

Social Impact Investment & Sustainability Forum

29 January 2021 Hong Kong

Key Note Address by Jan Mattsson

Ladies and gentlemen,

I want to congratulate the organizers on the timeliness of this conference. We are meeting today when there is unprecedented opportunity - and even a great deal of urgency - for impact investment to make a positive difference, at home and world-wide.

As you know, this is the week of the Davos meeting. It is virtual, just is we meet this way. The World Economic Forum just issued its Global Risks Report for 2021. The top two impact risks are 1. infectious decease and 2. climate action failure. I am quite sure these risks will be there next year as well, maybe with climate regaining the top slot.

Wherever they are in the world, people want to see the end of the COVID-19 pandemic. As problematic as the situation is right now - potentially with even worse social and economic consequences yet to come - we begin to see the light at the end of the tunnel and the prospect of gradual recovery. This is neither going to be easy or quick, and we know, for certain, that it is not going to be a return to exactly how things were a year ago. This conference is a good opportunity to reflect on what the new normal could be, and specifically how the field of impact investment itself will be impacted.

These days the world needs impact investment like never before, and I believe there will be a rapid expansion in the investment volume. We have seen this upward trend for some time, fueled by a confluence of increased investor commitment to sustainability – with the SDGs as guide point - and the more ready availability of capital in search for investment opportunities. The conditions are now optimal for meaningful and profitable investments for economic and social recovery, and for a sustainable future. There is an abundance of investments opportunities, where planet, people and profit motives can be aligned.

What the world is going through in this difficult period will influence not only the scale but also the nature of impact investments, how projects are selected and designed for maximum impact.

Healthcare has always been an important target for impact investment. With the pandemic a more complex picture emerges. We understand better how investments in other sectors also have health impact. For example, existing public transport facilities, public spaces, schools and housing may need to be retrofitted to reduce health risks. It could for example be necessary to install better ventilation systems or re-arrange narrow spaces to avoid crowding. And for sure, all <u>new</u> infrastructure investments must seriously consider and quite possibly modify design criteria to minimize risks of infectious spread.

It is also clear that investments in actions to reduce carbon emissions and to adapt to negative consequences of global warming will continue to be a growth area. I believe it will grow exponentially.

The pandemic has demonstrated how interconnected we are. Of course, you have to look after your own family, your own community, your own city or your own country. But a narrow approach does not solve the problems of our interdependent world. Virus spreads not only within but also across communities and borders. Wherever CO2 is emitted, science tell us that it stores in the atmosphere for 300 to 1000 years and ultimately affect people wherever they live, as well as future generations. Science also tells us that we have a short window of opportunity before the damage to the planet and mankind is irreversible.

(The investment needs are great. Government funding is insufficient and private funding is necessary to stimulate recovery and sustainability. It is timely to take stock of experiences of impact investment over the past decade or longer, and in addition to these learnings to consider what we are learning from current events.

One learning worthy of reflection is the blurring of the lines between the original definition of social impact investment and what is strongly emerging as more socially and environmentally responsible investments by institutional and private investors. This is something we should all welcome.)

The Covid-19 pandemic and the climate crisis are teaching us that solidarity is not merely an altruistic basic human value, but actually, helping others without the means could benefit the helper as well. It is not just about investors feeling good, as important as this is, but it actually is in their longer-term interest to do the right things for society. All investments will need to be carefully examined to ensure their full, positive societal and environmental impacts.

The SDGs for 2030, which were endorsed by world leaders at the UN five years ago, have been path-breaking in building commitment globally to our common goals. The pandemic is a major set-back. A rebound will require strong collaboration between countries and between the public and private sectors. Alone we can only do so much. Together we can do a lot.

We often think about sustainable development as a marathon and of course we have to think and work longterm. But right now we need to sprint because we are in a hurry to recover from the pandemic and to reduce greenhouse gas emissions before it is too late.

I have talked about quantity, quality and speed of investments for maximum impact, and look forward to other inputs during the rest of our meeting.

Again, a big thank you to the organizers and to all the participants in this meeting,

I wish everyone a healthy, happy and successful year, 2021 as well as the upcoming year of the ox.

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China Urban Innovation Summit 2021

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Address by

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Hangzhou

Ladies and gentlemen, fellow speakers, meeting participants

It is my pleasure to join you today and to share my reflections on <u>global trends</u> in smart city development. I will highlight the five trends I consider most important internationally for 2021 and future years. <u>All</u> of them call for more innovation in smart cities, the subject of this conference.

