Professor Kelly Mua Kingsly
PhD/MBA, MPA, CFA, CFI, PMP, ISO
Finance engineer (Forensic finance and audits)
blog:www.kellykingsly.com
My Papers:SSRN
https://www.linkedin.com/in/kelly-kingsley-ph-d-2a5a1416/

The Role of Corporate Social Responsibility and Climate Finance as Catalysts for Structural Transformation in Less Developed Countries

1. Introduction

In developing countries, corporations' underfinancing of climate finance is a dire and pressing issue of utmost concern. The concept of "climate finance" encompasses a wide array of financial instruments and mechanisms that hold the potential to greatly mitigate greenhouse gas emissions and facilitate the crucial absorption of carbon. However, the current landscape regarding the understanding of climate change's root causes and its far-reaching implications has resulted in a notable increase in the allocation of considerable budgets towards Corporate Social Responsibility (CSR) endeavours, all in pursuit of the greater good. These CSR initiatives, if harnessed effectively, have the potential to alleviate human suffering and combat impoverishment, invoking a sense of empathy in the audience. Until now, corporate social responsibility activities, particularly in the realm of international expansion and economic development, have regrettably overlooked the Least Developed Countries (LDCs) to a significant degree. Shockingly, not a single one of the world's most influential 200 firms has established operations in even five African nations! This startling fact underscores the urgent necessity for transformative change. The essay's central argument centres around the pivotal role of firms' CSR initiatives and climate finance in engendering systemic effects that contribute to the sweeping transformation of underdeveloped societies. Through this transformation, an environment is fostered wherein mutual perceptions and freedoms bloom harmoniously. Indeed, as one knowledgeable scholar astutely points out, the attainment of responsibility in this context is undeniably of colossal importance. Such responsibility possesses a tremendous potential to alleviate human suffering, combat impoverishment, and ultimately cultivate a climate that champions dignity and freedom for all.

In the expansive and multifaceted realm of the public policy debate concerning the establishment and formulation of regulations and principles delineating the criteria for inclusion within market-based frameworks aimed at reducing greenhouse gas emissions, commonly referred to as cap-and-trade systems, a crucial point of contention before delving into the lofty aspirations and fervent claims about the inherent human rights of such beneficiaries lies in the intricate examination of their respective national standings. In the contemporary landscape of our vastly interconnected global society, the effective resolution of intricate societal quandaries necessitates a comprehensive evaluation that draws from a diverse range of disciplines. More specifically, within the purview of the ever-pressing issue of climate change, the intersectionality of corporate social responsibility (CSR) and climate finance emerges as two pivotal facets of the holistic approach adopted by multinational corporations towards fostering sustainable development in the long run. Consequently, it is reasonable to anticipate that the cultivation of responsible corporate governance holds immense potential in fostering long-term benefits for individuals residing in the developing regions of our world. Thus, the overarching objective of this article shall revolve around a thorough exploration and comprehensive analysis of these salient themes, with a strong emphasis placed on delving into the intricate nuances and complexities that lie within the intricate examination and multifaceted evaluation of market-based frameworks aimed at reducing greenhouse gas emissions, commonly referred to as cap-and-trade systems. Through establishing and formulating regulations and principles, such frameworks delineate the criteria for inclusion within their expansive and multifaceted realm. Within the interconnected landscape of our vastly interlinked global society, the effective resolution and thorough exploration of intricate societal quandaries necessitates, without a doubt, a comprehensive evaluation that draws from an incredibly diverse range of disciplines and perspectives. More specifically, within the ever-pressing issue of climate change, the intersectionality of both corporate social responsibility (CSR) and climate finance emerges as two pivotal facets of the holistic approach adeptly adopted by multinational corporations towards fostering sustainable development in the long run, aiming to reduce greenhouse gas emissions on a global scale. Consequently, it is undeniably reasonable to anticipate that the cultivation and nurturing of responsible corporate governance holds immense potential in terms of fostering long-term benefits for individuals residing in the diverse and developing regions of our world, particularly when

considering the intricate nuances and complexities involved in addressing the multifaceted realm of public policy debates surrounding climate change, cap-and-trade systems, and the establishment and formulation of regulations and principles that underpin them. With a strong emphasis placed on delving into the intricate details and considerations, this article shall serve as a thorough exploration and comprehensive analysis of these salient themes, aiming to provide a detailed understanding of the intricate nuances and multifaceted complexities that lie within the broad and expansive landscape of market-based frameworks, corporate social responsibility, climate finance, and their implications on human rights and sustainable development.

1.1. Background and Rationale

Scholars have analysed the role of corporate social responsibility (CSR) and climate finance in business, economics, management, and finance. Yet, unlike some works, our study aims to highlight the importance of CSR and climate finance for countries undergoing structural transformations. These countries, in general, and LDCs, in particular, have a pressing need for financing sources to drive structural transformations and are readily seeking financing from different existing charitable and non-charitable funds. Therefore, this study focuses on raising awareness of the role of two current sources of funding that coincide with poverty-reduction strategies.

The rationale behind this initiative is as follows. First, while businesses have long practised CSR, its linkage with a focus on producing development-friendly goods has only been reported sporadically in the literature. Therefore, we stress the importance of considering structural transformation as a consequence of the prevalence of development-friendly enterprises around the globe. Second, we bring to the attention of researchers the dual function of "climate finance" in fighting climate change by boosting the rate of investment in clean technologies and producing the same result for developing countries.

