clean water and sanitation
This working group explores investment opportunities in fresh water infrastructure. It has produced a report on the obstacles of investing in water infrastructure in Swedish municipalities. The study will be taken to an international level. The group promotes engagement and corporate governance to stimulate better water management in the food, beverage, garment and mining sectors.

SDG 8 – Economic growth and decent work
This group has worked on indicators for decent work and economic growth in company reporting. In 2018, the group will address decent work in the green sector and in supply chains within the same sector. Some participants also have started to invest in microfinance, which is a target in SDG 8.

SDG 11 – Sustainable cities
This group explores investment opportunities in connection to ‘sustainable cities’. The group also studies good governance when it comes to investing in green buildings and sustainable cities.

SDG 16 – Peace, justice and strong institutions, with a focus on anti-corruption
This group addresses anti-corruption from an investor perspective and how investors can stimulate better company performance. It has produced a list of questions to use in dialogues with companies on their policies and approaches to anti-corruption.

Sustainable development – investment opportunities and obstacles
This group examines investment opportunities and obstacles within the context of the SDGs. Through Sida, SISD is also part of UN Global Compact financial innovation platform. Since 2016, many SISD members have sought to invest in line with the SDGs by analysing portfolios and/or making new investments in line with the SDGs.

SISD has formed around a joint commitment, goal and purposes:
As long-term and responsible investors, we hereby declare to strive to invest in accordance with some of the formulated Sustainable Development Goals of the 2030 Agenda since we are convinced that this is positive for our beneficiaries. We will focus on different development goals, depending on our specific mandate as individual organisations. The SDGs are interlinked; climate change, for example, relates to all the SDGs, directly or indirectly. We will work towards the SDGs based on our existing and future investments.”

Goal and purpose:
• Sida and SISD identify, invite and host interesting lecturers and inspirers to promote learning on issues clearly identified within the SDGs.
• Working groups concentrate on some of the SDGs that investors consider are of particular interest: SDGs 5, 6, 8, 11 and 16, with a focus on anti-corruption.
• To work out and suggest indicators related primarily to the SDGs mentioned above into the global process started by the Global Reporting Initiative (GRI) and the UN Global Compact.
• Discuss the relevance, opportunities and challenges of the SDGs for investors in an international context at various stages, including the EU, Global Reporting Initiative/UN Global Compact.
• Communicate the work of SISD with the objective of stimulating other actors to take action on investments that support the SDGs.
• Explore investment opportunities in line with the 2030 Agenda.
• Discuss prerequisites for work related to the 2030 Agenda.

Some SISD milestones:
* Investors conference in Stockholm in May 2017; the next is in May 2018.
* The Stockholm Declaration, signed by 26 actors, with total assets under management of USD 1 billion.
* Commitment on SDG 14 with a link to SDG 6 ahead of the Ocean Conference in June 2017.
* Report containing examples of how SISD companies work towards the SDGs (first half of 2018).

SISD partners are: AP2, AP3, AP4, AP7, Alecta, AMF, Folksam, Skandia, SPP, Industrivärden, Investor, Carl Bennet AB, Svenska kyrkan, Handelsbanken Fonder, SEB Life and Investments, East Capital and Swedbank Robur. Sida serves as a facilitator and catalyst.
The Livelihoods Mount Elgon Project aims to improve the livelihoods of 30,000 smallholder farmers in the Mount Elgon region of Kenya, while also fighting deforestation and soil erosion. This is done by empowering farmers through sustainable agricultural practices and establishing connections to markets through 15 cooperatives. The project has been developed using an innovative investment model in which an investment fund created by private companies bears the investment risk.

In the Mount Elgon region of northern Kenya, deforestation, inefficient agricultural practices, uncontrolled grazing and soil erosion are directly impacting local biodiversity and soil fertility. The watersheds and ecosystem of Lake Victoria are also threatened, as huge quantities of sediment are carried downstream by rivers. Crop yields and milk production are low, and smallholder farmers have no guaranteed sustainable connection to markets for their produce. The dairy sector’s development is also hindered by insecure milk supply, in terms of both quantity and quality.

