Statement by Rebeca Grynspan, Secretary-General of UNCTAD

World Investment Forum 2023: Grand Opening

Abu Dhabi, United Arab Emirates
16 October 2023

His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Chairman of the Abu Dhabi Executive Council.

His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Deputy Ruler of Dubai. Deputy Prime Minister and Minister of Finance

H.E. Mr. José Ramos-Horta, President of the Democratic Republic of Timor-Leste and Nobel laureate

H.E. Mr. Faure Essozimna Gnassingbé, President of the Republic of Togo

H.E. Mr. Akylbek Zhaparov, Chairman of the Cabinet of Ministers of the Kyrgyz Republic

Honourable Manoa Seru Kamikamica, Deputy Prime Minister and Minister for Trade, Cooperatives, Small and Medium Enterprises and Communications, Republic of Fiji

Excellencies,

Distinguished Delegates and Speakers,

Ladies and Gentlemen,

I am truly humbled to stand before you today at this opening Summit of the World Investment Forum 2023: a global platform where you, leaders of governments and businesses, experts, and stakeholders, converge to address the critical nexus between investment and sustainable development.

Abu Dhabi provides an ideal backdrop for our discussions with its forward-thinking policies, modern infrastructure, and strategic location, UAE serves as a beacon of progress in the region and beyond. This dynamic city is a testament to the power of visionary leadership.

I wish to express my profound gratitude to the Government of the UAE for their warm hospitality and invaluable collaboration in hosting this event. We are honoured to be their guests in this remarkable city.

Dear Friends,

As we gather here today, millions of people are suffering. Cascading economic shocks: COVID 19, unrelenting climate disasters, war geopolitics and unbearable debt burdens are crushing the very fabric of our global society.

The common agendas we draft together in 2015, in the belief that our destiny is shared, and our humanity is one, are in peril.

Only 15% of the SDGs are on target to be met by 2030, the investment gap to meet them in the developing world is growing, from 2.5 trillion dollars per year in 2015 to 4 trillion dollars today.

The SDGs are simply too big to fail. They are much more than just a set of targets. They are our last common agenda in a world that is more polarized than ever, a world in desperate need of solidarity, fraternity and multilateralism.

What we see around us is a reminder of what is at stake when we lose sight of the long term, when we leave people behind, when we each go our own way. What we see today is only a taste of what the world could look like in 2030 if we fail the SDGs. That is what is at the center of this World Investment Forum.

Ladies and gentlemen,

In the coming days, in this Forum, this is our priority. We will discuss ways to close the SDG investment gap.

To mobilize sustainable finance in global capital markets.

To make sure that sustainable finance does what it promises, by working on sustainability standards.

To channel more of the funds raised to where they are needed most – to developing countries, to the least developed countries, the landlocked and small island developing States.

To support investment in key SDG sectors, such as food security, health, sustainable infrastructure, energy transition and climate change mitigation and adaptation.

It is a daunting agenda, but above all, it is a *possible* agenda if we can build trust and commitment between us. Because we need all of you, the private and the public sectors, policymakers from all over the world, business leaders from all sectors, finance and investment experts, the young and the women in this room, and the United Nations system to think outside the box and design a positive agenda, learning from so many good solutions that need to be put in practice at scale.

To conclude, ladies and gentlemen,

The world has given us so many examples of all we can achieve together. The technological breakthroughs we have seen in the first two decades of this century are breathtaking. The weight of responsibility is immense, but so are the opportunities. Together, with determination, creativity, and solidarity, we can uphold our promise to future generations, and pave the way forward.

We do not need to look elsewhere for the solutions we seek. The solutions are here in this Forum. They are here in the people sitting all around you. Let's make the World Investment Forum 2023 a turning point in our shared journey.

Thank you.