Poverty reduction and eradicating world hunger have long been daunting due to limited access to large-scale investment. Investment in big-ticket infrastructures has been identified as an essential source of moving resources from low-productivity sectors to high-ability industries, thereby increasing the welfare levels of the majority. Yet, investing in smaller-scale, more uniform products may also contribute to increases in revenues.

In recognition of the vital importance of smaller-scale investment in the development process, this study aims, as an initial step, to underscore the need to reduce yield risk related to smallholder agriculture before making significant investments in agro-industry. Fertilisers in 1994 managed to raise crop yields in sub-Saharan Africa by only 30%. The benefits derived from the initial 30% of such an intervention would be much lower, and its funding would be less forthcoming. Therefore, it is argued that researchers and practitioners should first consider de-risking smallholder agriculture before addressing finance and investment in less-developed countries.

1.2. Research Objectives

This essay aims to comprehensively analyse the role of corporate social responsibility and climate finance as catalysts for structural transformation in less developed countries. For this, we set the following specific objectives:

1. To provide an in-depth, comprehensive overview of the main factors motivating corporate social responsibility, particularly its environmental aspect, in the global North.

2. To identify corporate social responsibility's resulting forms and concepts in the global North and critically evaluate their relevance to less developed countries.

3. To offer an extensive examination of financing for addressing the impacts of climate change and promoting a low-carbon structural transformation in the North.

4. To highlight the tensions, synergies, and direct causal relationships between climate adaptation financing, corporate initiatives, and the structural transformation of the global North. Our focus will be on the possibilities of scaling up adaptation financing and incentivising the private sector to contribute to structural changes.

These objectives are expected to contribute to a robust assessment of the potential value of corporate social responsibility for enhancing climate finance to enable the structural transformation of less developed countries. This paper focuses on inculcating sound, structured development thinking and innovative problem-solving – especially bridging development studies related to political economy, environmental management, and climate change response.

2. Conceptual Framework

The role of CSR in achieving more inclusive growth patterns in the post-2015 era has only recently come under discussion. It has been put to the fore in the meetings of the United Nations General Assembly, and a report has made recommendations on the role of the private sector in the sustainable development goals that are now inclusive. According to the World Bank 2012 Independent Evaluation Group, focusing on the core business environment and good standards could complement and maximise how ODA in the public cooperative traditions can become more effective. This implies that CSR policies can have more comprehensive impacts than the domestic economies of the recipients of CSR activities.

However, this "systems" point is arguable as it presents an inward-looking model rather than looking at the variety of impacts CSR activities could potentially have in societies, particularly in addressing persistent levels of exclusion for women and youth. Suppose CSR can have such a potent role. In that case, CSR has enormous potential to be a catalyst in LDCs' efforts to promote diversification of production into high-value goods, the promotion of progressive value chain integration, enabling them to upgrade their productive export capacity and to create enhanced levels of wage and macro-employment opportunities for their comparatively youthful labour markets. The case is made that the opportunities provided by CSR initiatives need to be geared more towards supporting efforts at structural economic transformation and that a "Methodology and Global CSR Fund for promoting Structural Economic Transformation" should be nurtured. The Fund would engage with global CSR firms and links, whether upstream or downstream, to use CSR programs and activities to empower and engage potential shift agents at national, sectoral, and firm levels and through international dialogues.

2.1. Corporate Social Responsibility (CSR)

2.1. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is most commonly characterised by the ethical behaviour of individuals and organisations based upon notions of moral and justice principles to do good by society. It has also been defined as a form of corporate self-regulation integrated into a business model; a built-in, self-regulating mechanism whereby business ensures compliance with the spirit of the law, ethical standards, and international norms; and the commitment to

operationalisation of values and lays down sustainable operational modules. In this literature review section, I elaborated on the conceptual framework of CSR, including compliance, ethical, legal, and philanthropic components. In general, business assets are interlinked with the employees' learning on various environmental awareness and sustainable development issues. It includes the development of appropriate ethical values for human rights, environmental policies, gender empowerment, and compliance with the regulations and local cultures. The company's reach of the market also involves the impact of their recourse to expanding like wiser and the surrounding society as well. CSR is a company's modern approach to incorporating its business procedures to generate some correct decisions effectively. This aims to accomplish profitability in a way that promotes the benefits of their stakeholders through a committed procedure and desired behaviour.

Mirvis and Googins think that CSR allows businesses to mimic and, in some cases, lead their competitors on triple-bottom-line measures involving social and environmental benefits and profitability resulting from higher prices or reduced costs, stable expenses for tenures, preference supply chain, free media coverage, client loyalty, etc. Likewise, beyond a standard for the "quadruple base group reporting," the European Commission has observed CSR as the spontaneous inclusion by companies to care beyond the fundamental "tidy-up tendency". It includes enhancing confrontation procedures and an investment magnet, humanising business ethics and social security, better production, resolving price/work, delivery expansion with competition strategy, senior workers, and financial capital share to clear more businesses. The business is responsible for regularly producing a shift in insight into relationships by allowing clients, host producers, and employees to be accountable and skilful workers. This concept results in destination client safety and pleasure, flourishing dealer and worker associations, employee health and satisfaction, and an Islamic environment with an advanced societal level. With the further definition of CSR, Layard exemplary described in CSR book 1981, following Lord Robens definition in Britain, organising analogy in society. While profitable, the business's primary function "is to meet the customer's expectation by providing them with innovative products and services".

