



**GROUP OF 77 & CHINA  
G E N E V A**

*As of 15 February 2022*

**Statement by His Excellency Mr. Chad Blackman  
Ambassador and Permanent Representative of Barbados on behalf of the  
Group of 77 and China at the 71<sup>st</sup> Executive Session of the Trade and Development Board**

*Draft statement on item 3: Investment for development: Investing in sustainable recovery  
16 February 2022*

President of the Trade and Development Board Ambassador Maimuna Tarishi of Tanzania,  
Secretary-General of UNCTAD, Ms. Rebeca Grynspan,  
Director of the Division on Investment and Enterprise, Mr. James Zhan,  
Distinguished delegates,  
Ladies and gentlemen,

1. At the outset, the Group of 77 and China would like to thank UNCTAD and particularly Director James Zhan and his team, for an insightful World Investment Report 2021: *Investing in sustainable recovery*. We consider this iteration of the Report as a valuable, forward-looking contribution, and we especially welcome the addition of a dedicated chapter on capital markets and sustainable finance which in our view, recognizes the need to mobilize innovative sources of finance for sustainable development.

Madam President,

2. It would be remiss of us if we did not take this opportunity to congratulate UNCTAD for the organisation of the seventh edition of the World Investment Forum (WIF) which was held from 18 to 22 October 2021, and was the first WIF to be held entirely online. The forum provided a unique opportunity for global political and business leaders and investment stakeholders to deliberate on how to meet the challenges, seize the opportunities, and leverage investment to promote economic growth and sustainable development in the post-pandemic and low-carbon era.

3. UNCTAD has made significant progress in integrating sustainable development into the entire investment value chain, both upstream and downstream, with an aim to leverage global capital markets to finance the SDGs. The 2021 World Investment Report is but one area of UNCTAD's work where such outputs have been reflected, and where our Group considers these to be solid responses to the UN General Assembly resolutions on "Promoting investment for sustainable development" 74/199 and 75/207, which requested UNCTAD to provide "concrete recommendations for the advancement of investment for the implementation of the 2030 Agenda".

Madam President.

4. The COVID-19 crisis caused a dramatic fall in direct investment in 2020. Global FDI flows dropped by 35 per cent to reach \$1 trillion. According to UNCTAD's latest data, global FDI flows showed a strong rebound in 2021, up 77% to an estimated \$1.65 trillion, surpassing their pre-pandemic level. However, we note that financial flows and mergers and acquisitions accounted for a large part of the increase, rather than through new productive investments and moreover, that recovery growth was uneven and highly concentrated in developed countries while SDG investment in the least developed countries (LDCs) continued to stagnate.

5. UNCTAD’s research and analysis reveals that global investment in the SDGs falls significantly short of requirements. In 2020, the COVID-19 pandemic erased any increases in international SDG investment achieved since 2015 – the year that our leaders adopted the SDGs - with international investment flows to SDG-related sectors in developing economies having been reduced by one third. Our Group nevertheless notes with concern that, despite an expected rebound in SDG investment in 2021, a huge gap needs to be filled in financing a sustainable post-pandemic recovery and attaining the SDGs, in particular in developing countries.

6. We are of the view that the global capital market can, and must play an instrumental role in SDG financing. This is particularly critical as the global efforts to fight the pandemic and climate change are accelerating this momentum. UNCTAD estimates that the value of sustainability-themed investment products in global capital markets amounted to \$3.2 trillion in 2020, up by more than 80 per cent from 2019. This continued growth reaffirms the potential for capital markets to contribute to filling the financing gap for the SDGs. Yet, most sustainability-themed funds are domiciled in developed countries and targeted at assets in developed markets, with 73 per cent in Europe, followed by 18 per cent in North America and with other regions, including developing countries, representing less than 10 per cent of such funds.

7. The global sustainability-related bond market also experienced exponential growth in recent years, with the total amount of outstanding issuance reaching \$1.5 trillion. Although much of the growth was concentrated in developed economies, green bond issuance by 43 emerging market economies reached \$226 billion, making it an important vehicle for project finance in these economies.

8. Developing economies have a huge potential to leverage sustainable finance for sustainable development, in particular in view of the sustainable investment opportunities they offer for international investment in key SDG-related sectors. It is therefore concerning to consistently observe that developing economies often struggle to attract investment, through capital markets or direct investment, whether due to a perception of heightened risk, or to a lack of bankable projects in the pipeline, among other reasons.

9. We recognise that sustainable investment remains at an early growth stage. To fully unleash its potential to finance sustainable development, we concur with the Report that the sustainable investment market needs to do three things: first, develop from a niche market to a mass market so that all financial markets and products better integrate sustainability performance; second, address the geographical imbalance in the market so that developing economies also benefit from sustainable investment; and third, address the increasing concerns about “green”- or “sustainability-washing” to improve the credibility and impact of sustainable investment. In this regard, the Group of 77 and China expresses its gratitude to UNCTAD for its intensified efforts in recent years to promote the uptake of sustainability performance by capital markets and help developing countries attract long-term investment, through its work on research and analysis, technical cooperation and consensus building.

10. In this context, our Group particularly appreciates the launch of the UN Global Sustainable Finance Observatory by UNCTAD at the 2021 World Investment Forum last October. Accentuated by a vision of building a future global financial ecosystem in which sustainable development is fully embedded into the business model of financial markets and in investment culture, the Observatory can play a critical role in addressing the above-mentioned challenges facing the global sustainable investment market.

11. Our Group looks forward to hearing more about the activities that will be carried out under this new initiative, including in promoting the integration of the SDGs into the sustainability assessment ecosystem, namely: to conduct sustainability assessments and ranking of “self-claimed” sustainable financial products, to compile a global sustainable finance regulation database, and to provide capacity-building assistance to developing economies.

12. Our Group also takes note of the delivery of other sustainable finance-related initiatives of UNCTAD, including its Sustainable Stock Exchange (SSE) initiative, Sustainable Institutional Investment Facilitation, Family Business for Sustainable Development, and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). These initiatives can contribute to promoting the transition to more sustainable investment and magnifying its development impact, in particular by promoting the comparability and interoperability of standards, robust sustainability disclosure and the facilitation of long-term investment by institutional investors.

13. We welcome an opportunity to further engage with UNCTAD on these new and innovative initiatives, particularly as we continue on a path of implementation of the Bridgetown Covenant. We encourage UNCTAD to continue delivering on its mandates to maximize the impact of investment for sustainable development.

14. In closing Madam President, our Group wishes to inform you that in line with our statement this morning under Agenda Item 2 of this executive session of the Trade and Development Board, the we have submitted draft agreed conclusions under this agenda item for the consideration of the Board. We look forward to engaging on these in the remaining time we have available for this session.

I thank you, Madame President.