



Remarks by Judith Karl, UNCDF Executive Secretary
On the occasion of the

**South-South and Triangular Cooperation on
Scaling up Innovations in Public Service Delivery**

**Tuesday, 20 September 2016
Conference room 2, 11:30 to 13:00**

CHECK AGAINST DELIVERY

Excellencies,

Distinguished panelists,

Colleagues,

Ladies and gentlemen,

I thank the Government of Bangladesh for organizing this event on such an exciting topic. We are seeing so much South-South and triangular innovation and creativity in public service delivery in pursuit of the SDGs.

Let me highlight three.

First, across the South, governments are leading the way in the use of digital technologies to bring greater benefits to their citizens.

The explosive growth of mobile phones underpins the massive potential for governments to use digital payments to reach under-served locations and households. Digital payments increase transparency, by leaving a clear audit trail. When the right digital eco-system is in place, digital payments become an important **on-ramp** for financial inclusion, providing expanded financial services and economic opportunities for poor people, particularly women, who are twice as likely to find themselves outside the formal financial system.

In Bangladesh, for example, the Government has a clear digital vision and plans to digitize all forms of social safety payments to citizens, and all forms of fees that citizens make to the government for services. In addition, it will

enable the digitization of domestic and international remittances and financial transactions for e-commerce.

A study by the Better Than Cash Alliance, which UNCDF hosts, shows that in Mexico the government is saving some \$1.3 billion per year thanks to a shift to electronic distribution of many government payrolls, pensions and social benefits.

Digital solutions are also helping governments support the delivery of other public services. Take the case of clean energy. M-Kopa has connected hundreds of thousands of homes to solar power in East Africa, and helped inspire other pay-as-you-go solutions for clean energy across the South. UNCDF is expanding such solutions in Africa and Asia.

This area is so fast moving that Governments are realizing there is no one size fits all. What we are seeing is a recognition by Governments that getting the enabling and regulatory environment right is key. For example, we know that public sector investments in the digital economy crowd in the private sector, which is then able to create solutions in response to needs and demands of citizens, consumers, and businesses. UNCDF, for instance, is bringing governments together, along with private sector actors, to share experiences and lessons in this sphere.

Second, governments in the south have been investing for decades in empowering local governments – through fiscal decentralization and other approaches – in recognition that government closest to where people live and work is best able to respond to citizens’ needs and priorities.

By 2050, two-thirds of the global population will live in urban areas. That figure will be just under 60 percent in Africa. What kinds of public services can these populations expect? How can governments respond appropriately to the new Urban agenda while also providing services to all those living in rural areas?

Governments of the south are already innovating around resource flows to the local level, and Agenda 2030 and the push for blended finance offer huge potential for new ways of looking at the financing of public services.

For example, 11 Governments from the south are using the UNCDF supported LoCAL project board, to share lessons on applying climate adaptation finance directly to the local level, to build climate resilient

infrastructure at the community and municipal level. The Korean Environment Institute is applying GIS technology to help identify the areas most at risk, to ensure that resources are being directed meaningfully. In other innovations, governments of the south are working with us to introduce structured project finance approaches to the financing of local infrastructure, to move priority community projects off the shelves and into operation.

Many of these examples are ripe for replication and scaling up.

Finally, to scale up public service delivery means more than just developing the right technology or a clever innovation.

Poor families or small cities also need the means to pay for new services and take advantage of new technologies.

Often, investors see high risks and low return possibilities for expanding into frontier markets, or they are concerned about weak regulatory environments. Often, markets do not yet exist for certain technologies, and someone needs to take the first risk to demonstrate business viability.

As we see in many places across the South, well-targeted public investments can de-risk local markets and attract finance and businesses that can bring relevant technologies and solutions to poor households, communities, and regions. For example, ODA can help create pipelines of bankable infrastructure projects that get funding from domestic pension funds, or help leverage municipal finance to improve infrastructure and public services.

The challenge and opportunity for governments and development partners is to scale up these financing models and to tap into other financing opportunities, such as diaspora savings. Here too South-South and triangular exchanges are proving to be critical.

We very much look forward to continuing our support to these exciting new frontiers in south-south innovation in pursuit of the SDGs. Thank you for your attention.
