IC Forum 2025

Economic Development

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ETH Zürich

Take Aways

Introduction: Plenaries and Sessions

Leveraging Sustainable Finance: How Can Switzerland Do Better?

There is a significant momentum and actions driving sustainable finance in Switzerland. To better incentivise investors to allocate more capital towards the SDGs, it is necessary for all actors to speak the same language and clearly demonstrate the correlation between development impact and financial performance.

Rebuilding Ukraine: Private Sector Initiatives for a Resilient Ukraine

It is important to pursue innovative strategies and actively involve the private sector in supporting Ukraine's reconstruction.

Given the significant challenges of maintaining the economy amid the ongoing war of aggression against Ukraine, the public sector plays a key role in supporting and facilitating private sector engagement.

From Field to Fork – Swiss Solutions for Sustainable Trade

Despite new sustainability regulations, initiatives such as the Swiss Platform for Sustainable Cocoa, which brings together all stakeholders in the Swiss cocoa value chain and strives to achieve concrete impact on the ground, remain important in driving innovation and fostering stakeholder exchange on various sustainability challenges in a holistic way.

Africa – A Future Market

This engaging session uncovered, on the one hand, the obvious: the diverse African continent is already a market with immense opportunities to foster inclusive economic development, for instance, with its rapidly growing youth population, natural resources, and growing markets in technology, renewable energy, and innovation. On the other hand, the panel uncovered a true complexity: Africa still faces an overwhelming perception of high-risk exposure when it comes to investments (perceived vs. real risks). A key requirement for international cooperation – beyond investing in human capital and engaging in conducive framework conditions – is investment in inclusive sustainable development. International cooperation actors can contribute by addressing this need in various ways, one of them is de-risking to attract increased private finance. A shift in narrative is needed – Africa is a business opportunity, and partnerships between the private sector, international cooperation, and the integration of the African diaspora can help build an ecosystem in which entrepreneurship thrives and private capital is unlocked.

RETHINKING Science for Innovation Markets

The panel discussion focused on how to ensure and accelerate the translation of scientific research into real-world impact in low- and middle-income countries. The panellists emphasised the importance of collaboration and co-development with relevant local stakeholders, adapting technologies to local infrastructure and resources, engaging diverse disciplines to address societal or cultural obstacles, fostering sustainable business models, training users, and strengthening local manufacturing.

The panel discussion focused on how to ensure and accelerate the translation of scientific research into practice in low- and middle-income countries. Key factors include collaboration and joint technology development with relevant local stakeholders, adapting technologies to local infrastructure and resources, engaging various disciplines to overcome societal or cultural barriers, fostering sustainable business models, training users, and strengthening local production.

Swiss Solutions for Smart Cities

Smart cities and the use of technologies like Digital Twins offer promising tools if well embedded into local solutions and knowledge. Digital Twins provide valuable scenario-building capabilities for urban development. However, their effectiveness depends on careful integration into local contexts, ensuring they complement existing expertise and community-driven solutions rather than imposing top-down or North-South technological fixes.

The development of smart cities and Digital Twin solutions is constrained by two key factors: the availability of reliable data and the high cost of these technologies. Without robust and accessible data, Digital Twins cannot provide accurate simulations or support effective decision-making. Additionally, their high cost raises concerns about affordability in cities in the Global South, where investments may need to prioritise essential public services such as water, waste management, and electricity.

An integrated approach to urban solutions, with city inhabitants at the centre, is essential. Rapid urbanisation in Global South cities leads to overcrowding, strained infrastructure, and environmental degradation. Addressing these challenges requires moving beyond siloed approaches and fostering interdisciplinary collaboration. City inhabitants must be actively involved in the planning process to ensure solutions are inclusive, equitable, and aligned with their lived realities. Urban development, including smart cities, should not be dictated solely by experts but co-created with the people who live in these environments every day.

Corporate Citizens – Private Sector and Democracy

The private sector plays a key role in sustaining democracy by combating misinformation, corruption, and the loss of public trust in institutions. It can do so by partnering with independent media and promoting transparency and integrity.

The private sector has a vested interest in investing in Environmental, Social and Governance standards (ESG), as these strengthen their long-term sustainability and legitimacy. This includes fostering ethical practices, training employees in democratic participation, and supporting media literacy to counter the influence of democratic backsliding.