To change this situation, the NGO Vi Agroforestry is providing knowledge and expertise on sustainable agricultural land management (SALM). Farmers are trained in SALM practices to help them adapt to the impact of climate change, reduce greenhouse gases, and increase farm productivity and food production. SALM practices include soil and water conservation, composting, crop rotation, agroforestry (growing trees alongside crops and livestock pasturage), improved livestock feeding, breeding, waste management and biological pest control. These practices require limited financial investment and have proven effective in boosting agricultural productivity.
The project aims to improve the livelihoods of smallholder farmers by empowering them through sustainable agricultural practices and establishing connections to markets.

**Strengthening existing cooperatives and empowering women**

The project reaches farmers through 1,200 farmer groups and 15 existing cooperatives. Field officers organise training through demonstration farms and farmer trainers. The cooperatives are supported in milk collection, cooling and bulking. The project strengthens the capacity of the cooperatives to offer their members more services, such as veterinary services and artificial insemination. Governance of the cooperatives and their members is also supported to enable women to participate more actively in the dairy value chain and decision making at household and cooperative level.

**Improving dairy efficiency and sustainably connecting farmers to markets**

Most of the farmers in the project area currently produce an average of three litres of milk per day per cow, with even lower production rates during the dry period. This low productivity is due to inadequate access to water and nutritious feed, and low producing breeds. The project aims to increase productivity to six to nine litres per day per cow. This will become possible as farmers begin to produce fodder crops on their farms to feed cows year-round, while introducing improved breeds through high-quality artificial insemination. Moreover, Kenya’s Brookside Dairy has committed to buying all the milk produced in the project for a period of ten years.

**Generating tangible environmental benefits**

Sustainable agricultural practices, agroforestry and the protection of riverbanks contribute to watershed conservation and the protection of Lake Victoria. Land restoration and agroforestry trees will greatly reduce soil erosion, and in the long run improve soil fertility. Free grazing, which severely damages the ecosystem, is avoided as cows have access to food and water throughout the year. The project will also have a substantial impact on CO₂ reductions by increasing soil organic matter, tree planting and dairy cow productivity.

**Measuring the tangible benefits of the project through a new process**

The improvement in farmer livelihoods is estimated by looking at three key factors: women’s empowerment, food security, and farm revenues. A social survey is conducted every three years to measure these factors.

Carbon sequestration is also tracked using the increase in milk production and crop productivity as a result of SALM practices. Farmers do this themselves by filling in a simple farm activity monitoring form each season. The data is then compiled by Vi Agroforestry. The amount of sequestered carbon is used as an indicator of the project’s outcome. The impact of the project on water is measured in terms of reduced erosion into rivers (‘runoff’) and increased infiltration in farmland soils. Information for measuring these variables is also obtained through the farm activity monitoring form.

The Mount Elgon project has been developed through an innovative investment model. It is financed by the Livelihoods Fund, an investment fund created by private companies, which bears the investment risk. Brookside Dairy, a private company, co-invests in the project, and its contributions are based on milk production. Vi Agroforestry implements the project in the field and provides knowledge and expertise on SALM practices.

The project, which aims to improve the livelihoods of 30,000 smallholder farmers and restore 20,000 hectares of land by implementing agroforestry practices, is expected to increase the yield of subsistence and cash crops by 30 per cent over ten years.
Bold leadership is key to changing behaviours and to working modalities that lead the world to realise the SDGs. The Swedish Leadership network was designed to engage the Swedish business community in a dialogue around global challenges related to sustainable development. This network demonstrates how cross-sectoral collaboration can mobilise joint action, explore co-creation and influence others through best practices in public-private partnerships.

