



Unlocking Public and Private
Finance for the Poor



EMPOWERED CUSTOMERS

| Leaving No One Behind
in the Digital Era

LEAVING NO ONE BEHIND

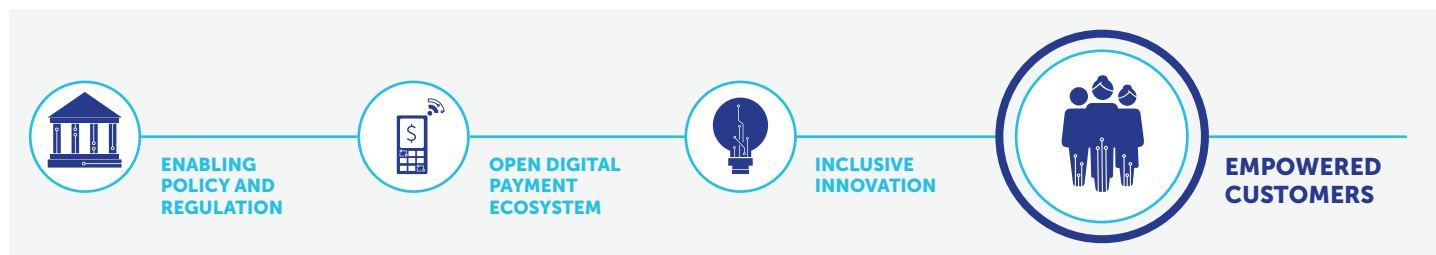
Digital inclusion cannot be discussed as a key accelerating factor of the UN Sustainable Development Goals without talking about empowering people: youth, women, refugees, farmers, entrepreneurs or business owners. Rapid development of digital financial services and digital innovations across entire economies provides a timely opportunity to address global challenges such as youth employment, gender inequality, food security and climate change in new ways. For example, it is estimated that 80 million young people will benefit from the rise of digital commerce in Africa". A 2015 study by the McKinsey Global Institute found that US\$12 trillion could be added to the global economy by 2025 by advancing women's equality. The latter report lists the digital divide as one of six key gender gaps to bridge in order for women to be able to reach their full potential.

However, people face difficulties in accessing and using digital innovations ensuing from their lack of familiarity with these new tools and their low digital/ financial literacy. Limited digital capability can result in a range of negative outcomes including, but not limited to, a lack of trust in digital innovations, increased self-exclusion of certain groups, and increased customer vulnerability to fraud, personal-data misuse, digital profiling, phishing schemes, etc. For example, women face more barriers accessing digital innovations than men, due to lower levels of digital knowledge and, in some countries, limited access to education, employment and financial services as well as disadvantageous social norms and legal treatment. Therefore, addressing digital literacy as a means to improve well-being is critical.

Improved digital capability is thus a prerequisite to fully integrate youth, women, migrants, business owners and others who are usually left behind in the digital revolution so that they can be fully empowered and truly improve their well-being.

EMPOWERED CUSTOMERS

Based on our experience, this outcome can only be achieved when the key components of an inclusive digital economy are convened. First, a conducive policy and regulatory environment that supports innovations should be in place. Second, a strong digital payment infrastructure that allows other innovations to be scaled up must be built. Third, we cannot make assumptions about what people need from digital solutions, so we need to work with them to create solutions for the issues that affect them. Last but not least, we must ensure people have the capability to benefit from digital innovations.



Even though each component is equally important, **as economies and financial markets become increasingly digital, the need to ensure that customers can access, use and have the agency to be fully empowered by digital innovations becomes imperative.** There is a relationship among the ability to do something (capability), demonstration of the ability (competence) and well-being (both self-perceived happiness and economic well-being). Well-being is, at least in part, a product of competent behaviour enacted consistently over time.

By building capacity, facilitating research and fostering innovative new partnerships for non-financial service delivery, our efforts will enhance customers' voice and capability with, demand for and control over benefits of digital innovations (financial and non-financial). Within this workstream, we will account for customers' lower levels of capability and confidence; will partner with training-and-education, private-sector and civil-society organizations to address agency issues related to customers' capability to access, use and have control over digital innovations; and will develop digital solutions that improve efficiency and creativity of education systems and increase access to learning opportunities for individuals at the 'last mile.'

INCREASING ACCESS TO FINANCIAL AND NON-FINANCIAL SERVICES

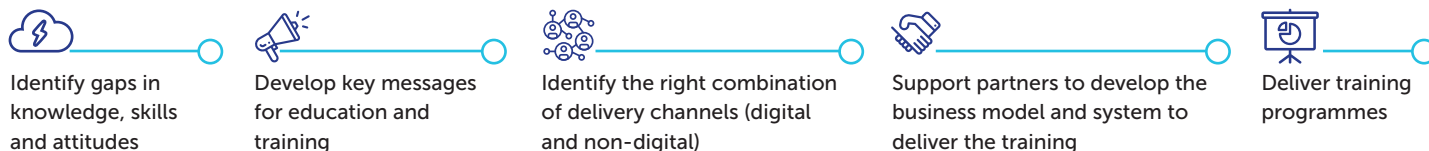
Our goal within this workstream is to ensure targeted segments are able to leverage digital innovations to support their lifecycle transitions, seize economic opportunities in their local economies and live healthy, productive lives. A key focus is the development of soft and hard skills, using a combination of services (digital and non-digital) that accelerates economic inclusion of youth, women, refugees, migrants and farmers as well as the growth of micro-, small- and medium-sized enterprises.