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World Investment Forum 2023: Global Leaders Investment Summit I

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Excellencies,

Distinguished delegates and speakers,

Ladies and gentlemen,

Allow me now to elaborate on the issue of investment, and in particular the big elephant in the room: the $4 trillion SDG investment gap. If we want to save the SDGs, it is of first-order importance that we close this gap. For that, we need you. But above all, we need to know what works, and what doesn't.

At UNCTAD, we have asked ourselves why is the investment gap growing? Our answer can be summarized in four words: risk, capacity, policy and architecture. Allow me to say a few things about each.

Risk, as you know, is perhaps the single most important metric for investment, as it drives interest rates and therefore capital costs. Risk perception is what made African interest rates be eight times those of Germany last year, and three to four times now as the hiking cycle continues. Most importantly, risk is what blocks most of the private wealth in the world, which is under custody in pension plans and investment funds, from flowing southwards. All of you here have fiduciary duties you are responsible for, and this all boils down to risk. But to deal with risk we do not only need to mitigate it – and there are many ways we can do this, be it through onshore or offshore foreign exchanges guarantees, or be it at the project level where several de/risking instruments have been developed including by bringing government and MDBs in. But to deal with risk we also need to change our perception. Research by the UN has shown that African debts in the last three decades have been overpriced relative to their real level of risk as inferred through actual default rates. To change our perception, we need to be more evidence based, have more understanding of the local context and ask the credit rating agencies to look at their methodologies.

The second factor is capacity. The absorption capacity and the capacity to prepare concrete investment projects. The fact of the matter is that part of the problem is that there is a scarcity of so-called 'shovel-ready' projects at the supply side. This relates to institutional capacity, to investment promotion, and to the ease of doing business.

There is much we can do here to help, and we at UNCTAD work very hard with many governments around the world to address this issue, which is particularly important in the most vulnerable economies. But it is important to note that as climate and ESG-related standards and regulations keep growing, and with good reason, we must also consider what this means for the countries that need investments the most. A spaghetti bowl of regulation especially on trade will only benefit those who can afford the most expensive lawyers. And ESG money needs to flow exactly to those who are at the frontlines of development, those who are least able to afford them.

The third factor is policy: An enabling policy framework, a clear investment facilitation strategy, together with a long-term vision and a capable public sector are still important ingredients for success

And lastly, we have the architectural issue with respect to the International Financial Architecture. The truth is that the development finance system is currently too small to deal with the challenges at hand. I just came back from Marrakech, where we had the IMF and World Bank Annual meetings. The World Bank is a fifth of the size it was in the 60s relative to world GDP. The IMF can provide in crisis liquidity in a year what Central Banks can make available through QE in a day. The quota-based system is outdated and too often blames the victim in a world of global systemic shocks. And there is a broken pipe when it relates to debt, as we simply lack a multilateral mechanism to deal with it. And yet, we desperately need one – as interest rates rise and COVID-era debts mount, 3.3 billion people now live in countries that spend more on debt servicing than on either health or education.

All of these issues are connected. As MDBs underinvest, there is no private capital to crowd in into the big infrastructure projects the energy transition requires, and not enough project preparation at the supply side. As emergency liquidity is too often lacking, countries are forced into ever more expensive debts. As debts mount, they crowd out development spending and investment. And so the gap gets wider, and the money that is indeed available does not flow where it needs to flow.

According to our latest calculations, the sustainable finance market (including ESG, green bonds, and so on) is now worth over 6 trillion dollars. So, there clearly is a will, what we need to find now is a way.

Your excellencies, ladies and gentlemen, dear friends:

Throughout this Forum, we will address each of these issues in detail, and alongside the biggest experts, and most relevant stakeholders. I look forward to working alongside you and hearing your opinions and solutions to these critical questions.

In closing, let me be clear about something: inaction is a choice. There is more than enough wealth in this world to meet the Sustainable Development Goals. It is not about lacking resources; it's about priorities. The clock is ticking. And what we cannot afford is to hesitate. Thank you.

UNCTAD - Palais des Nations, 8-14, Av. de la Paix, 1211 Geneva 10, Switzerland