In 2013, when the global community was gearing up to define the Sustainable Development Goals (SDGs), the Swedish International Development Cooperation Agency (Sida) realised that one key stakeholder was insufficiently represented among its partner networks, namely the private sector. Sida’s Director-General decided to include private sector actors in the process. At that time, Sida had forums for dialogue with actors from civil society, government agencies, academia and multilateral agencies, but no specific forum for dialogue with the private sector.

That same year, Sida initiated a meeting with key Swedish CEOs of leading Swedish companies to engage in dialogue and identify challenges and opportunities related to the new sustainable development agenda. The meeting resulted in a CEO network – Swedish Leadership for Sustainable Development (aka Swedish Leadership). This network provides a platform for some of Sweden’s largest companies, many of them forerunners in sustainability, to demonstrate leadership, share experiences, participate in the global dialogue, initiate partnerships and pursue public advocacy and, in doing so, highlight the role of the private sector in sustainable development.

The Swedish Leadership initiative is based on the belief that advocacy and global dialogue are essential in achieving the SDGs, as are broad ownership and bold leadership. Broad ownership of the issues is needed to tackle global challenges and, equally importantly, bold leadership is key to changing behaviours and to working modalities that lead the world to realise the SDGs. The Swedish Leadership network demonstrates how cross-sectoral collaboration can mobilise joint action, explore co-creation and influence others through best practices in public-private partnerships.

Today, the Swedish Leadership network1 comprises 26 companies with global value chains, three expert organisations, a development finance institution (Swedfund) and Sida. Sida also facilitates the network, whose members are committed at CEO/DG/ED level. The network builds on the commitment of its member organisations to demonstrate – through concrete action – how sustainable development and poverty reduction can be integrated into business plans and operations.

Following the adoption of the SDGs in 2015, the Swedish Leadership network undertook a Joint Commitment on ways that its member companies can, and should, contribute to achieving the SDGs. The Joint Commitment focuses primarily on SDGs 8, 12 and 16. The Joint Commitment affirms that members, through their core business practices and collaborative efforts, commit to:

- reducing negative impacts on the environment and promoting efficient use of resources (SDG 12),
- creating decent jobs, productive employment and development opportunities (SDG 8),
- fighting corruption and unethical behaviour (SDG 16).

In addition, network members consider the promotion of gender equality and equal opportunities for all (SDG 5) fundamental to sustainable development, and the network itself embodies partnership (SDG 17). These are therefore overarching goals for the network.

1 Information about the network and its members is found at https://www.sida.se/English/how-we-work/approaches-and-methods/funding/financing-for-development/swedish-leadership-for-sustainable-development/
The SDGs are divided into different forms of action, focusing on the thematic areas defined in the Joint Commitment. At the operational level, the Swedish Leadership network is organised around four modules or areas of activities. Round-table meetings bring together Heads of Sustainability five to seven times a year to discuss strategic network and sustainability issues, while CEOs meet once a year to discuss strategic issues and set the course for the coming year. Exchange of knowledge and experience sessions involve different thematic working groups engaging members on a selective basis mainly linked to the thematic priority areas. Through joint efforts, the network aims to influence the sustainability discourse and show leadership for sustainable development both in Sweden and internationally. Joint initiatives and collaborative partnerships are formed between members as a result of relationships and common challenges ahead.

Current work is guided by a jointly agreed Purpose and Goals Statement for 2017–2020. Sida’s role as facilitator and convener mainly involves contributing staff time. From Sida’s perspective, the results of the network’s activities have been wide-ranging and include:

- building relationships with 26 large companies with global value chains,
- developing new ways for Sida to work using co-creation promoting proactive dialogue and catalytic work,
- assisting in replication of the network’s working modalities,
- influencing the global policy dialogue around the 2030 Agenda, and
- nurturing different kinds of joint initiatives that have sprung from the network.

Two examples of collaborative initiatives resulting from the network:

- **Sweden Textile Water Initiative (STWI)** is a partnership consisting of 20+ Swedish textile and leather goods retailers, approximately 120 of their suppliers and Sida. The goal is to reduce the use of energy, chemicals and water in five different countries (China, Bangladesh, India, Turkey and Ethiopia). Starting out with three partner companies and one country, STWI is an example of how a model for collaboration can be scaled up.