DIGITAL TRAINING AND SERVICES

We will develop training programmes in digital literacy (basic concepts such as how to use USSD technology, a phone, etc.) and financial literacy (how, why and where to save, etc.). We will equip likeminded organizations with digital innovations to improve efficiency and creativity of their training offerings and to increase access to learning opportunities for individuals at the 'last mile.'

Some of these training programmes will be integrated into the solutions developed when we work on inclusive innovations and open APIs. As such, we will engage with financial service providers, youth serving organizations, training centres, business incubators and others active in digital finance ecosystems, including mobile network operators, to develop digital products/services that meet target segments' needs. We will support our partners to select an appropriate combination of delivery channels for the training (digital + face to face, for example), taking into account the audience and the relevance of traditional delivery for priority groups and vulnerable populations, and to develop the right systems (when the training is delivered, how often, etc.) and business models to deliver the training (who provides the training, what training-of-trainer systems are put in place, what training one client costs, what scaling it up costs, etc.).



We will complement these efforts with public sector engagements, which will focus on ensuring regulatory frameworks respond to key segments' needs and protect customers, identifying agent networks available to key segments in order to facilitate digital payment usage, and connecting with ecosystem stakeholders so Empowered Customers can access innovative solutions.

UNCDF, AN ECOSYSTEM CONVENOR

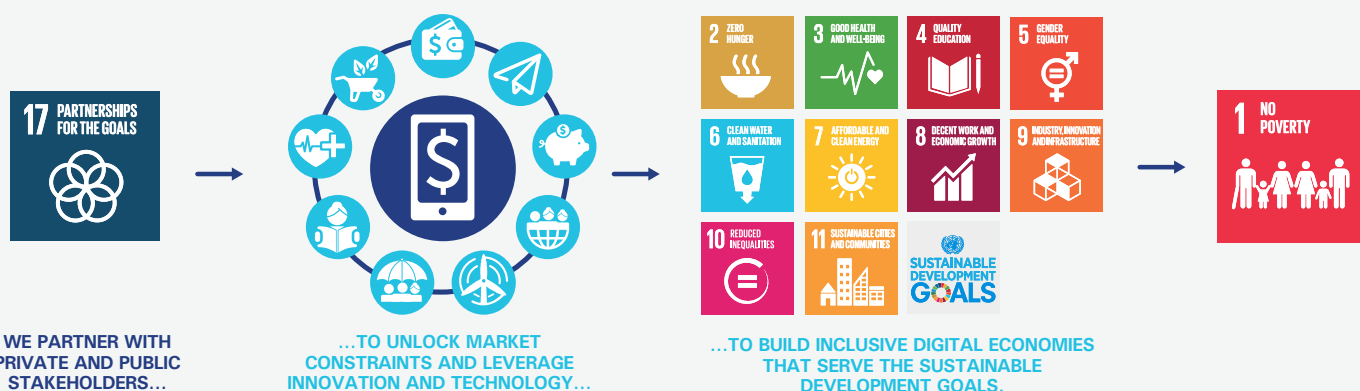
We have honed our expertise in digital finance by working with diverse public- and private-sector actors to support digital solutions that contribute to the UN Sustainable Development Goals. To support Empowered Customers, we will be a lead convenor by developing alliances and partnerships to offer digital solutions to organizations that are specialized in the delivery of soft- and hard-skills training and want to scale up their offering in an effective, efficient manner. We will then support our partners to develop the system and business model to deliver the training.

In addition, we will forge new partnerships with Ministries of Education to support the integration of financial and digital literacy into school curricula. Rather than creating stand-alone subjects in 'financial literacy' or 'digital literacy,' which might be expensive, we will advocate for their inclusion in compulsory subjects such as mathematics or social studies. We envision that such partnerships would support governments to integrate digital innovations into their educational systems and enable them to sustainably deliver digital literacy, education and training to students, with the potential to achieve the following:

- Connect teachers to content
- Give students access to educational materials where teachers are unavailable
- Tailor learning to students' needs
- Reinforce learning
- Reduce time needed to update curricula
- Drive efficiency by tracking and monitoring learning outcomes
- Reduce costs of delivering education by establishing virtual labs and simulations

Possible partners are schools, technical and vocational education and training institutions, incubators, international non-governmental organizations and other UN agencies, such as the International Labour Organization (ILO), International Trade Centre (ITC), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO) and World Food Programme (WFP).

AN APPROACH THAT CONTRIBUTES TO 12 SDGs





LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

ABOUT THE UN CAPITAL DEVELOPMENT FUND

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and localized investments—fiscal decentralization, innovative municipal finance and structured project finance—that drive the public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to Sustainable Development Goal (SDG) 1 on the eradication of poverty and SDG 17 on the means of implementation. By identifying those market segments in which innovative finance models can have a transformational impact in reaching the last mile while addressing exclusion and access inequalities, UNCDF contributes to a number of different SDGs.

More information:



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