

# International Sustainable Fund Conference

## Statement by

**James Zhan, Director, Investment and Enterprise Division, UNCTAD**

14:30-16:00 CET, Monday, 18 October 2021

Distinguished Speakers,  
Ladies and Gentlemen,

I am very pleased to welcome you to the International Sustainable Fund Conference. Today, we have with us a very distinguished panel of leaders from the fund industry, from both the demand and supply sides, to discuss how to leverage investment funds for sustainable development in the new era of global economy.

Capital markets can have a decisive impact on the level and direction of investment. They can contribute towards filling the financing gap for the Sustainable Development Goals (SDGs).

In the last few years, the pursuit of sustainable development has led to a significant increase in sustainability-themed financial products. The global efforts to fight the pandemic and climate change are accelerating this momentum.

UNCTAD estimates that the value of sustainability-themed investment products amounted to \$3.2 trillion in 2020. And sustainable investment funds have emerged as an important vehicle to channel much needed investment into a wide range of sectors that are critical for the achievement of the SDGs.

Over the last five years, sustainable mutual funds, including ETFs, quadrupled in assets under management, and more than doubled in number. By June 2020, the number of funds that claim to be investing with an ESG or sustainability purpose had reached nearly 4,000, with \$1.7 trillion of assets under management.

Sustainable funds have been deploying much needed capital in a wide range of key SDG sectors, such as health, renewable energy, food and agriculture, water and sanitation, and clean tech.

Meanwhile, as major shareowners of many public listed companies, fund providers play a critical role in pushing sustainability integration along the investment chain through voting and investee engagement.

However, the transition to more sustainable investments for the fund industry is still in its early days. Despite their rapid growth, the total assets of sustainable funds only account for 3% of the entire fund universe.

Moreover, most sustainability-themed investment products are domiciled and invested in developed economies, and most are “self-labelled”, raising concerns about sustainability washing and consistency of standards.

Much work has been done over the past decade to address these challenges, most notably by integrating sustainability into different parts of the financial

system, including by asset managers, asset owners, banks, insurance companies and stock exchanges. Slowly, regulation is also catching up with market trends, helping to shape the future contours of the sustainable investment market.

To support these efforts, UNCTAD will launch the UN Global Sustainable Finance Observatory (GSFO) at this Forum on 20 October. Our vision is to build a future global financial ecosystem in which sustainable development, as defined by the SDGs, is fully embedded into the business model and investment culture. Hopefully, this will bring more credibility, transparency, and consistency to the market.

As a concrete action under this new initiative, UNCTAD will announce the winners of its first Sustainable Fund Awards on 20 October at the Forum. It aims at recognizing outstanding sustainable funds that demonstrate the highest standards of sustainability and impact, while outperforming their respective financial performance benchmarks. In doing so, we can set good examples and disseminate best practices.

UNCTAD is committed to supporting the fund industry in the transition to more sustainable investments. With this distinguished panel, I am confident that our meeting today will be able to come up with specific ideas to mobilize more investment in the post-pandemic recovery and in the SDGs.

Thank you.