3. Climate Finance

Climate finance in the context of less developed countries or emerging economies is a term generally taken to apply to the financial mechanisms, plans, arrangements, and instruments that aim to address climate change challenges, especially in terms of mitigation and adaptation. It may encompass debt, equity, grants, loans, and subsidies to fund a wide range of projects and programs in various sectors of the economy. In terms of magnitude, one trillion dollars per year is often mentioned as a rough estimate of the overall amount needed for climate finance. The potential make-or-break role of climate finance in catalysing structural transformation in LDCs and the ways to design and operate such finance requires a deep understanding of the financing mechanisms and designs in the context of developing countries. Experience with climate finance in LDCs is yet to amass enough data to inform the discourse. Based on the limited reviewed literature, this section provides a definition and conceptual and operational understanding of climate finance.

Climate finance refers to funds utilised for activities in developing countries to reduce greenhouse gas emissions (also called mitigation) and to help them address the adverse consequences of climate change (also called adaptation). In the context of this study, climate finance for mitigation encompasses credit or financial resources extended to developing countries to encourage changes in public and private investment and financing that lead to a reduction of GHG emissions. The World Bank uses four broad categories of mitigation finance: subsidies, taxes, standard market transactions, and non-standard transactions. The primary source of finance for mitigation actions will likely be the private sector, especially the larger-scale investment and financial types of mitigation. Niche and facilitative mitigation actions that are not cost-effective will generally require funding from the public sector. In essence, the aim of finance for mitigation is to encourage investments that internalise greenhouse gas emission reduction costs and benefits in subsequent investment decisions and reward carbon-friendly actions. For the analysis in this section, the term climate finance refers to financing for mitigation and adaptation activities, not disaster risk financing or specific ad hoc financing for post-disaster and post-conflict human and material recovery.

3.1. Definition and Scope

What is climate finance? Although market-driven distinctions such as adaptation finance versus mitigation finance are often made, climate finance will be used

throughout this paper to denote the entire ambit of financing for any activities and institutions whose primary or significant focus is on climate change. As discussed below, unlike the Ricardian approach used by the Intergovernmental Panel on Climate Change (IPCC) to cost out climate change impacts or the cost-benefit analysis followed by Hull et al. (2011) to compare adaptation and inaction costs, a climate finance approach would question the structural questions of whether and how much adaptation, mitigation and ultimately structural transformation are required.

Five facts about low- and middle-income countries are helpful guides in discussing this definitional scope. First, those least responsible for climate change are usually climate-vulnerable (tropics and low-latitude subtropics). Second, as such, they are usually least equipped, including financially, to predict, perceive, prevent and correct harm. Third, since their economies often still rely on climate-sensitive industries and are usually tropical or sub-tropical agricultural or (for many of the poorest) subsistence-based economies, these are frequently the most long-term climate-sensitive economies. Fourth, the technical options for reduction are tied to the land (sequestration) and hence climate-sensitive in the long term; the geophysical capacities are in the tropics but lack the political, regulatory and technical infrastructure (e.g., carbon capture and storage) to store and commodify sequestrated emissions. These first four points outline the sensitivity of the livelihoods of people with low incomes in developing countries and of state finance to international climate change. Finally, the fifth fact relates to political economy and highlights the need for government-to-government transfers to least developed states as a matter of prior justice.

4. Structural Transformation in Less Developed Countries

The development study has had different 'waves' of thinking, each focusing on other dynamics in the growth process. One of growth theory's leading and most recent waves has been the 'new economic theory' of growth. These theories claim that it is essential to understand the blocks or bottlenecks, not only to economic growth but also to social and human development in general, to understand development as a process. The attention given to this perspective has highlighted 'structuralist' schools of thinking in development economics, which emphasise that progress along the path of development is not just a matter of adopting the right policies but also depends on the dynamic structure born by each country on the era it stands. The entry of in-depth knowledge based on LEP is part of a

broader tendency. It is associated with structuralist points of view in the literature on the economic development of less developed countries over the past decade.

The main concern has been with the transformation process in less developed countries as opposed to a simple and plain change. Structural transformation is one of the primary goals of development policies in less developed countries. As can be seen in principles 41, 42, 46, 54 and 59 of Bandung, it was also unanimously recognised by the developing nations in 1955. However, many developing countries face a dilemma regarding their structural transformation as many find strategies meant to achieve this result in their economies inadequate. Such strategies mainly involve import-substituting industrialisation; however, the agricultural-hooked industrialisation that appeared in the literature, although relevant to some of the Asian tigers as well as Japan, generally does not contend with the manufacturing-based ISI strategy.

4.1. Key Concepts and Theories

Introduction In the developed world, big businesses are increasingly deemed responsible for a range of activities that were once strictly within the purview of the nation-state. While structural transformation has usually been associated with the rise of the nation-state in the developed world, the development of multinational corporations is seen as a legitimate impetus for attempts at transformation and development in the less developed world. At the same time, compiling new datasets and partaking in case study research in various parts of sub-Saharan Africa, it became apparent cross-sectorally that Poverty Reduction Strategies and Debt Relief Programmes and the Structural Adjustment Programmes of the late 20th century had not increased work opportunities at all. Hence, this paper questions the potential for big business to spearhead national economic transformation in any way. This paper discusses Special Economic Zones within Bhutan in South Asia and the context of exploitation of lower-wage economies.

4.1. Key Concepts and Theories Structural transformation has rarely been studied in depth regarding the interface between nature and society and only in the context of developed and rapidly industrialising countries. Firstly, this paper needs to examine and extend the definition of structural transformation. In doing so, the set of activities and priorities at the nation-state level may differ from the appetite of big business, not least given the multinational character of many

already. This section, therefore, explores the concepts and theories surrounding the key terms corporate social responsibility (CSR), climate finance and structural transformation within less developed countries. It is essential to begin to converse about these to ensure their combination, especially in the initial section of the paper, makes some sense.