The Local Private Sector as the Backbone of Prosperity

This session emphasised the critical role of small and medium-sized local enterprises in driving sustainable economic development. These businesses are uniquely positioned to understand the needs of local communities and can thus deliver inclusive impact. The panellists highlighted the importance of a holistic approach, considering entire market systems rather than isolated actors. International cooperation and philanthropic actors can support entrepreneurship and sustainable development by creating a vibrant business ecosystem and providing essential resources such as financial capital, digital solutions, and expertise.

Key Take Aways Plenary 01:
Leveraging Sustainable Finance: How Can Switzerland Do Better?

What is important?	What are the key factors for change?	What is needed for the future?
• **There is a significant momentum in the Swiss financial sector:** The transition towards a more sustainable finance sector in Switzerland – and beyond – continues to progress, and short-term political obstacles will not alter the main direction of this transformation. However, awareness and understanding of climate- and nature-related risks within the Swiss financial sector remain limited, and sustainable finance has not yet been mainstreamed. • **Political changes will not diminish the importance of, or interest in, ESG:** ESG risks are real. Most investors carefully assess ESG risks when considering investments in emerging markets or developing countries. Over the past years, substantial investments have been made in ESG-related funds or projects, including by large private institutional investors. These investments typically have a long-term focus. However, investors are expected to exercise greater caution in the communication due to certain legal concerns. • **Transparency in the financial sector:** It is essential that the (Swiss) financial sector keeps pace with, and harmonises, its transparency efforts to maintain credibility in the sustainable finance space. Financial institutions and companies need to disclose their sustainability targets and methodologies for measuring impact in a transparent manner. This allows investors to track progress, manage risks, and make well-informed decisions that support long-term economic, social, and environmental well-being.	• **Working as system:** Development Finance Institutions (DFIs), including Multilateral Development Banks (MDBs), and private investors need to function as a system. To achieve this, MDBs should take a more active role by assuming greater risks, accelerating decision-making, and designing investments in ways that enable private investors to co-invest. • **Speaking the same language**: Public and private actors should adopt consistent definitions, metrics, standards, and frameworks for measuring and reporting on sustainability and impact. This shared understanding is crucial for effective collaboration and achieving the desired outcomes in sustainable finance and impact investing. • **A solid and transparent methodology for measuring impact:** A robust methodology is essential to demonstrate the correlation between financial performance and development impact. The clearer this correlation is, the more capital will flow into sustainable projects in emerging markets and developing countries.	• **Innovation needs to be included in finance**: As the most innovative country in the world, Switzerland is well positioned to drive innovation in finance. Beyond risk management and impact, efforts should focus on developing financial products and services that can be scaled and replicated. • **Correlation between impact and financial performance**: To better incentivise investors to allocate more capital towards the SDGs, it is necessary to clearly demonstrate the link between impact and financial performance. • **Better data for impact measurement:** Effective impact measurement relies on consistent, high-quality data. Improving the availability and quality of sustainability data will be key. When methodologies and data are transparent and accessible, it becomes easier to identify and rectify potential errors or biases. Ultimately, this will help build trust among all stakeholders.

Key Take Aways Plenary 02:
Rebuilding Ukraine: Private Sector Initiatives for a Resilient Ukraine

What is important?	What are the key factors for change?	What is needed for the future?
• Ensuring Ukraine's resilience, reconstruction, and reform through strategic, long-term support. • Ukraine is in the "drivers' seat" when it comes to formulating its urgent needs to partner countries, for example, prioritising support in the energy sector. • All six measures introduced by SECO are essential and should not be viewed as competing with one another. Ultimately, the Swiss government's goal is to create jobs and support economic growth in Ukraine. • The inclusion of the Swiss private sector in Ukraine is not feasible without government support due to the ongoing war. To address this, Switzerland has committed CHF 500 million as a de-risking measure to strengthen business resilience and ensure sustainable engagement. • Corruption must not be overlooked in Ukraine, and Switzerland aims to involve Swiss companies in tackling this challenge. • Ukraine is aware of its needs, and the Swiss government's role is to facilitate market entry and align the offerings of Swiss companies with Ukraine's priorities. • Tied aid is an outdated concept that should no longer be followed. However, the situation in Ukraine is an exception, requiring special measures due to the ongoing conflict. Without these, support for the private sector would not be feasible.	• Strengthening economic recovery, improving public services, and protecting civilians while involving the private sector in rebuilding efforts. • Combining immediate humanitarian aid with long-term reconstruction is essential. Despite the ongoing war of aggression, more than short-term measures are required. Sustainable investment in Ukraine's economy is crucial, including job preservation and creation to support economic stability. • Swiss companies, governed by Swiss laws, can assist Ukrainian businesses in tackling corruption issues. • Swiss companies receive funding from Swiss taxpayers not merely as financial support, but with the expectation and demand that their projects will drive development, create jobs, promote sustainable growth, and contribute to vocational education.	• A collaborative approach combining governmental aid, private sector investment, and international partnerships is essential to effectively rebuild Ukraine and support its long-term stability. • By involving the Swiss private sector, Ukraine gains access to high-quality "Swiss-made" products and services, which support the local economy and improve living conditions. this, in turn, helps build trust and strengthen ties with the Ukrainian people ("it's about hearts and minds"). • Swiftly addressing Ukraine's urgent needs is crucial. However, Swiss companies also require legal security for sustainable engagement. Implementing a State Treaty would support long-term planning and investment. • If we envision Ukraine as a prosperous country and future member of the European Union, Swiss companies can play a key role by providing Swiss-made products and enhancing competitiveness according to the principle of "build back better".

