

# finnfund

**Finnfund's strategy 2022-2025**

# Finnfund's operating environment: Future Outlook 2025

## Environmental factors:

- Climate change continues to be high on the agenda for both public and private organizations, leading to increasing strive for carbon neutrality and push for sustainable investments
- The importance of preserving biodiversity is increasingly recognized but has not yet led to the development of many bankable projects

## Technological factors:

- While the advances in renewable energy technology and the recognized need for climate action continue to create momentum for investments, unclear regulatory structures and distorted markets continue to hamper investments, particularly in the poorest countries.
- Digitalization creates significant business opportunities across industries. Investments are needed both for the provision of key infrastructure and digital solutions.

## Political factors:

- China and India continue to strengthen their positions in the global arena, having significant effects on the operating environment of DFIs. Chinese development banks continue to expand their footprint in developing countries.
- In Africa, development towards Africa's political and economic integration brings some African countries closer to Western values and creates a fertile ground for democratic development and economic growth, while others deteriorate

## Economic factors

- Future economic growth and recovery from the global pandemic remain globally uneven and depend highly on the vaccine coverage. Some developing countries may enjoy unprecedented economic growth once the recovery from Covid speeds up.

## Demographic and Social factors

- The world's population growth continues, especially in Africa, where also significant changes in age demographics are predicted to take place as the number of working-age and elderly citizens is expected to grow in the future.
- Africa also continues to be a region of fast urbanisation, which increases the need for new infrastructure and services.
- Global inequality has further worsened due to Covid-19. Investments in education and healthcare play a vital role in counteracting poverty and inequality but may not be forthcoming from the public sector

## Development Finance and Impact Investing market

- The role of development finance is changing as a wider group of investors is entering parts of the market.
- Competition might increase due to the fact that private financiers and banks are becoming increasingly interested in ESG financing and active in sourcing blended finance.
- Development towards closer collaboration and more extended networks between DFIs and other investors continues.

## CHANGE DRIVERS

Climate change



Biodiversity



Energy Transition /  
Renewable Energy



Digitalisation



Geopolitics



Political instability



Economic growth &  
stability



COVID-19



Population growth &  
demographic changes



Urbanisation



Inequality &  
poverty



DFI impact  
investing market



# Finnfund's strategy 2022-2025

## Vision

People and Planet in every investment decision.

## Strategic Intent

Finnfund increases its portfolio impact through prioritized impact themes. Impact is enabled by growth in volume and sustained profitability.

## Key strategic objectives

- Double total impact from 2020 to 2025
- 50% of investments with private capital by 2030
- Maintain a carbon net negative portfolio

## Growth enablers

1. We are an active enabler of positive impact

2. We continue to deliver and advocate excellence in sustainability

3. We are a valued partner for private capital

4. We increase our presence in core markets

5. We are an attractive employer for world-class talent

## Mission

We build a sustainable future and generate lasting impact by investing in businesses that solve global development challenges.

# Finnfund's growth enablers 2022-2025

## 1. We are an active enabler of positive impact

Finnfund is focused on improving people's lives in least developed and fragile countries. We are an agile and pragmatic investor keen to join efforts with other investors. To achieve extraordinary impact, we will actively seek industry-changing innovations and business concepts from Finland and elsewhere, partner with promising entrepreneurs in our operations, utilize risk-sharing and support our investees in increasing impact and reaching higher standards.

## 2. We continue to deliver and advocate excellence in sustainability

Finnfund follows and implements best international practice for responsible investing. We strive to be a frontrunner and actively participate in developing the sustainability agenda for tomorrow.

## 3. We are a valued partner for private capital

Finnfund is seen as a valued partner in sustainability and impact by the impact investing community. Finnfund leverages financing for global sustainable development goals by providing investment opportunities and products for private investors.

## 4. We increase our presence in core markets

Finnfund deepens its understanding of core markets through on-ground presence and networks. Finnfund has local representation in Africa and builds stronger partnerships with investors, companies and changemakers.

## 5. We are an attractive employer for world-class talent

Finnfund is an internationally recognized employer that uses its positive reputation to diversify the pool of outstanding applicants. Finnfund provides an attractive working environment to retain talented, motivated and ambitious professionals and gives them opportunities to become the best in class in their specific roles.

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## KEY STRATEGIC OBJECTIVES

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