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TAKING ACTION TO IMPROVE LIVES

Opening Remarks at the SDG Investment Fair H.E. Ms. Marie Chatardová President of the Economic and Social Council New York, 22 April 2018

Excellencies,
Distinguished participants,
Ladies and Gentlemen,

It is my pleasure to welcome you to the SDG Investment Fair. I also like to congratulate, UN-DESA, the UN Global Compact, UN PRI and UNEP-FI for organizing such a timely event.

We are meeting at a time when the momentum around sustainable investment is growing at an impressive pace. Private companies are recognizing that investing into the Sustainable Development Goals could unlock trillions of Dollars in new market opportunities.

But significant challenges remain. We have yet to mobilize commercial finance and private investment at the scale that is needed to achieve the SDGs. Investment in sustainable development, especially in some developing countries, remains insufficient. And many institutional investors have yet to shift towards a long-term investment horizon.

I firmly believe that public leadership is indispensable to trigger the required changes and realize critical investments. Public investment, when efficient and accountable, can pave the way for economic development, inducing private investment.

Governments also need to continue to work to build competitive business environments and reduce investment risks.

In many countries, progress has been impressive. For example, the cost of starting a business has fallen by more than 80 per cent on average in Least Developed Countries since 2002.

But governments can do even more to help overcome obstacles to domestic and international investment.



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They can develop well-prepared project pipelines and investible projects.

They can improve access to information on domestic investment opportunities.

Sometimes, investors overestimate domestic risks, especially when they do not understand the local context.

They can promote partnerships between foreign and domestic investors and solicit support from multilateral development finance institutions (DFIs). Such partnerships can help address information gaps. National, regional and global development banks can also catalyze private capital for projects, through co-financing, providing risk guarantees and other instruments.

Indeed, I am excited to learn more today about how some of these partnerships materialized in developing countries and how they have helped mobilize large-scale investment into the SDGs.

Ladies and Gentlemen,

One of the greatest challenges policymakers face in raising resources for sustainable development is excessive short-term oriented decision-making in the private sector.

Managers' compensation is often tied to short-term performance measures and benchmarks can incentivize short-term investment outlooks. Environmental, Social and Governance (ESG) indicators that have a material impact on returns, are often not taken into account in performance evaluations of managers.

To address these challenges, we need to review incentive structures across the financial system and align them better with the SDGs. This may require reviewing regulatory frameworks for institutional investors. It also includes better measurement and disclosure of ESG impact of private businesses.

But positive change is on the way. An increasing number of asset managers and owners have committed to integrate ESG criteria in their capital allocation process. Asset owners who are signatories to the Principles for Responsible Investing (PRI) hold a total of \$16.3 trillion in assets under management as of 2017. A reallocation of a small percentage of those assets towards long-term investment in sustainable development could have an enormous impact.



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The challenge is to move from commitment to action.

Meaningful dialogue among all stakeholders is key. Forging new deals and promoting SDG investing must be firmly rooted in a deep understanding of the motives, concerns and fiduciary duties of each party.

Today's SDG Investment Fair provides a unique platform for such a discussion, as it brings together all relevant stakeholders, including high-level participants from governments, multilateral institutions, asset managers, institutional investors and other representatives from both private and public sectors.

Let us all engage fully with a sense of urgency and purpose and take a decisive step in accelerating SDG investment towards achieving the 2030 Agenda.

Thank you!