Key Take Aways Session 01:
From Field to Fork – Swiss Solutions for Sustainable Trade

What is important?	What are the key factors for change?	What is needed for the future?
• The cocoa sector faces significant sustainability challenges, such as farmers not earning a living income, which contributes to child labour, deforestation, and other unsustainable practices. • These challenges are too broad and complex to be addressed by a single actor–governments, the private sector, and civil society must all work together.	• Multi-stakeholder initiatives, such as the Swiss Platform on Sustainable Cocoa, can foster collaboration and drive sustainable impact at the farm level. • Collaboration with the governments of producing countries is key to establish the framework conditions for sustainable production and trade, particularly in regulated markets.	• New sustainability regulations in importing countries can become an important driver of change. • However, these regulations alone will not resolve all issues and may even create new challenges, such as an overly narrow focus on specific topics instead of adopting a more holistic approach. • Maintaining collaboration between stakeholders with different areas of expertise beyond regulatory requirements will therefore remain essential.

Key Take Aways Session 02:
Africa – A Future Market

What is important?	What are the key factors for change?	What is needed for the future?
• Africa is already a market and presents immense investment opportunities to foster inclusive economic development, such as in technology, renewable energy, innovation, and construction. • The continent has valuable resources, including a rapidly growing youth population, natural resources, and a dynamic business environment. • There remains a significant discrepancy between real and perceived risk, which hinders private investments. • Conflict, limited infrastructure, insufficient funding, gender and systemic inequality, and climate change remain major challenges for many African countries. At the same time, the green economy offers opportunities for job creation and unlocking sustainable investment, with solar energy being a key resource. • Small and medium-sized enterprises (SMEs) are critical, with 30% led by women, yet there remains a significant gap in gender-lens investing.	• A shift in perception is needed - Africa is a business case with extensive opportunities, and youth-led businesses hold great potential. • Financial capital, both domestic and international, as well as concessional finance for de-risking, is needed to enhance and unlock further private capital. • Fair access to capital is needed, especially for women and entrepreneurs. • By showcasing results, the discrepancies between real and perceived risks must be addressed to attract more investments. • Partnerships with local private actors are key, as they are more trusted than international actors and develop solutions tailored to local realities. • International actors must understand local markets to avoid disrupting entrepreneurs (low product prices can disrupt local enterprises). Instead, they should foster an enabling ecosystem where businesses can thrive and grow. • Technology is key in fostering economic development.	• A better understanding of the local markets and the real risks, as well as increased transparency, will encourage more companies to invest in Africa. • More financial capital, direct investments, and de-risking are needed to unlock private capital, with economic and international cooperation playing a key role in leveraging this. • Building an inclusive and sustainable investment environment with fair conditions and knowledge transfer. • International cooperation should support private sector development by fostering partnerships, improving market access, and removing barriers such as trade obstacles and tariffs. • Strengthening inter-Africa collaboration and South-South partnerships has significant potential to unlock private finance. • The potential of philanthropy, and social and impact enterprises should be harnessed to drive rapid investment with a strong focus on impact. • African diaspora is critical in bringing new ideas to the continent.

