

Family Business for Sustainable Development Conference

Opening Remarks

Sustainable Investment Chain and Family Business

James Zhan

Co-chair, Executive Board of the FBSD Initiative

February 25, 2021

Professor Sachs and Professor Courtice, and the members of the FBSD Advisory Council,

Mr. Forbes, President of FBNI,

Alfonso, my fellow co-chair,

Distinguished panellists and participants,

It is my honour to welcome you all to the first Family Business for Sustainable Development Conference, jointly organized by UNCTAD and the Family Business Network International.

Our conference today takes place at the beginning of the Decade of Delivery on the Sustainable Development Goals. With less than 10 years to go, progress on achieving the SDGs by 2030 is scant. What has been achieved so far is threatened to be upended by the devastating impact of the Covid-19 pandemic.

UNCTAD first estimated in 2014 investment requirements for the SDGs, identifying an annual investment gap of \$2.5 trillion for developing countries. Progress on investment in the SDGs – from all sources (domestic and international, public and private) – was evident up till 2019 across six of the 10 SDG sectors: infrastructure, climate-change mitigation, food and agriculture, health, telecommunication, and ecosystems and biodiversity. However, overall growth is falling short of SDG investment requirements. As the COVID-19 pandemic spreads around the world, it is evident (according to UNCTAD's latest *Global Investment Trends Monitor*) that the current unprecedented crisis will undo the progress made in SDG investment since 2015.

Dealing with this crisis and *building forward better* for inclusive and sustainable recovery require engaging the full spectrum of investment-for-development stakeholders. Each and every link in the investment chain needs to work towards bridging the financing gap for the Goals. This includes policymakers and investment treaty negotiators, investment promotion

agencies, development banks, stock exchanges, investment fund owners and managers, as well as multinational enterprises, SMEs, and family businesses.

This across-the-board engagement with all the key players of the entire sustainable investment chain is the core of our vision. It is the rationale for our World Investment Forum, and our engagement with you, the family business community.

Upstream engagement, for example, includes our UN Sustainable Stock Exchanges Initiative, bringing together 100 partner exchanges worldwide and its 55,000 listed companies with a collective market capitalization exceeding \$90 trillion. This initiative encourages stock exchanges, in collaboration with investors, companies, regulators, policymakers and relevant international organizations, to enhance business performance on ESG (environmental, social and corporate governance) issues and thus contribute to investment in sustainable development.

Similarly, we engage with institutional investors, global asset owners including sovereign wealth and pension funds, focusing on how sustainable finance and long-term institutional investment could be leveraged to contribute to a more sustainable and inclusive economy. This includes identifying a rich pool of good practices for sustainability integration by institutional investors and fostering the exchange of best practices, as well as launching a new framework that can be used by institutional investors and asset managers to act on sustainability in line with their operational models and strategic priorities.

However, capital markets and sustainability impact funds do not automatically connect with non-listed family business, which represent a huge global force for good. This leaves a large systemic gap between the upstream and downstream of the investment chain for sustainable development. Hence our daunting task for effectively bringing on board the family business community, which already contributes to over 70% of the global economy.

It is this rationale that led us, in 2019, to formalize the UNCTAD–FBN joint endeavour by establishing the overall framework for the global initiative, the *Family Business for Sustainable Development* (FBSD).

Alfonso, we have come a long way since our first brainstorming on the FBSD initiative in Barcelona and the signing of the framework agreement in Geneva in 2019.

I firmly believe that global sustainability and family prosperity can and should be the two sides of the same coin for family business.

I am looking forward to introducing our global initiative at the second segment of this conference.