



THE UNITED NATIONS SECRETARY-GENERAL'S  
TASK FORCE ON DIGITAL FINANCING  
OF THE SUSTAINABLE DEVELOPMENT GOALS

## UNPRECEDENTED CRISIS MEETS HISTORIC OPPORTUNITY: HARNESSING COVID-19'S DIGITAL DIVIDEND IN FINANCING THE SDGS

By Simon Zadek was the head of the Secretariat of the UN Secretary-General's Task Force on Digital Financing and the SDGs, and Special Advisor on Finance to the Deputy Secretary-General

Digital is the clear winner from the unprecedented COVID-19 crisis. There is no doubt that the pandemic has catapulted us into a digital future, as hundreds of millions of people have migrated to the world of bytes to socialize, work and consume. COVID-19's digital dividend in achieving the Sustainable Development Goals (SDGs) could be huge, from helping to deliver our climate goals to improved health and education access.

Whether we get this dividend depends on how digitalization reshapes finance. Whether digitalization underpins a transition to a low carbon, climate resilient, and more inclusive development pathway depends on whether it returns "the financial services industry to what it is supposed to be - an industry that serves people" as IMF's Managing Director, Kristalina Georgieva [noted](#) in January 2020. The digital dividend will be positively transformative if digitalization can help deliver on the call by Mark Carney, now the United Nations Special Envoy for Climate Action and Finance, to [reset finance](#) in establishing a "sustainable financial system to stop runaway climate change".

The global financial system must deliver in financing the SDGs, that reflect the collective needs of the world's citizens - the ultimate owners of the world's financial assets.

### Digitalization can make a difference if it can support this outcome.

With this in mind, the UN Secretary-General established his [Task Force on Digital Financing of the SDGs](#) (Task Force) in late 2018. He asked its 17 [extraordinary members](#), leaders

drawn from the worlds of finance, technology, governance, and development to "make recommendations and catalyse action to harness digitalization in financing the SDGs".

Almost two years later, in August 2020, in a world transformed by COVID-19, the Task Force released [People's Money: Harnessing Digitalization to Finance the SDGs](#). This landmark report:

- Maps, for the first time, the many hundreds of innovative developments around the world at the nexus of digital, finance and sustainable development, leveraging big data, artificial intelligence, blockchain, and of course mobile platforms.
- Points to five multi-trillion dollar catalytic opportunities for harnessing digitalization in aligning finance with the SDGs, spanning the most complex domains of the world's capital markets to the dollars borrowed daily by market traders in Nairobi through their mobile devices.
- Sets out an Action Agenda focused on accessing such opportunities, building national sustainable digital finance ecosystems and building a more inclusive international financial governance.

The Task Force sets out how, for example, digitalization can help channel the huge growth in domestic savings, rising three fold over two decades to US\$23 trillion in 2019, into long-term development investment. The potential of this recommendation is exemplified in practice by an initiative in Bangladesh, one of seven Pathfinder Initiatives advanced by the Task Force together with the United Nations Development Programme (UNDP) and the United Nations Capital Development Fund (UNCDF). The initiative is focused on using digital rails to aggregate the savings of many Bangladeshis into large-scale capital pools to invest in sustainable infrastructure, using blockchain to increase the transparency and effective use of such funds. By substituting domestic savings for international capital in this manner, Bangladesh (and many other countries) could reduce the cost of financing sustainable infrastructure by an estimated 20 percent, secure multiplier and equity effects by paying dividends to its citizens rather than external financial institutions, and give citizens a more active voice in deciding what their savings should be used for and holding those to account who use their savings on their behalf.

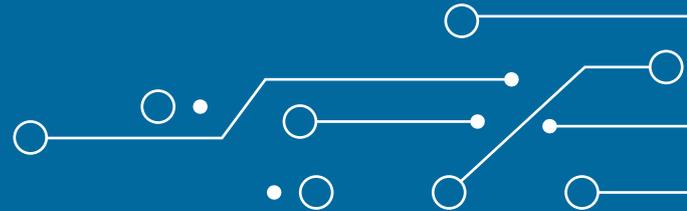
Similarly, the Task Force highlights the role of digitalization in extending the volume of environmental, social and corporate governance (ESG) directed financial assets from the current level of US\$30 trillion across the world's US\$185 trillion capital markets. It illuminates how digital can increase the transparency and accountability of public finance that accounts for about 20 percent of global

spending. It shows us how algorithmic lending can unlock the US\$5 trillion annually needed to finance small and medium enterprises (SMEs), the source of much of the world's employment and livelihoods.

The Task Force's key message to world leaders in *People's Money* is that digitalization will be a force for good if it delivers citizen-centric finance. As co-Chair *Maria Ramos*, ex-CEO of Absa in South Africa, remarked *at the report launch*, "We have an historic opportunity to accelerate and expand the transformative impact of digitalization... extending the boundaries of financial inclusion by empowering citizens as savers, investors, borrowers, lenders and tax-payers in a way that gives them choice and power over their money".

Set against this potential, the Task Force recognizes the barriers and risks involved. As well as exclusionary gaps in digital infrastructure and an unequal distribution of skills, digitalization risks perpetuating discrimination against

women and other groups. Moreover, it presents new possibilities for data-security breaches, embezzlement, and fraud, and could intensify short-termism and market concentration. The Task Force's Action Agenda points to these risks and ways in which its recommendations can help to overcome or at least mitigate them. Moreover, several Pathfinder Initiatives have been introduced by the Task Force to advance practical action in addressing such risks and barriers. For example, the Dialogue on Global Digital Finance has been launched to increase the consideration of developing country interests and the SDGs in the future governance of 'Big Fintech' platforms that are emerging globally as tomorrow's financial force.



**FIGURE 19.**  
The opportunities for digitalization

Opportunities					
	Channel domestic savings into development financing	Enhance financing for small and medium-sized businesses (SMEs)	Digitize public financing and make public budgets and contracts transparent	Embed SDGs into decisions financial and capital markets	Shape consumption decisions through improved information and choice architecture
Scale	Global savings pool has grown over two decades from US\$7.5 to US\$23.3 trillion.	Potential to meet the US\$5.2 trillion a year need for SME financing in developing countries.	Governments in developing countries could gain US\$220 to US\$320 billion annually from digitalizing payments.	The outstanding value of global equity and bond markets is US\$185 trillion.	Annual global consumption expenditure is US\$47 trillion.
SDG	   	   	   	   	   
Citizens as..	Small savers and co-beneficiaries of sustainable infrastructure	Borrowers, entrepreneurs, employees	Tax-payers, voters, public service users	Savers, investors	Consumers, asset owners

As Patrick Njoroge, Kenya's Central Bank Governor, Task Force member and co-Chair of the Dialogue, notes "...the COVID-19 crisis is a tragedy. But it is also an opportunity for change. After decades of rising inequality and unsustainable investment, we have the tools and know-how to do better. We just need the will to use them".

The choice is ours, let's make sure COVID-19 digital dividends shape the world we want to live in.

**FIGURE 20.**  
Delivering citizen-centric finance

