



DNA Economics

## **INVESTING FOR POST 2015 AGENDA -**

**Realising growth and meeting SDGs**

*NAMIBIA PENSION FUNDS  
INVESTMENT FORUM: 2nd Annual  
Conference, 12 November 2014*

# Agenda

- Introduction
- UNCTAD WIF
- What is the post 2015 agenda
- Africa agenda – Partners in change
- Capital requirements to meet SDGs
- State of global FDI inflows
- Regulation
- Conclusion

## Introduction

- Investment sermon
  - Constant
  - Repeats
  - So long as there are people, preaching continues
  - You will have heard it before
- What is the difference today?
  - More people are being converted, well beyond the continent
  - The focus of the world, beyond 2015 is on Africa
  - We have to be in the driving seat, thus today's theme
  - Evidence was provided at the UNCTAD WIF, Geneva (October, 2014)

## UNCTAD WIF, 2014

- It was about business being transformative
- Investing for sustainable development and entrepreneurship
- Making investment a force for good
- Breaching financing gaps and enhancing innovation
- The matter of responsible investing is now global – 150 countries
  
- On responsible investing:  
“Bringing the human heart to the invisible hand of the markets” Large European investor
  
- On economic stability:  
“If war comes through the window, development goes out right through the door” Speaker, Palestine

## What is the Post 2015 Agenda

- Reviewing and taking forward the MDGs' aim of developing a balanced global society
  - These have not been realised
  - The worst performer is Africa
  - New agenda is required
- Poverty eradication, food security, human health and education, promoting inclusive societies as well as climate change management
- Keeping people at the centre of sustainable development
- Enhancing the role of the private sector
  - Funding and leading
  - Shifting reliance away from ODA

# Africa Agenda – Partners in change

- Objectives

- Make African business agents of change
- Put Africans in the driving seat of change
- Increase appreciation of sustainability as a sound business case

- Challenges

- This development is led and predominantly enjoyed by non-regionals
- The growth seems to be taking place with little consideration to sustainability
- Africans not adequately empowered

## Capital requirements to meet SDGs

- Global needs, \$5-7tr
- Developing countries, \$3-4.5tr
  - Basic infrastructure
  - Food security
  - Economic infrastructure
- Developing countries gap is \$2.5tr
  - This will have to come from the private sector
- This is the African story we have been telling for a while
- This is where the pension fund industry comes in

Source: UNCTAD WIR 2014

## Role of private sector: UNCTAD

- Provide leadership
- Mobilising funds for sustainable development
- Channelling funds to sustainable development projects
- Maximising impact and mitigating drawbacks



## State of Global FDI inflows

- FDI inflows have improved 9% to \$1.45tr in 2013
- These are expected to rise to \$1.8tr in 2016
  - Benefiting developed economies most
- Africa has benefitted from these increased inflows
  - Proportions remain very low
  - Only 3.9% (2013) from 2.8% (2011)
  - Amongst the top 20 beneficiaries, none is African
  - Despite the fact that this is where the need is highest!
- We need to ask ourselves,
  - Why this imbalance?
  - What are we going to do about it?
- This is where African pension funds become integral

Source: UNCTAD WIR 2014

# Regulation

- Has not been responsive to economic needs of economies
  - Liberalisation index has been worsening (94=2000 – 73=2013)
    - Asia has been leading in telecoms and energy sectors
  - Restrictions index has been tightening (6=2000, 27=2013)
    - Governments preventing divestments (shore up economic performance and employment)
- We need regulation
  - That removes investment barriers and protects public interest
  - To apply more moral suasion versus imposition
  - Aligns to SDGs

Source: UNCTAD WIR 2014

## Conclusion

- Needs are growing and becoming more complex and urgent
- Sustainable investing is now a global phenomenon and an imperative
- Contestation for resources continues to grow
- Reliance on ODA has experienced sharp declines
  - Reliance on private sector in development is unprecedented
- Pension funds need to take up the leadership role
  - African pension funds need to review their position

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