These are all longer-term trends, but some of them have been accentuated either by the COVID -19 pandemic, which has affected cities disproportionately, or by other recent world developments.

- 1. First, greater emphasis on livability and safe spaces, protecting people's health better in transport, offices, shops, schools, or recreational areas. This will require retrofitting of many existing spaces and re-thinking of design criteria for new construction as well as development of smarter systems, such as to manage transport flows. People working from home often want more space. Quite a few western cities see reduced demand and lower prices for inner-city apartments and office spaces, and increased prices for homes in suburbs or even in the country-side. Added to this evolving new normal largely but not only driven by health concerns people expect faster digitalization of city and other services, including health-care, to avoid physical visits to service providers, as much as possible.
- 2. Secondly, funding constraints are often challenging for cities, even in normal times. COVID has for most cities globally caused both revenue shortfalls and cost increases. Looking ahead, tighter municipal budgets are expected by almost all mayors who participated in a recent survey. There clearly are opportunities for new, often big data and AI driven ways to cut costs and improve services, as well as for new models to increase revenue and attract investments. Innovation and social entrepreneurship will be at a premium.

The steady increases in smart city investments that we have experienced over the past years will not slow down, but sourcing of investment from the private sector, including by impact investors, is expected to grow its share. Therefore, partnerships aimed at collaboration and building trust between government and the private sector are essential for success.

- 3. Thirdly, IT security is increasing in importance. This includes on the one hand privacy concerns expressed by citizens of many countries, accentuated by the Covid experience. I recognize there are various trade-offs and also cultural differences at play, but this is nonetheless a growing concern. On the other hand, the widespread hacking in 2020 of government and big business computer systems in several western countries rang a loud alarm bell as a reminder of vulnerability for cyberattacks. This clearly is something that especially smart cities must pay more attention to and invest more in.
- 4. <u>Trend no 4. The global climate crisis</u> has become an even more urgent issue. On average, 70 percent of CO2 emissions are caused by buildings, transport and industry in cities. More and more cities are setting ambitious goals of emission reduction or carbon neutrality. It is import for <u>all</u> cities to set targets for all aspects of 'greening' and air quality. It is even more important for them to take strong action to meet or exceed those targets. An this connects directly with my fifth and final point.
- 5. <u>Transparency and accountability</u> for good, responsible social and environmental governance by city and business leaders is not only demanded by the public but is now possible because of common reporting protocols with relevant data and information. You simply cannot claim to reduce CO2 emissions if independent data show otherwise. Leaders must not only promise but actually deliver results.

Looking at China with a global lens, it is impressive to see the emerging leadership role of China in several areas. This includes tech innovation and investment in the smart city space, with a potential not only to reach local demand in China but also to export top-notch solutions. I especially applaud the leadership role China has assumed to help reduce the pace of global warming. This includes the commitment made by President Xi Jinping at the recent UN General Assembly for China's CO2 emissions to peak before 2030, and for carbon neutrality to be achieved before 2060.

We are meeting today at the beginning of 2021 and just a few weeks before the Chinese New Year, getting ready to welcome the year of the Ox. I believe the ox is an excellent symbol for what the world needs right now. Oxen are reliable. They gain recognition through hard work, yet remain unselfish and low key. When you combine this approach to get the job done with the creativity of mankind, there is much-needed, renewed hope.

After a tumultuous period for most people around the world, this must become a year of gradual healing. We need healing not only from the pandemic. We also need to recover from fractious tendencies in politics over the past years, which have caused polarization and threatened the cooperation both among and within many countries. It will not be easy to turn things around, and it will take time, but this is what must be done to achieve the sustainable development goals by 2030, in the common interest of people and planet.

Of special relevance to our conference is of course SDG 11 to make cities inclusive, safe, resilient, and sustainable. The global pandemic has like never before alerted us of city vulnerabilities related to health, which brings attention to SDG number 3. I already emphasized the special responsibilities of cities in relation the climate, SDG number 13. The SDGs remind us of the importance of local action and at the same time the need for collaboration among sectors as well as international cooperation. Nobody can achieve these global goals alone, in isolation from the rest of our interconnected and interdependent world.

