

## NYU Abu Dhabi Report: Middle East Can Drive Sustainable Change Through ‘Transition Investment’ Strategy

- *NYU Abu Dhabi Transition Investment Lab (TIL) Annual Report launched at workshop titled **Powering the Shift to a Sustainable Economy***
- *Transition investment is an investment philosophy aimed at achieving socio-economic impact along with financial returns*
- *Middle Eastern investors are uniquely placed to further UN Social Development Goals via their access emerging markets*

**Abu Dhabi, UAE, May 22, 2023:** UAE institutional investors should focus on transition investment as a new philosophy to further the United Nations Social Development Goals, capitalizing on their unique access to emerging markets, according to NYU Abu Dhabi’s (NYUAD) new [Transition Investment Lab \(TIL\) Annual Report 2023](#). The report was launched during a workshop titled *Powering the Shift to a Sustainable Economy*.

Hosted by TIL in partnership with Mubadala and Al Maskari Holding, the attendees concluded that transition investment, an investment philosophy aimed at achieving socio-economic impact along with financial returns, can make a significant difference for the global economy and the region. By unlocking the capital of large institutional investors in transformational projects, Transition Investment enables the shift to a new economic paradigm based upon environmental sustainability, social inclusion, and shared prosperity.

According to the report, this form of investment is vital to overcoming the current global “polycrisis” – a simultaneous occurrence of multiple, interconnected challenges that worsen each other, making them harder to address and resolve. The polycrisis is having a devastating “scissor effect” on the investment gap – the difference between the amount of financial resources needed annually to achieve the United Nations (UN) Sustainable Development Goals (SDGs) by 2030 and the current amount being invested.

According to UNCTAD, this gap is now USD 4.3 trillion per year, doubling the pre-COVID-19 value. However, the OECD estimates that global financial assets amounted to USD 469 trillion in 2020, meaning the estimated USD 30 trillion SDG financing gap for emerging markets for the next seven years represents less than six percent of global private capital. The Transition Investment Workshop discussed potential ways to unlock large-scale capital deployment and found that the Middle East is particularly well-placed to play a leading role.

TIL Executive Director Bernardo Bortolotti commented: “At the core of TIL’s beliefs is the notion that long-term institutional investors play a pivotal role in driving change, and sovereign wealth funds (SWFs) rank high in this echelon due to the vast size of their assets. Our research showed that sustainable investments by regional SWFs accounted for 19 percent of total deal value over the 2020-2022 period. It is growing, however, and this is important for filling the SDG financing gap because Middle Eastern investors are much more familiar with those emerging markets.”

Bortolotti added: “One of the major roadblocks holding back institutional investors is the lack of high-quality data to prove the effectiveness of the impact investment interventions. To that end, TIL has developed a Signature Impact Framework (SIF) to provide a methodology for the impact

of a given business and denote the precise and distinctive contribution that a business can make to societal welfare.”

Head of Responsible Investing at Mubadala Derek Rozycki said: “Mubadala is a strong supporter of the Transition Investment Lab and NYUAD. We have been working with our partners at the One Planet Sovereign Wealth Fund network to improve the availability of climate data in private markets. Today’s report underlines the need for data to inform decision-making so sovereign wealth funds can play their role in helping to find solutions to global challenges.”

Advisor to Al Maskari Holding and CEO of MEASA Partners Peter Lejre said: “We are highly excited about the work being done by TIL and remain committed to supporting the initiative for the coming years. Seeing the convening power of the TIL event demonstrates the relevance of the initiative – not just for us, but for stakeholders across the UAE and around the world.”

The Transition Investment Workshop brought together financial institutions, asset managers, researchers, and policymakers to exchange knowledge and best practices on unlocking large-scale investments in socially impactful projects in emerging and lower-income countries. The event agenda was also aligned with the forthcoming COP28, which will be hosted by the UAE in the fall 2023.

TIL’s mission is to develop high-quality academic research that supports the positioning of NYUAD and Abu Dhabi as a knowledge center for investments aligned with the 2030 agenda for Sustainable Development, which is informing NYUAD’s global perspective.

Established in April 2021, TIL is a new center hosted by NYUAD devoted to the study of sustainable finance. Powered by Mubadala Investment Company and Al Maskari Holding, TIL aims to fill the knowledge gaps preventing large-scale investment delivering the United Nations Sustainable Development Goals (SDGs). The TIL Annual Report aims to become a standard reference in the field.

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### **About NYU Abu Dhabi**

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NYU Abu Dhabi is the first comprehensive liberal arts and research campus in the Middle East to be operated abroad by a major American research university. NYU Abu Dhabi has integrated a highly selective program with majors in the sciences, engineering, social sciences, arts, and humanities with a world center for advanced research. Its campus enables students to succeed in an increasingly interdependent world, and to advance cooperation and progress on humanity’s shared challenges. NYU Abu Dhabi’s high-achieving students have come from some 125 countries and speak over 100 languages. Together, NYU’s campuses in New York, Abu Dhabi, and Shanghai form the backbone of a unique global university, giving faculty and students opportunities to experience varied learning environments and immersion in other cultures at one or more of the numerous study-abroad sites NYU maintains on six continents.