5. The Interplay of CSR, Climate Finance, and Structural Transformation

Corporate social responsibility (CSR) is the business contribution to sustainable development. It tends to become part of the sustainable "license to operate" that the company must deserve. Although officially part of the Sustainable Development Goals (SDGs), in essence, this concept is more in line with the profit-making of businesses. Nevertheless, it has the potential to contribute to, or at least not detract from, multinational policies to meet these universal goals.

Climate finance is a significant tool for stimulating action, helping reach policy objectives, and increasingly fostering development pathways consistent with the Paris Agreement goals. It has been argued, not only more broadly for climate action, that addressing social and environmental issues can only be fully integrated through structural change.

This paper investigates the potential CSR, climate finance, and structural transformation complementarities as somewhat different policy strands. We explore their interlinkages, areas where their objectives influence each other, overlap, and run in parallel or opposite directions. On the one hand, climate finance tends to pull CSR for the climate. On the other hand, there is the possibility of CSR, pulled by climate finance, to trigger broader structural change, which is not only related to the objective of reducing emissions and adapting to the consequences of climate change.

Corporate social responsibility (CSR) is the business contribution to sustainable development. Climate finance is a significant tool for stimulating action to achieve international policy objectives and increasingly to foster development pathways consistent with the Paris Agreement. Both, in addition to desired profit, attempt to generate other value or not to harm social and environmental conditions. In other words, they make sense in that they contribute to this in the line of "leaving no one behind" as the core approach of the sustainability goals through the simultaneous long-run continuous growth in economic, social, and ecological dimensions.

Climate finance and corporate social responsibility have a specific power for "good." Can they assume a driving force or constituting element of the low-carbon structural transformation in developing countries, especially for sectors that exploit natural resources? In particular, CSR is attracting much attention as an opportunity and a driver of structural transformation.

In the last decade, the CSR role in businesses has been revalued concerning the natural capital of a firm, the stakeholders, and the praise of shared value strategies. It also includes the holistic overview of the pleasure-pain principle (opportunities and risks management) provided by various business strategies, such as sustainability reporting using indicators involving security, values of ecological input as thresholds, and so forth.

Here, knowing that the mandate for the environmental issues comes from developed countries and although more and more it may only become involving the needs of others and doing what we think is better for us or others, also in the sense of an "imposed gift," as Becker has envisaged, we believe it is relevant to offer a reflection on how a virtuous CSR, a business or investors approach working also to satisfy the needs of others, may contribute passively and positively to do what is suitable for protecting overall social and ecological systems. This includes lowering and including net emissions of greenhouse gases to limit global warming and reaching, for what is within our competencies and decision level, at the most, the contribution to the average aims fixed by the international voluntary agreements and pursuing sustainable policies in all possible sectors.

5.1. Potential Synergies

When discussing the interplay between the three elements of CSR, climate finance, and structural transformation, several potential points of synergy merit closer attention.

Corporations are well-suited transitory for coordinated policies and projects initiated by bilateral and multilateral development organisations for CSR. Since companies focus on profits, corporations seek to evade unfavourable national policies if policies do not favour for-profit operations (by easing market entry, reducing regulatory burden, or modifying market demand). Because corporations are reluctant to comply with such national policies unless coerced, CSR can be seen as a "bribe" in return for a company's compliance with national development efforts.

It has also been exceedingly advantageous to bring in comparison with Corporate Social Responsibility (CSR), climate finance, and the profound notion of structural transformation. For our meticulous analysis's explicit purposes, it does not matter whether the structural transformation is perceived solely within the confines of the strictly economic sense as explicitly denoted above or in the equally vital political-structural sense emphasised in this discussion. In the forthcoming discourse, I will audaciously assert that CSR and limited climate finance conceptualisations comfortably fit within the encompassing framework of structural transformation as an unequivocal economic process. In contrast, broader conceptions of climate finance align more harmoniously with this all-encompassing understanding of structural transformation. Furthermore, climate finance inherently entails the tangible and human component of structural transformation, perpetually advancing and transpiring on a planetary scale. As a result, climate finance diverges fundamentally from the social arrangements and constructs one may fervently aspire to materialise broadly from the realm of CSR. It is crucial to acknowledge that the synergy above may be profoundly inverted, thus illustrating how Corporate Social Responsibility can be perceived as intricately connected to the intricate and multifaceted notions of structural transformation, particularly within the political-structural sphere. Recognising the interplay between these concepts is essential as it allows for a more comprehensive understanding of the complex dynamics in our contemporary society. There has been a growing recognition of CSR's significant role in driving transformative change in recent years. CSR goes beyond philanthropy or charitable efforts; it encompasses corporations' responsibility to generate profits and contribute to social and environmental well-being. In this regard, CSR can be seen as a powerful tool for promoting structural transformation within economic systems and the broader political arena. By integrating sustainability practices into their operations, businesses have the potential to foster positive change on a global scale. Similarly, climate finance is a critical instrument in tackling the pressing issue of climate change. It involves mobilising financial resources to support projects and initiatives to mitigate and adapt to climate change's impacts. Climate finance catalyses structural transformation, enabling the transition to a low-carbon economy and developing sustainable industries and infrastructure. By investing in renewable energy, energy efficiency, and climate resilience, we can shape a future that is not only environmentally sustainable but also socially and economically equitable. When we consider the relationship between CSR, climate

finance, and structural transformation, we begin to see the interconnectedness of these concepts. CSR provides the framework for responsible business practices, while climate finance offers the means to finance sustainable solutions. Together, they contribute to the broader goal of achieving structural transformation, which entails a fundamental shift in how we produce, consume and organise society. This comprehensive approach recognises that economic, social, and environmental challenges are intrinsically linked and require holistic solutions. In conclusion, integrating CSR, climate finance, and structural transformation is essential for addressing today's complex challenges. We can create a more sustainable and inclusive future for future generations by recognising their interdependencies and potential synergies. Collaboration and collective action can drive transformative change and build a resilient and prosperous society.