- **GSM Association** has initiated a Mobile Industry Leadership network, inspired by the Swedish Leadership network, to engage mobile operators worldwide in the 2030 Agenda.
Sustainable energy and the implementation of Sustainable Development Goal (SDG) 7 Ensuring access to affordable, reliable, sustainable and modern energy for all is a top priority for the Swedish Government. As energy access is a catalyst for development, it is essential that SDG 7 is achieved sooner rather than later to enable other SDGs to be met by 2030. It is also vital to ensure the successful implementation of the Paris Agreement and deliver on the commitment to leave no one behind, embedded in both frameworks. Sustainable Energy for All (SEforALL) is a catalytic forum for high-level guidance regarding energy access, increasing the share of renewables and, not least, increasing energy efficiency.

Transitioning to sustainable, renewable energy and using it efficiently to achieve sustainable development makes sense in a resource-constrained global economy. Access to energy is key to poverty eradication and achieving the 2030 Agenda, including SDG 1 Ending poverty, SDG 5 Gender equality and SDG 13 Climate action.

Despite significant progress, 1 billion people still lack access to electricity. Grid extension and scaled investment in distributed energy resources are required, particularly in sub-Saharan Africa, which is at risk of falling behind. Promoting renewable energy and energy efficiency is one way of increasing access to energy.

Renewable energy still represents only a fraction of the global energy mix, despite the declining costs of technology and new applications. The rate of improvement in energy efficiency needs to increase in energy-intensive countries. In addition, energy efficiency needs to be built into development plans of developing countries so that people can access the energy services they need without adding to air and carbon pollution.

SEforALL, launched by former UN Secretary-General Ban Ki-moon in September 2011, is a multistakeholder platform that currently includes about 130 partners and aims to promote and support new collaborative approaches to enable government, business and civil society to work together. SEforALL’s three core objectives to be achieved by 2030 are:

- ensuring universal access to modern energy services,
- doubling the share of renewable energy in the global energy mix, and
- doubling the global rate of improvement in energy efficiency.

Sweden has supported SEforALL since 2012, recognising its important role in providing high-level political guidance and coordinating global efforts for sustainable energy. To reach the speed and scale necessary to achieve SDG 7 and promote this energy transition, focused efforts from all stakeholders are needed over the next decade.

SEforALL’s global platform empowers leaders to broker partnerships and unlock finance to achieve universal access to sustainable energy. To advance discussion and inform sustainable energy decisions, SEforALL works with partners to fill gaps in evidence, ensure quality data, and provide insight to present evidence in new and compelling ways. In line with priorities for Sweden’s feminist foreign policy, this includes work to compile gender disaggregated data, producing research and reports on financial flows for energy access, and securing the economic dividend of achieving universal and sustainable energy access early. Using evidence and data, SEforALL also convenes stakeholders for ‘difficult’ conversations that need to be had, when progress is slow or challenging.

SEforALL also amplifies the voices of the unserved and those working with them, whether they are grassroots groups, female leaders, the rural poor or other marginalised groups such as those in informal settlements. Universal
energy access can only be ensured if systems are designed putting the ‘last mile’ first – populations traditionally unserved or underserved by electricity services and clean energy cooking solutions.

The People-Centred Accelerator, a SEforALL partnership launched at COP23, is working to achieve a sustainable energy transition without leaving anyone behind. It is a voluntary partnership which specifically aims to promote social inclusion, gender equality and women’s empowerment in the energy sector. An Opening Doors report\(^1\) has been released, which is an effort to systematically catalogue the stakeholders and initiatives that are addressing energy poverty and accelerating the global clean energy transition by empowering women and promoting gender equality and social inclusion.

\(^1\) http://www.iea.org/weo2017/#section-4-2
\(^2\) https://www.seforall.org/about-us
\(^3\) https://www.seforall.org/sites/default/files/Opening_Doors-Full.pdf