We can all contribute to a new reality through innovation and creativity, and through responsible decisions and actions in our professional and personal lives. The roles of government as well as businesses and investors are important, both to support new innovation and to scale-up the many inspiring proof of concept examples that we see in Chinese cities and in other countries.

Personally, as a global citizen, I am beginning to feel more optimistic again.

I wish you a successful conference, and a happy, healthy, and successful new year.

Thank you.

COVID-19 AS A GAME CHANGER

This covid-19 pandemic is so profound it is likely to create a new normal for our approach to how we deal with global challenges. How this future will look is not a given and we all have a role – and indeed a responsibility – to influence the outcome. Because of the pandemic, there is a good chance of a growing understanding among people and decision-makers of how interconnected our world is and how interdependent countries and people are. This could be a silver lining of covid-19 and bring out the best in us. The alternative, far scarier, is a retreat to isolationism and a down-turn in our combined capacity and willingness to deal with the common issues facing the planet and mankind. There have been dangerous steps in this direction, including the recent US decision to withhold funding to the World Health Organization, WHO.

Fifteen years ago, the Indian Ocean Tsunami killed 230.000 people; most of them perishing within just a few devastating hours. The outpouring of support, because people elsewhere felt solidarity, made a huge difference. Many lives were saved in the intermediate aftermath, reconstruction was quicker and a better preparedness for future events now exists thanks to investments in early warning systems. There are many other examples more akin to covid-19 when the world put its best foot forward. The eradication of smallpox and the reduction in the spread and lethal outcome of HIV/AIDS are success stories where a shared sense of purpose and global collaboration made the difference.

More often than not, however, a prevalent perception is that a crisis is something that happens to other people, somewhere else or only potentially in a distant future. People and decision makers tend to look the other way and define their world too narrowly, often at their own peril. That is precisely how the path to the covid-19 pandemic started, with local disbelief that anything so distant warranted concern, let alone action. This mindset inevitably resulted in drastic measures taken late, more lives lost, and economic disruption on a scale that could have been avoided.

The corona virus recognizes no border, favours no nationality, respects no culture, spares no community. Anyone can be infected. Many more see their livelihoods and life-chances threatened. We know all too well from previous experience that harm is always greatest for the vulnerable and the poor. A poor community or household could take many years to bounce back or may never recover. In this sense, based on earlier crises, we have not yet seen the worst of covid-19. Recovery will take a long time, even after the peak, or recurring peaks, of infections have subsided. Based on ample experience, recovery and prevention of future events will require international cooperation and coordination in addition to strong national efforts.

Because of the speed, wide spread and devastating impact of the corona virus, people are learning almost in real time that even when you at first appear unaffected, others may suffer from what you do or do not do, and you will suffer from their behaviour. This happens to hold true also of other global challenges. For example, like the corona virus, CO2 emissions, the chief cause of global warming, see no borders, and impact everyone on our planet. Your action or in-action makes a difference in our interconnected world.

The strong focus we now see on covid-19 is essential to save lives and livelihoods. The tendency at this stage to close borders and restrict movement seems justified temporarily. Inward looking efforts are

understandable, if maybe not always beneficial. Looking ahead, to prevent recurrence of this pandemic or deal effectively with other common challenges, collaboration and solidarity within and across countries is essential. Not just for reason of altruism but because it ultimately makes a difference for you, at home, wherever you are. You cannot close your borders to deal with infectious diseases in isolation from the rest of the world. The same applies to climate change as well as migration driven by poverty and conflict. Closing your border does not solve these root problems in our interconnected world.

The US decision to stop funding the Green Climate Fund was compensated by other countries increasing and in many cases doubling their financial support. Probably the same will happen over time with WHO and financial support to fight pandemics, though the current state of the world economy will make it difficult. Yet, the absence of the world's largest economy, or any country, is just not a way forward to dealing with global challenges.

With covid-19 there is no doubt a risk for collateral damage and setbacks in achieving the 2030 Sustainable Development Goals, the SDGs, and reduced funding for sustainable development and humanitarian response. Instead, I believe the world must take covid-19 as a rude wake-up call, and act with a renewed sense of urgency.

We must seize this opportunity to build back better. The world can and should emerge stronger after this destructive and unprecedented pandemic, strengthened in our determination to deal collaboratively and in solidarity with global challenges and united in our resolve to avoid, mitigate and adapt to global crisis.

Jan Mattsson

The author is chairman and co/founder of the Museum for the United Nations – UN Live, and former undersecretary-general of the UN.