6. Case Studies

Since the late 1980s, the Costa Rican government has embraced corporate social responsibility as a means by which companies can respect and support ethical values. By the early 2000s, companies there had begun to comply with environmental standards voluntarily, and the Costa Rican Business Council for Sustainable Development (CECADES by its Spanish abbreviation) was created in 1992 to promote socially responsible management. Hence, Costa Rica's social structure has undergone a transformation process because the modernisation of the trajectory advanced through foreign direct investment and trade in natural resources, which represented a productive specialisation rooted in the export of bovine beef under the classical international division of labour. This activity began in the late 1940s. Over several decades, however, Costa Rica sought new alternatives to reduce its dependence on traditional trade, strengthen technological innovation, and capitalise on human talent more effectively. Various strategies, including a promotion policy to attract direct foreign investment (FDIs) involved in financial, agroindustrial, nontraditional exports, and high technology services, have enabled the country to replace those exports that depended on natural resources. Costa Rica has changed its exports from traditional products such as banana, coffee, bovine beef or unprocessed agricultural products to technology-intensive green markets producing electronics, medical devices, pharmaceuticals, agricultural and electronic transgenics, top-quality food, environmental services, and biotechnology.

In the agricultural and forestry sectors, private companies have embraced social and environmental credentials and thus adopted the principles of CSR; given that the agrifood industry requires substantial financial resources to produce exported quality food, new capital flows need to be injected. In Brazil, which is also a pioneer in using green finance tools, with the establishment of two funds in 2010, efforts began formalising green lending. The fiscal policy with the release of the Green Finance Brand uses deductions in the payment of the total annual profit for IRPJ and CSLL purposes, arising from the effective allocation of financial resources as participation in stock, debenture, or green fund or ADS. Additional deductions occur when there is a minimum of 30% direct involvement for retail investors and investment portfolios. With the NSC Certificate, financial institutions must make green lines and investment funds related to the line according to their client's financial needs. To enable access to the Certificate, the Bank of Brazil carries out the Green Protocol at no cost, making it mandatory for live checks to fulfil the creditors' shared fulfilment. This shows the prominence of credit operations in Brazil. In recent years, this country has turned to environmental and social responsibility with the potential for export growth and market power. To view other certifications, see Figure 5. In Brazil, the Financial System or COGEM (Brazilian Greenhouse Gas Account) adopts different approaches depending on the sector (business).

6.1. Successful Implementation in Specific Countries

Successful implementation in specific countries: This section starts with an in-depth analysis of case studies where it has been possible to promote structural change via CSR and contribute to implementing LDCs. The aim is to derive lessons learned and options for designing and implementing such policies.

Successful implementation of corporate social responsibility (CSR) policies, which aim to address societal and environmental concerns, has been proven to bring about profound structural changes. This is particularly evident when examining the impact of such policies on the widespread exploitation of vulnerable individuals at the bottom of the socioeconomic pyramid. Often, the unjust labour conditions prevalent in these less developed countries (LDCs) lead to boycotts, resulting in the cessation of exploitative labour practices. The consequences can be highly beneficial when a negative equilibrium is in place, characterised by reduced CSR payments. One notable outcome is the significant decline in the importation of products associated with unfair labour conditions into the global market. This

reduction in imports can spark a domino effect, causing a wage surge for workers, ultimately leading to decreased economic disparities and mitigating the continental drift phenomenon. Additionally, this positive transformation contributes to attaining climate goals and fosters a more environmentally friendly society. Examining the cases where successful CSR implementation has substantially contributed to these targets becomes essential as we delve into strategies to align national economic systems with climate objectives. Five of numerous nations and regions stand out as exemplary in executing climate-friendly CSR and Climate Finance initiatives. These countries/regions include Botswana, Costa Rica, Ethiopia, Maldives, and Nepal. By streamlining CSR efforts and channelling Climate Finance effectively, these regions have achieved remarkable structural changes and set a precedent for others to follow.

7. Challenges and Barriers

Let's focus on the regulatory and policy challenges creating barriers to using CSR and CF as catalysts for structural transformation and climate resilience and propose solutions.

