AN EXCITING YEAR FOR THE TASK FORCE

As we progress towards the culmination of the Task Force’s efforts and the official launch of its recommendations in June 2020, the Task Force Co-chairs and Secretariat would like to express their gratitude to everyone who has contributed to the work of the Task Force since its inception.

Our collective efforts will soon be bearing fruits, and we are looking forward to launching the Task Force’s findings and engaging with its recommendations with you.

TASK FORCE GATHERS IN NEW YORK FOR MILESTONE MEETING

Since the beginning of this year, the Task Force has attended a number of international events to continue building awareness and buy-in around its work and initiatives. It has also focused on advancing its work, which included an analytic framework for the work, a discussion of major developments in digital finance, a full analysis of how digital finance is already impacting financing of the SDGs, along with associated barriers and risks. The analysis was completed with an initial set of recommendations covering major opportunities for digital financing of the SDGs as well as the enabling environment that is needed for these opportunities to be realized, in advance of its 3rd meeting in New York.

On February 12 the Task Force met in NYC at the offices of the World Economic Forum to review progress and discuss its findings and recommendations. The Task Force made the case that all money is people’s money. Therefore, people are the ultimate financiers of the world and they invest in SDGs that matter to them either directly, individually or collectively, or indirectly through public and private intermediaries. Specific features of digitalization, such as better data, low costs of intermediation and business model innovations, can channel more funds...
toward the SDGs through a combination of including more people in the formal financial system and broadening their access to relevant financial innovations; improving efficiency and effectiveness of public finance; and integrating SDG-risks and impacts more holistically into financial and capital markets. Alignment of digital finance to people’s goals will not happen automatically, there are barriers such as lack of access, weak capabilities, challenges in accessing relevant data, and resistance of some incumbents to change. Digitalization also creates new risks, such as biases in algorithms, market concentration, short-termism, consumer protection, socially undesirable transactions, illicit flows and energy impacts. Also, robust people-centric digital foundations and ecosystems, steered with smart policies and robust governance arrangements, will be necessary to harness digitalization for financing of the SDGs.

Task Force members carefully reviewed the proposed Pathfinder Initiatives, in keeping with the mandate given by the UN Secretary General to recommend and catalyze ways in which digitalization can accelerate financing of the SDGs.

“We had a productive session with strategic, forward-looking discussions on the recommendations that the Task Force should advance. I was delighted to review progress with our Pathfinder Initiatives and see how they illuminate some of the high potential opportunities that digitalization will allow us to realize in financing the SDGs”.

Natalie Jabangwe, Task Force member

At the meeting, UNDP and UNCDF presented a joint offering to support Member States in taking greater account of national SDG priorities in the way they think about and shape digital financing ecosystems. UNDP and UNCDF also advanced the necessity to provide, in collaboration with other UN agencies and partners, a progress measurement framework to monitor overall progress in digital financing of SDGs. The Green Digital Finance Alliance presented the results of their Sustainable Digital Finance Readiness Assessment in the Netherlands and in Germany.

The closing session involved an inspirational collective brainstorm on options for an innovative, distributed, digitally-driven launch of the Task Force’s recommendations and subsequent communications and engagement through December 2020. Task Force members offered to support the communication effort from their respective platforms.

The Task Force meeting was preceded by a reception on February 11, with attendance from a number of UNDP Resident Representatives, who were briefed on the progress made by the Task Force the same afternoon.

During the event, the Co-Chairs of the Task Force offered an interview. Click on the pictures below to listen to what they have to say about the work of the Task Force:
On January 27, the Task Force, Green Digital Finance Alliance and the German Sustainable Development Solutions Network (SDSN Germany), in collaboration with Frankfurt School of Finance & Management, organized a major event in Berlin on Digitalization, Finance & Sustainable Development. The conference introduced the Task Force’s results and the outcomes of the German Sustainable Fintech mapping undertaken by GDFA, creating the context for dialogue on opportunities brought by digitalization. It was attended by more than 130 participants with diverse perspectives on digitalization, Fintech and sustainable development, a testament to the relevance of the topic. It also featured Task Force members, Natalie Jabangwe, CEO of EcoCash Zimbabwe and Pooma Kimis, Director at Autonomous Research.

Natalie Jabangwe, Task Force member and CEO of EcoCash Zimbabwe, discussing how digitalization is transforming finance and new trends in the financial sector.

Photo: Robert Hoernig
THE WORKING GROUPS

Following the Task Force meeting in NYC, the working groups on Principles, Governance and International Cooperation, Data and Measuring Progress were officially closed. We would like to thank everyone who has actively contributed to reviewing material, provided content and thought leadership into our work.

PATHFINDER INITIATIVE IN FOCUS

The Task Force’s work and its recommendations are exemplified by a portfolio of Pathfinder Initiatives which demonstrate what they could mean in practice.

Catalyzing local sustainable infrastructure investment

Partners: Office of the Prime Minister, with support from UNDP and UNCDF

In Bangladesh the Office of the Prime Minister is working with the Task Force, UNDP and UNCDF in exploring how to develop a digitalized financing value chain that draws domestic savings and remittances into sustainable infrastructure projects.

Domestic saving would be mobilized and aggregated into investable pools of funds, financial products would provide liquidity and security to small savers, and blockchain would be deployed to improve transparency and accountability in the use of funds.

Benefits of this approach would be reducing the cost of capital (by up to 20 percent), reduce
use of international capital easing sovereign debt and exposure to exchange volatility, deliver dividends to (poorer) citizens, and provide citizens with choice over which infrastructure to invest in enhancing their use-co-benefit.

**East Africa Digital Financing Ecosystem**

**Partners: Central Bank of Kenya**

Kenya has set out to advance a domestic SDG-aligned Fintech ecosystem. In 2019 the Central Bank of Kenya and Monetary Authority of Singapore (MAS) concluded a Memorandum of Understanding to foster cooperation and peer-learning around Fintech development. In July 2019, the first annual Afro-Asia Fintech Festival was held in Nairobi, attracting thousands of participants from across both continents. This event included a Fintech Hackathon that defined problem statements around financing of the SDGs.

Reinforced by its cooperation with MAS and by the Fintech Festival success, the Central Bank of Kenya is exploring the potential to encourage regional dialogue and coordination within the East African region. Regional cooperation would benefit domestic Fintech with access to a larger regional market, just like neighboring Fintechs might benefit from accessing the Kenyan market. More importantly it would allow coordinated response to rapid developments in emerging areas like digital lending.

The Central Bank of Kenya proposes as a possible starting point to establish a “sustainable Fintech center of learning” in Kenya with the potential to serve the East African region, and with a view to produce and share best practices on SDG-aligned fintech development and policy making across the region.

**NEXT STEPS IN 2020**

1. The ‘zero draft’ of the final report will get further build out and peer-reviewed to reach its final version in Q2 2020.
2. Ramped up engagement with key stakeholder institutions, groups, and Member State to ensure buy-in and uptake by the time the report is launched.
3. Task Force will explore the options for progressing the ideas for an ambitious communications rollout and start the necessary preparations.