Key Take Aways Session 03:
RETHINKING Science for Innovation Markets

What is important?	What are the key factors for change?	What is needed for the future?
• **Collaboration and co-development:** Working closely with local stakeholders (users, workers, industry etc.) to co-design solutions that fit the context, both during technology development and throughout implementation. • **Adaptability of innovation:** Technology must be adaptable to local infrastructure and resources. • **Inclusive science and research:** Engaging diverse disciplines and perspectives to address societal taboos and cultural dynamics. • **Sustainable business models:** Ensuring business model align with local economies. • **Capacity building and Local Production:** Training local users, facilitating mutual knowledge exchange, and strengthening local manufacturing capacity.	• **Rethinking science's purpose:** Shifting from purely academic outputs to solutions that solve real-world problems. • **More agile research frameworks:** Embracing continuous testing and learning from failures to refine technology in real-life conditions rather than relying solely on controlled lab-based research. • **Breaking down barriers to innovation:** Addressing systemic challenges, such as unreliable infrastructure, import tariffs, and resource limitations in low-income regions.	• **Stronger local production capacity:** Investing in infrastructure and manufacturing capacity to enable local production • **Entrepreneurship as a driver of impact:** Supporting local innovators and micro-businesses as key players in the innovation ecosystem, as they face numerous barriers • **Global partnerships:** Facilitating equal partnerships between research institutions and between academia and industry/practice in both the Global North and South.

Key Take Aways Session 04:
Swiss Solutions for Smart Cities

What is important?	What are the key factors for change?	What is needed for the future?
• Smart cities and technologies like Digital Twins are promising tools, **provided they are well embedded in local solutions** and knowledge. • The development of smart cities and Digital Twin solutions is constrained by two key factors: the availability of **reliable data and the high cost of these technologies.** • A need for integrated urban solutions, with **city inhabitants at the centre.**	• Digital Twins offer valuable scenario-building capabilities for urban development. However, their effectiveness depends on careful integration into local contexts, ensuring they complement existing expertise and community-driven solutions rather than imposing top-down, or North-South, technological fixes. • Digital twins have several benefits: They improve data-based and more informed urban planning, they enhance the transparency of decision-making in urban planning, and they can reflect the complexity of cities, provided that relevant data (on energy, mobility, climate, air pollution, etc.) are available. The keyword here is integrated and coordinated urban planning, adopting a multi-sectoral approach that considers interdependencies between sectors/areas. • Without robust and accessible data, Digital Twins cannot provide accurate simulations or support effective decision-making. Additionally, their high cost raises concerns about affordability in cities of the Global South, where investments may need to prioritise essential public services such as water, waste management, and electricity. • The availability of data across domains/sectors is key to the Digital Twins and scenario simulations. A Digital Twin is only as good as the underlying models, it cannot compensate for the lack of sectoral strategies or a city vision. However, it can facilitate the development of strategies and visions by providing visualisations and fostering more informed exchanges between policymakers and city stakeholders. • Rapid urbanisation in cities of the Global South leads to overcrowding, strained infrastructure, and environmental degradation. Addressing these challenges requires moving beyond siloed approaches and fostering interdisciplinary collaboration. City inhabitants must be actively involved in the planning process to ensure solutions are inclusive, equitable, and aligned with their lived realities. Urban development, including smart cities, should not be dictated solely by experts but co-created with the people who experience the city every day. • Digital Twins is a great tool for improving participation. The visualisation of future cities and different development scenarios greatly facilitates interaction and communication between the public, citizens and policymakers. This increases participation and promotes inclusive and informed urban policymaking (case of Sarajevo: public hearing and Digital Twin).	• Digital Twins should be locally adapted and co-created with communities, ensuring they complement existing urban strategies, build on local expertise, and integrate seamlessly into policy and planning frameworks. • To overcome these constraints, improvements are needed in data infrastructure, affordable technology solutions, and financial mechanisms that make Digital Twins accessible, particularly in resource-constrained cities. • Future urban solutions must prioritise inclusive, participatory planning processes, actively involving city inhabitants and fostering interdisciplinary collaboration to address the complex challenges of rapid urbanisation.

Key Take Aways Session 05:

Corporate citizens – private sector and democracy

What is important?	What are the key factors for change?	What is needed for the future?
• **Democracy provides the private sector with a stable and predictable business environment**, which is essential for long-term investment and economic growth. In democratic societies, the rule of law, an independent judiciary, and transparent regulatory frameworks protect property rights and ensure fair competition. Businesses thrive in such an environment because they can rely on contracts being enforced, intellectual property being protected, and government policies being subject to public scrutiny. In contrast, authoritarian regimes often impose arbitrary regulations, expropriate private assets, or favour politically connected firms, creating uncertainty that discourages investment and innovation. • **Democracy fosters a skilled and engaged workforce**, which is crucial for economic development. Democratic institutions uphold freedoms such as education, labour rights, and social mobility, allowing businesses to access a talent pool that is both competitive and adaptable. When workers have the right to organise, demand fair wages, and contribute to decision-making, productivity and innovation increase, benefiting companies as well as the economy at large. In contrast, autocratic regimes often suppress labour rights and limit education, leading to a less skilled workforce, lower productivity, and weaker consumer demand. • **Democratic governance reduces corruption and promotes accountability**, ensuring that public resources are used efficiently and that businesses operate in a fair and transparent system. By contrast, authoritarian governments often manipulate markets, limit competition, and create monopolies that stifle economic growth. In this way, the private sector actively profits from its institutions, freedoms, and economic principles.	• **Integrating ESG initiatives into corporate strategy.** Embedding environmental, social, and governance standards into business models is vital for long-term sustainability. This integration not only improves corporate performance but also builds stakeholder trust over time. It encourages companies to adapt to evolving societal expectations and environmental challenges. Corporations that embrace ESG responsibility set a positive example for others to follow. Their ethical practices contribute to the overall well-being of the community and help maintain democratic standards. • **Ensuring accountability and ethical conduct in business practices.** Transparent operations build trust among stakeholders and reinforce the legitimacy of both the private sector and democratic institutions. Accountability measures help prevent corruption and unethical behaviour. Ethical conduct promotes a fair and just business environment that benefits. • **Combating misinformation and disinformation to maintain an informed public.** Reliable, fact-based information is vital for making informed decisions for public democratic processes, as well as in the private sector. Robust fact-checking mechanisms empower individuals to discern truth from falsehood. Reliable information systems are fundamental to counteracting the spread of misinformation. Fact-checking initiatives empower citizens and employees to make informed decisions.	• **Long-term investment in democratic participation:** By actively supporting democracy promotion efforts—such as advocating for anti-corruption policies, supporting independent media, and engaging in corporate social responsibility initiatives—companies can contribute to a more stable and predictable environment for investment and growth. To make this collaboration sustainable, businesses must commit to democratic practices at every level, embedding them into corporate governance, workplace culture, and stakeholder engagement. • **Technological and financial support to strengthen democratic institutions.** Companies, particularly in the tech sector, can work to prevent the spread of disinformation, enhance cybersecurity for democratic institutions, and expand access to digital tools that empower citizens. Financial institutions and multinational corporations can also support democracy by promoting responsible investment strategies that prioritise transparency, labour rights, and environmental sustainability. Companies that embed democracy-friendly policies internally—such as protecting whistleblowers—contribute to a more resilient democratic culture, ensuring they are well-prepared for future challenges. • **Fostering cross-sector dialogue and collaboration** can more effectively tackle issues like misinformation, corruption, and declining public trust in institutions. Creating multi-stakeholder initiatives, where companies, civil society organisations, and governments work together, can help develop policies that promote both economic growth and democratic resilience. Business leaders can also use their influence to push for policies that ensure political stability and inclusive economic development, recognising that long-term profitability is closely tied to democratic governance.

Key Take Aways Session 06:
The local private sector as the backbone of prosperity

What is important?	What are the key factors for change?	What is needed for the future?
• Small and medium-sized local enterprises play a key role in driving sustainable economic development by addressing local needs and offering demand-driven solutions to real problems and challenges. • Holistic approaches are necessary, considering whole market systems, including framework conditions, local contexts, and underlying root causes. • Sustainable and inclusive economic growth is essential to lift people out of poverty. An economic transformation is needed: economic development must be faster, more inclusive, and sustainable (without relying on polluting technologies). • Entrepreneurs must stay in the driver's seat to ensure meaningful change adapted to local demand. • Agriculture is still underinvested, as it is perceived as too high a risk and too low a return. • Declining ODA remains a challenge, as the reduction in de-risking may deter investors.	• One key factor for change includes expanding access to finance, especially for small businesses and entrepreneurs. • Blended finance and de-risking need to grow, in particular in higher-risk environments. • International cooperation actors can provide financial capital, digital solutions, and expertise to support entrepreneurship. • Addressing broken supply chains by considering whole market systems can lower consumer prices and improve market efficiency. • Overcoming barriers to entrepreneurship, especially for women, who face underfunding and patronisation • Philanthropy can play a crucial role by taking on higher risks for greater impact (venture capital niche).	• Increased financial capital, digital solutions, and expertise from international cooperation actors and philanthropy to support entrepreneurship. • More investment in the local private sector and the ecosystem in which it operates. • Exploring and fostering local and South-South partnerships and business models. • Investing beyond financial support – Switzerland could foster knowledge transfer as part of public-private collaboration.