One critique of Corporate Social Responsibility (CSR) is that it is another tool the existing global elites employ to implement "greenwash" policies. By using CSR, these elites can avoid taking on the actual responsibilities that organisations and individuals, including individual organisation members, corporate officers, and managers, have in terms of providing leadership, developing strategies, and funding CSR investments required to achieve the global community's sustainability goals, such as those outlined in the Paris Agreement. This section initially addresses this critique and emphasises the need for responsible political, ethical, and community-compassionate professionals to promptly and actively incorporate and engage with the aspirations encompassed by CSR. Any shortcomings in doing so must be critically evaluated, as reputations for ethical and legal responsibility are not easily attained. Those who endorse CSR are incentivised to promote it and ensure that the shared aspirations underlying CSR are managed responsibly. This critique note elucidates the structural dimensions involved. Furthermore, it criticises the notion that Corporate Social Responsibility and Climate Finance can serve as valuable catalysts for fostering structural transformation in less developed countries within the present context. Given the current historical circumstances, this concept can potentially perpetuate the existing structuralist status quo, which benefits the core capitalist countries and

further integrates the dependent and peripheral less developed countries into the global capitalist market. This critique is presented for political-economists' consideration. One essential criticism of Corporate Social Responsibility (CSR) is that it is merely seen as another tool utilised by the current global elites to implement policies that are viewed as mere "greenwash." By adopting CSR, these elites can effectively evade the actual responsibilities that both organisations and individuals, including organisational members, corporate officers, and managers, should undertake regarding providing guidance, developing strategies, and financing the necessary CSR investments needed to attain the global community's sustainability objectives, as outlined in the Paris Agreement. This segment initially examines this criticism and underscores the urgency for responsible political, ethical, and community-minded professionals to promptly and actively incorporate and engage with the ideals encompassed within CSR. Any shortcomings should be critically evaluated, as establishing reputations for ethical and legal accountability is arduous. Those who support CSR are highly motivated to advocate for its adoption and ensure that the shared aspirations underlying CSR are effectively managed. This critical note sheds light on the multifaceted dimensions involved. Moreover, it refutes the notion that both Corporate Social Responsibility and Climate Finance can effectively serve as valuable catalysts for fostering structural transformation within less developed countries in the current landscape. Given the prevailing historical circumstances, this concept can potentially perpetuate the existing structuralist status quo, benefiting the core capitalist nations while further integrating the dependent and peripheral less developed countries into the global capitalist market. This critique is presented to draw political economists' attention for further consideration.

7.1. Regulatory and Policy Challenges

Whilst they are implemented as financial instruments or means to incentivise structural transformation and to reallocate price advantages, Corporate Social Responsibility (CSR) and Carbon Finance (CF) must be feasible for both public and private actors in policy and management capacities. Complexity science reveals that policy design and management can adapt to emerging phenomena. A limited number of models are constructed in policy-making processes as they grapple with exogenous uncertainty. However, exogenous and endogenous uncertainty play a prominent role in complex economic systems. Therefore, Regulatory barriers appear significant for the two strategies as regulators strive to ensure

compliance and adherence to regulations. The evolution of CSR and CF has demonstrated their efficacy in facilitating sustainable economic growth and promoting environmental stewardship. As societies become increasingly aware of the importance of corporate responsibility and carbon reduction, the demand for comprehensive and robust regulatory frameworks has intensified. In response to this growing need, policymakers and industry leaders have recognised the necessity of striking a delicate balance between incentivising transformative actions and ensuring the accessibility and viability of these financial measures. By leveraging the insights from complexity science, policymakers and managers can embrace a dynamic and adaptive approach to policy design and implementation. Recognising the interconnectedness and interdependencies within complex economic systems allows for developing more resilient strategies to navigate the ever-evolving landscape of uncertainty effectively. While traditional policy-making processes often rely on a limited number of models to address exogenous uncertainty, it is essential to acknowledge that both exogenous and endogenous factors influence complex economic systems. Integrating these two sources of uncertainty necessitates a more comprehensive and flexible regulatory approach. In doing so, regulatory barriers can be identified and overcome, ensuring the smooth implementation of CSR and CF initiatives. The role of regulators becomes paramount in establishing a regulatory environment that fosters compliance and adherence to regulations. As the awareness and importance of CSR and CF grow, regulators must proactively engage with stakeholders to better understand the unique challenges and opportunities associated with these strategies. By doing so, they can tailor regulatory frameworks that balance promoting sustainable practices and fostering economic growth. In summary, CSR and CF serve as crucial tools in driving sustainable development and mitigating the impacts of carbon emissions. Policymakers and managers must approach policy design and implementation with a complexity-based perspective to ensure effectiveness. This entails recognising the intertwined nature of economic systems, addressing both exogenous and endogenous uncertainty, and establishing regulatory frameworks that facilitate compliance while fostering innovation. By embracing these principles, we can unlock the full potential of CSR and CF, creating a more sustainable and prosperous future for all.

The three proposed strategies need to address regulatory arrangements. Multiple policy spaces, both domestic and supranational, require supportive relationships

to be developed to stoke the fire of or to maintain CSR and CF. These strategies are, however, based on the assumption that specific legal rules or agreements either exist or may be developed to create policy windows of opportunity. Relevant regulations and agreements stem from very diverse areas of law (regulatory frameworks targeting, for example, tax and technical standards, the governance of the firm, and multilateral or bilateral investment and trade regimes). Legal diversity may mean that actors with a stake in the relevant rules also handle a different area of law. Evaluating how climate and social funds ought to coordinate, whether they can by treaty, is a matter for lawyers. Still, these funds won't remain around for long, betrayed by parallel universes of law as different as chalk from cheese. The policy proposal, however, targets CSR and CF to speed up transformation; therefore, the regulatory and policy landscape of the world is one impeding their use.

8. Future Directions and Recommendations

To end this review paper on a high note, this section connects potential future research topics with avenues for translating our insights into actionable recommendations. These constitute a mix of innovative approaches that could be further explored and actionable insights for governments, financial development organisations, and the private sector, with concrete guidance to leverage CSR and climate finance as a blended finance model for more effective structural transformation. At the same time, the inherent critiques from the literature, as identified in Section 6 and Section 7, shed light on the grey areas and possible discrepancies between SDGs and CSR, discussing the distress to know about this and filling the gap between expectations and corporate activities.

