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Prepared Remarks to The United Nations "Financing for SDGs: Breaking the Bottlenecks of Investment, From Policy to Impact"

June 11, 2018

The President of the General Assembly, Deputy Secretary-General, Your Excellencies, Ladies and Gentlemen,

It's an honor to be with you this morning.

Let me begin with a special thank you to President Lajčák [Lash-lack] for inviting me and for convening today's session. His leadership—for taking up the mantle of achieving the Sustainable Development Goals by driving more private capital to finance this very ambitious agenda—is absolutely essential.

Today's discussions are both urgent and necessary.

If you imagine the Sustainable Development Goals as a race, or an obstacle course, and the year 2030 as the finish line, the challenge of financing can be seen as a long series of hurdles. There is no way to reach the finish line by avoiding them and there are no short cuts.

So how do we overcome these roadblocks in just 12 short years?

I'd like to discuss three areas to stimulate additional private investment:

- First, developing new global standards, common definitions, data and analytics for sustainability-focused investors and companies;

- Next, strengthening public-private partnerships,

- And the third area is encouraging more investment in emerging technologies such as artificial intelligence for social good.

Let me start by talking about market participants' pursuit of a common terminology and standards for identifying sector-specific environmental, social and governance, or ESG, factors and measuring the capital differential of more sustainable enterprises.

We've heard from asset managers, credit analysts, supply chain managers and CFOs, who are demanding asset-level data and forward-looking models and analysis, so they can make more informed investment decisions worth trillions of dollars.

I'll give you a practical example of how my company is responding to market needs for new measures, more data, rigor and standards to effectively allocate capital.

Last month, we introduced the Trucost SDG Evaluation Tool. This tool provides a quantitative analysis of corporate performance on the SDGs across the value chain, from raw material inputs to product use and disposal, within the context of a company's geographic operations.

An inaugural set of 10 companies are using this tool to help them optimize investments and identify risks and opportunities aligned with the SDGs.

We're quite pleased with the response so far. One asset manager told us:

"Investors need a tool that can distinguish companies that truly go above and beyond to contribute to solving the world's most vexing problems, like climate change and gender inequality. Good metrics will help us identify firms that really are making a difference."

Creating internationally accepted principles and key performance indicators regarding transparency, governance, and environmental impact is an important enabler for higher levels of investment.

And this is an area where the UN can play a greater role by stressing the importance of the SDGs for the private sector as a common language and set of goals that all companies can align with and that investors can use as a guide for allocating capital towards companies, projects, and programs that create positive benefit for all.

The second area is one the UN is already familiar with, having acknowledged the need to further explore the role of public-private-sector partnerships[1].

As co-chairman of the Bipartisan Policy Center's Executive Council on Infrastructure, I have worked with private sector executives to develop insights to help policymakers modernize U.S. infrastructure. While not a silver bullet, I believe that public-private partnerships are a vital tool in financing sustainable development around the globe. By leveraging the private sector as a partner, governments can deliver modern projects, faster and at a lower cost to taxpayers.

[1] Public-Private Partnerships and the 2030 Agenda for Sustainable Development: Fit for Purpose?, UN/DESA Working Group Paper, Feb. 2016.

We estimate that institutional investors could provide as much as $200 billion per year--or $3.2 trillion by 2030--for infrastructure financing. Although this would represent an ambitious increase versus the historical trend, the gap between investment needs and available public funds could be more than twice that--at around $500 billion annually.

Greater public and private sector collaboration can also be used to develop creative sustainable development financing solutions.

Blended finance is a potentially powerful instrument. This approach relies on financing structures where public entities provide hedging and credit enhancement mechanisms to reduce risks for private-sector funders. In parallel, the private sector can bring liquidity and sizing through standardization and securitization.

The multilateral development banks are becoming more focused on crowding-in private finance by encouraging more risk-sharing in climate finance. Using a blended approach multilateral development banks can achieve a multiplier effect. For every dollar invested directly by a multilateral development bank in private sector operations, about $2 to $5 are mobilized in additional private investment.

Clear legislative and regulatory incentives could create a more favorable investment environment. Article 173 of the Energy Transition Law in France, which calls for investors to disclose how their assets under management are contributing to a low-carbon transition, is one example that is spurring investment in green bonds.

And there is other public policy work around the world underway to drive more private capital into sustainable assets[2].

The third area I'd like to touch on is the important and growing role emerging technologies have to play in driving positive social and environmental changes.

I applaud the UN for its leadership in exploring ways AI can improve the quality of life of people all around the globe.

We know that new technologies can make:

- the energy supply chain much more efficient,
- improve transportation sustainability and reliability,
- and as the *Wall Street Journal* reported last month, machines are helping doctors gain the ability "to better identify disease and even predict it before it becomes catastrophic."

Private investment in AI and other emerging technologies is already growing fast[3]. Maintaining momentum depends, in part, on successful commercial, social and regulatory drivers. Issues around product liability, privacy considerations and other forces will need to resolved, as McKinsey has pointed out[4].

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[2] Investor Demand, Regulation Drives Green Securitization Market, LCD News, June 6, 2018
[3] The Age of Artificial Intelligence, ESPC Strategic Notes, European Political Strategy Centre, March 2018
[4] Artificial Intelligence: The Next Digital Frontier, McKinsey Global Institute, 2017

Creating a supportive framework to spur further long-term investment in leading-edge technologies will not happen by accident. We all have a role to play to capitalize on these opportunities.

Companies like Mastercard and Unilever, for example, are doing interesting work. They have partnered to help micro entrepreneurs in Africa and other regions overcome the cash constraints that limit their ability to grow their businesses with an innovative digital lending platform that harnesses the power of big data and technology.

In closing, I'm reminded that the charter of the United Nations was signed 73 years ago this month. Opening the UN Organizing Conference in 1945, Harry Truman called on delegates to "rise above personal interests, and adhere to those lofty principles, which benefit all mankind" in pursuit of building what he called a "new world--a far better world."

Today, thanks to…

- advances in technology,
- a commitment to enhance public-private collaboration,
- and increasing global demand for standards and tools to measure performance…

I am hopeful that your discussions will lead to big strides in realizing the ambitions of the SDGs to make this a better world.

Thank you all very much.

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