

Matthew Rycroft speech on impact investing to unlock more capital for the Sustainable Development Goals

Thank you very much Gillian [Tett, FT journalist] for facilitating us today. Thank you to my friend and colleague Anthony Phillipson, in whose home we are having this meeting. He is the British Consul here in New York, whom some of you will no doubt know and thank you to all of you for coming along, particularly in the circumstances of it being me rather than the Secretary of State Alok Sharma who is kicking this off. He was very interested in doing this event. We initiated this event because of his interest.

We put it on because this is an absolutely existential issue for us as we seek to deliver the Global Goals. In my previous role I was the British Ambassador to the UN, living a couple of blocks down the road and in the three years that I was here, the agreement of all 193 countries to that [Global Goals] framework was the single best thing to happen while I was here by a very long way. That was 2015. We are four years out of 15 through the process and we have nowhere near done four fifteenths of the work toward 2030, so we have got to accelerate and one of the really big things we have got to accelerate is the private sector and even if every country in the world was as generous as the UK and the Nordics we all know that Official Development Assistance would be a drop in the ocean of roughly a tenth-ish of the total amount needed for all of those SDGs to be met in all the developing countries in the world.

So, mobilising private capital to come into developing countries is absolutely crucial.

And yet it isn't happening. Indeed, there is a net flow of capital out of developing sub-Saharan Africa.

So, we've identified three big things, that need to be happen to turn that around.

Firstly, getting a pipeline of investible deals. Secondly, developing the right products to mobilise the money. And thirdly, responding to savers' demands.

I just want to say briefly a word about each of those.

So, on the investible deals, in Ethiopia last month DFID launched the International Development Infrastructure Commission.

That's 10 global experts on infrastructure, who will come together to advise my Secretary of State Alok Sharma on how the UK can turbo-charge investment in green, sustainable infrastructure.

And it will also make recommendations on how the UK can improve financing and

delivery of infrastructure projects in developing countries.

The chair, I am delighted to say is going to be Gregory Hodkinson, who has got forty years' experience in civil infrastructure and transportation projects and was previously Chairman at the global infrastructure firm Arup.

Another member Jennifer Musisi, who is an infrastructure specialist and former Executive Director of Kampala Capital City Authority in Uganda, is here with us today.

I don't think any of the other members of the Commission are here today, but I did want to tell you who they are. And what we have sought to do in the creation of this Commission is to bring together the best and the brightest of both British and international individuals with infrastructure backgrounds, within industry companies and banking.

So, the Commission is going to comprise the following:

- The Chief Executive Officer of the London Stock Exchange Nikhil Rathi;
- Subhash Thakrar, who is the former partner of Blackstone Franks
- Mark Hoban Chairman of FloodRe;
- Julia Prescott, Partner at Meridiam Fund;
- Richard Threlfall, Global Head of Infrastructure at KPMG;
- Kathie Painter, with a strong infrastructure background within industry companies and banking;
- Jo da Silva, Director of International Development at Arup;
- And the Chairman of Global Infrastructure Partners investment fund Adebayo Ogunlesi

Those are the Commissioners and as I say they've got decades of experience between them and their job is to help us boost opportunities for businesses while promoting lower-carbon, better value for money infrastructure that will deliver not just for the developed world but for the poorest people in the poorest countries in the world.

On the second thing, on products, the UK Government is working closely with the City of London and developing country capital markets.

We're developing innovative new financial products.

And yes, we need new structures and funds to share risk. So, for instance developing the Masala bond market has allowed Indian issuers to raise \$7.5 billion in rupees in London.

We want to build on that blue-print.

And there is significant potential, we think, in offshore local currency bonds.

It's a scandal frankly that so many structures are passing forex risk through to poor consumers. UK aid is changing that.

Next is Green bonds. The UK has been working to build green bond markets in

Africa.

We have put in place the listing rules which will allow Kenya and East Africa's first certified green bond, raising funds for sustainable student accommodation.

We also have to deepen capital markets, with local and international markets working side by side.

And then thirdly, and this was a point which one of my previous Secretaries of State Penny Mordaunt really pushed us on, which was about listening to savers in our countries.

And over the last year, as a result of her initiative, we have been consulting UK savers about what they want from their savings, their pensions. The report is released this week. It's important reading.

Nearly 70 per cent of UK savers want their investments to consider people and the planet.

And it rises above 70 per cent for younger people. But they don't trust the system.

They need simple solutions for knowing which financial products offer what impact – and that, at the moment, is where we fall down.

We need to sort out measuring impact – with proper standards and frameworks in place. That's work the Impact Management Project is leading, and the UK is supporting.

So those are the three big things we think and if we could get all of your advice, and input and experience and recommendations and concrete deliverables on any or all of those three I think we'd be in a position of strength.