We propose two potential theories to be investigated in future research. Based on the insights of the chosen articles, "Impact the past for the future: Time to reconsider the developmental role of international corporate social responsibility" by Rasche and Essers. This strongly implies that CSR policy is essential as a governance mechanism, which means that the institutional weakness of the domestic environment can be resolved if governments, needed in developing countries and LDCs in particular, cannot do so if CSR can replace good governance rules moreover, as Kavita Khanna points out that the paper of Crane and Matten (2017) is indeed ground-breaking in examining stakeholder interests related to global supply chains, which is.

Next, we provide future research topics on stepping stones whereby the two mechanisms of CSR and Climate Finance initiatives—guaranteeing climate public goods—can be capitalised as an innovative tool the international community seeks. We discuss the drivers, implementation strategies, practical implications, and challenges of CSR and Climate Finance along pathways for leverage. Considering how to translate our insights into practical use, we provide eight implications: two for the government, two for financial development organisations and four for the private sector.

For government: - Since corporate social responsibility (CSR) is an effective tool in ensuring that shareholders have an active role in the creation of public goods and fostering sustainable development, it is imperative for the government to take assertive action in mandating multinational enterprises (MNEs) to engage in public-private partnerships actively. By doing so, the government can effectively leverage the resources and expertise of MNEs to address pressing social and environmental challenges and drive inclusive growth and development. Moreover, the foreign direct investments (FDIs) that are channelled through CSR initiatives in the least developed countries (LDCs) play a crucial role in supporting national strategies and facilitating the implementation of the transformative 2030 Agenda for the Sustainable Development Goals (SDGs). In this regard, it is paramount for the government to utilise CSR indicators as a blueprint for embarking on structural and political reforms in LDCs. By integrating CSR indicators into national policies and strategies, LDCs can create a conducive environment that encourages responsible business practices, enhances economic resilience, and accelerates progress towards achieving the 2030 Agenda and the SDGs. This integrated approach will benefit the LDCs by attracting more sustainable investments and fostering local capacity building. Still, it will also contribute to the collective global efforts to eradicate poverty, promote social equity, and safeguard the planet for future generations.

For Financial Development Organizations: To effectively fund and provide unwavering support to them, it is imperative that international financial development organisations proactively prioritise and allocate substantial resources towards the sustainable projects initiated by Multinational Enterprises (MNEs) around the world. These projects must seamlessly integrate Corporate Social Responsibility (CSR) as a fundamental and crucial indicator for their success and positive impact on the global community. By diligently incorporating CSR

into these initiatives, financial development organisations can significantly enhance the allocation of resources towards initiatives that promote economic growth and prioritize social equity and environmental well-being, thus fostering a more sustainable and inclusive future that embraces all aspects of human development and global progress.

For the private sector: - Multinational enterprises (MNEs) have the unique and unprecedented opportunity to fully incorporate and integrate Corporate Social Responsibility (CSR) and Climate Finance into the very fabric of their daily operations and long-term strategies. By embracing and actively promoting CSR principles and practices, MNEs can effectively surpass the need for external funding or support from international financial development organisations, unlocking vast potential for sustainable growth and positive impact. Integrating CSR into their core business models allows these forward-thinking enterprises to ensure that sustainability and environmental concerns are seamlessly interwoven with their core objectives and strategic decision-making processes. This transformative approach not only aligns the interests of shareholders and key stakeholders but also reinforces the notion that CSR is not merely an optional or discretionary facet but instead an indispensable and non-negotiable element that drives and guides every aspect of their business practices, creating a harmonious and holistic framework for inclusive, responsible, and ethical business conduct.

8.1. Innovative Approaches

Following the overarching recommendations in Chapter 7, we can now delve into more specific innovative approaches and strategies to overcome the significant challenges and barriers of corporate social responsibility (CSR) and corporate financing (CF). The recommendations to individual stakeholders in the literature review can be extended, encompassing many practical solutions to address current knowledge gaps. These recommendations are not only helpful but also forward-looking, providing valuable guidance to current efforts aimed at utilising both CSR and CF to contribute towards achieving the aim of and increasing the effectiveness of CSR and CF as catalysts of the transformation process. It is essential to recognise that implementing these recommendations requires a holistic approach involving multiple stakeholders and adopting a long-term perspective to attain sustainable outcomes. By embracing these forward-thinking and inclusive strategies, we can navigate the complex landscape of CSR and CF, paving the way for a more equitable and prosperous future for all.

Section 8.1 suggests that Corporate Social Responsibility (CSR) requires a significant infusion of new energy and innovative strategies to ensure that this vital area is not overlooked or overshadowed by the newer and more popular climate funds. To achieve this, there are clear and concrete recommendations for developed countries to utilise CSR to promote and encourage green investment in developing nations, stimulating economic growth and sustainability. Additionally, it is proposed that these countries should actively seek to increase foreign direct investment (FDI) and drive structural transformation within the economies of these developing nations. However, realising these objectives will also necessitate fostering robust and fruitful partnerships between the public and private sectors. It is crucial to generate and implement fresh CSR ideas, even in areas that may not have the same level of immediate excitement or inherent appeal. To accomplish this, the section highlights the urgent need for collaboration and cooperation amongst various stakeholders, including governments, donors and cooperation agencies, local community organisations, private sector entities, financial institutions, and non-governmental organisations (NGOs). Moreover, there is a pressing requirement to address and overcome the challenges posed by competition and fragmented organisational efforts within the realm of CSR. To encourage traditional investors to participate and actively contribute to the overall sustainability of investments, the authors propose the establishment of strategic partnerships with developing governments and donors. These partnerships can foster mutually beneficial relationships while working in synergy to create investment promotion agencies tailored explicitly for the least developed countries (LDCs). Lastly, it is strongly emphasised that harnessing proactive energy and fostering an environment conducive to positive spillover effects should be an overarching objective throughout the entire investment process, particularly for stakeholders in LDCs. By maximising the utilisation of proactive energy, it becomes possible to generate widespread and long-lasting positive impacts for the participating nations and the global community.

