



Investing in Sustainable Development



**Statement by
Dr. Mukhisa Kituyi
Secretary-General of UNCTAD**

UNCTAD World Investment Forum 2014

World Leaders Investment Summit (I)

Geneva, 14 October 2014

Prime Minister,
Excellencies,
Distinguished speakers,
Ladies and gentlemen,

Next year we all have a date with history. 2015 is the year the international community has set to benchmark our collective development progress to date, as the deadline of the Millennium Development Goals falls due. The last fifteen years we have cut extreme poverty in half globally. But we have also come to the conclusion that to end extreme poverty once and for all, we must shift the global economy to a more sustainable low-carbon growth path. That is why next year in 2015 at the UN General Assembly in New York, our Governments will aim to agree on Sustainable Development Goals that set a new global development agenda for the next 15 years.

The World Investment Forum is an important stop for the international community on that journey to New York. Today's Summit feeds directly into this new global vision for development, and our deliberations today

can have lasting significance by enabling an ambitious transformation in the years to come.

Ladies and gentlemen,

The proposed SDGS are meant to galvanize action worldwide. They take aim at an ambitious range of economic, social and environmental targets between now and 2030. Meeting the challenge of ending poverty and charting a transformative course for lasting low-carbon growth will require commitment and investment on an unprecedented scale.

The SDGs will have very significant resource implications across the developed and developing world. UNCTAD estimates that, globally, the level of investment needed to realize these goals will be to the order of \$5 trillion to \$7 trillion per year, on average, over the period to 2030. Estimates for investment needs in developing countries alone range from \$3.3 trillion to \$4.5 trillion per year. These needs encompass sectors as diverse as infrastructure, water and sanitation, agriculture and food security, climate change adaptation, health and education, to name but a few. At current levels of investment that leaves an annual gap of \$2.5 trillion in developing countries alone!

In developing countries, especially the LDCs and other vulnerable economies, public finances are central and fundamental to investment in sustainability. However, these cannot meet all resource demands implied by the Sustainable Development Goals. The role of private sector investment will be indispensable. The SDG's will require a step-change in how public and private investment works together in all countries.

UNCTAD's analysis shows that, at first glance, private investors – and other corporates, such as sovereign funds and State-owned firms – appear to

have funds available that could cover some sustainable investment needs. There also appears to be a growing willingness on the part of the private sector to invest in these sectors. The value of investments explicitly linked to sustainability objectives is growing. Various "innovative financing" initiatives have sprung up, many of which are collaborative efforts between the private sector and international organizations, foundations and NGOs. Signatories of the Principles for Responsible Investment (PRI), for example, have assets under management of almost \$35 trillion. This is an indication that sustainability principles do not impede the raising of private finance.

Ladies and gentlemen,

So far, relatively little private sector capital is finding its way to sustainable-development-oriented projects, especially in developing countries, and particularly LDCs. Only about 2 per cent of assets of pension funds and insurers are invested in infrastructure; less than 2 per cent of sovereign wealth fund assets are invested as FDI; and FDI to LDCs still stands at a paltry 2 per cent of global flows.

Official development assistance will continue to be key role financing sustainable development in these countries, just as it has been crucial to making progress on the MDGs in these countries over the years. And donor country Governments cannot and must not fall short on their existing commitments, including the target of providing 0.7 per cent of developed country GNI in aid flows to developing countries. In fact, we received encouraging signs just last week when we learned that despite continued pressure on Donor budgets, aid flows from DAC donors grew to an all time high in 2013 reaching \$135 billion. More donors have also achieved the 0.7 per cent target, including notably the United Kingdom for the first time.

This is commendable, but it is also important to remember what our UNCTAD World Investment Report has shown. Even once the 0.7 per cent target is reached by all developed countries, a sizable gap will still remain in the sustainable financing needs facing developing countries, particularly LDCs. Indeed, even once Governments make good on their additional commitments to finance climate action - such as the \$100 billion a year which the Green Climate Fund expects to channel to developing countries by 2020 - an immense gap in our sustainable development financing will still remain. The orders of magnitude are truly daunting.

Ladies and Gentlemen,

That is why we gather here in Geneva today. This year's World Investment Forum is one of the first -- and largest -- opportunities the international community has to bring together the private and public actors who will need to join forces to get more money flowing into SDG-related projects. Over the next three days, I look to all of you to offer ideas and leadership, to identify the policies that work in your countries and for your firms, and to make the necessary effort to find new ways to work together. And as the broad contours of the Sustainable Development Goals become more concrete in the months to come, I look to you to put these lessons to work in the investment decisions your firms make and in the negotiations your Governments undertake.

These are some of the challenges facing the international community as we map out a course for global economic development post-2015. We do not have time to wait another 15 years to end poverty or tackle climate change. It is our global responsibility to act now and increase the level and impact of investment where it is needed most. Thank you.