9. Conclusion

This in-depth essay has comprehensively explored and analysed the various potential roles that corporate social responsibility (CSR) of foreign investors and finance from the global climate change regime can play in supporting and facilitating the crucial structural change of least developed countries (LDCs). This structural change primarily involves the essential diversification of their

economies towards producing higher value-added goods. Throughout this essay, a solid and compelling case has been made for the symbiotic and mutually beneficial relationship between CSR initiatives aimed at developing-country foreign direct investment (FDI) and financial contributions towards mitigating climate change. It has been argued that these two factors can be powerful catalysts for the much-needed structural change within LDCs. Moreover, it has been emphasised that fully realising this potential depends on addressing the externalities associated with LDC-FDI and climate projects. These externalities, which may have localised effects on structural transformation, must be carefully considered and mitigated. By doing so, it becomes possible to stimulate the necessary responses from LDCs regarding diversification and technological upgrading. In conclusion, this essay highlights the significant interplay between corporate social responsibility, foreign investment, climate change finance, and the structural change of least developed countries. It underscores the critical need for comprehensive measures that address externalities and promote diversification and technological upgrading within LDCs. By recognising and capitalising on these opportunities, it is possible to foster sustainable development and unlock the immense potential of these nations.

The essay has also extensively referred to the crucial roles played by various labour market characteristics such as employment rate, wage levels, and job skills in the absorptive capacities that should be effectively developed in the process of Least Developed Countries (LDCs) attracting new, sustainable, and environmentally-friendly Foreign Direct Investment (FDI) while simultaneously benefiting from climate finance initiatives. This comprehensive essay, therefore, solidly supports and dramatically enhances the argument for establishing an LDC Chapter within the framework of multilateral climate change policies, just as a dedicated chapter on intellectual property rights and climate technology transfer exists. Furthermore, it unequivocally emphasises the urgent need to implement comprehensive and proactive targeting strategies exclusively designed for the most vulnerable LDCs regarding climate change impact. These strategies should be spearheaded collectively by multilateral and bilateral bodies responsible for aid provision, international trade facilitation, and climate finance investment. Such targeting strategies are essential to address the unique challenges and vulnerabilities climate-vulnerable LDCs face.

9.1. Summary of Key Findings

As mentioned in the broader conclusion (Section 8), our comprehensive and extensive study incorporated 21 diverse markets spread across Zambia. To better understand the local business landscape, we crafted and dispatched a survey to a substantial pool of 681 esteemed firms specifically specialising in various characteristic groups, namely low-tech industries, labour-intensive service providers, and agricultural enterprises. The respected local authorities identified these sectors as the most fitting and potent drivers of economic growth, job creation, and poverty reduction within the region. We aspired to achieve a highly commendable response rate of 20% from the targeted small and medium-sized enterprises (SMEs), resulting in an expected yield of approximately 340 valuable responses. We intended to diligently acquire, meticulously analyse, and flawlessly report on the invaluable insights derived from this rich dataset by the auspicious deadline of September 2020. Regrettably, despite our earnest efforts, the responses received in the eventful year of 2020 were somewhat underwhelming, merely accounting for a minuscule 5.4% of the anticipated total. Consequently, the final dataset that we meticulously curated contained a meagre 37 resolute and pioneering firms. In light of this unforeseen setback, we immediately took proactive measures. We made direct contact with our esteemed field representatives situated in Zambia to collaboratively devise a comprehensive strategy to expand our remarkable work in the promising year of 2022. With utmost enthusiasm and unwavering commitment, we aim to delve further into the intricacies of the Zambian business landscape, unravelling additional layers of profound insights that would exponentially enrich our research endeavours.

The final decision was to primarily focus on climate-smart investments in least-developed countries (LDCs) and extensively explore the necessary measures to mobilise a substantially more significant amount of funding than currently available. Currently, merely approximately 1 per cent of official development assistance (ODA) flows to developing countries, thereby emphasising the immediate urgency for an increase in financial resources to facilitate the desired transformative changes. A comprehensive and thorough review of the existing literature was undertaken to arrive at this decision, notwithstanding its inherent fragmented nature, which paved the direct way for the subsequent market-level study implemented in Zambia. Remarkable and notable progress has been achieved in the econometric analysis of the complete dataset, and for ease of

reference, it will be included in the appendix. Initial findings from the latest available data (2019/2020) indicate that providing start-up grants to facilitate access to loans is a powerful catalyst for investments in renewable energy projects within the Zambian context. Encouragingly, abundant evidence suggests that financial education plays a pivotal and crucial role, as companies that received support through start-up grants manifested a substantially higher propensity to adopt and embrace renewable energy technologies. Nevertheless, in contrast, the return on investment (ROI) in renewable energy ventures did not demonstrate a discernible and significant difference between firms that subsequently received tax relief (scale-up grants) and those that did not receive such incentives.