



VNR LABS HIGH-LEVEL POLITICAL FORUM

Voluntary National Review (VNR) Lab 9:

Mobilizing resources and empowering people through inclusive finance

Monday, 15 July 2019, 1:15-2:45 pm (CR 11)

High-level Political Forum on Sustainable Development

Theme: Empowering people and ensuring inclusiveness and equality

Background

Inclusive and sustainable economic growth is at the core of the 2030 Agenda. Mobilizing sufficient resources to achieve the Sustainable Development Goals will require robust institutions and systems that leave no one behind. A key component of sustainable economic growth is a healthy and inclusive financial system. Despite progress, 1.7 billion adults worldwide still do not have a bank account; Micro, Small and Medium Enterprises (MSMEs) continue to rate lack of adequate financing as the biggest obstacle to growing their business. Lack of financial access particularly affects women, who are the majority of individuals without a bank account, while female-owned businesses make up an outsized share of the MSME financing gap.

New technologies and innovations are broadening the reach of the financial sector, providing access to services including banking and credit. Financial technology (Fintech) is strengthening financial inclusion with products like mobile money, which is increasing the share of adults with access to formal financial services, facilitating savings and credit. This in turn can contribute to lessening the effect of financial shocks. Technology and innovation have created new business opportunities, especially in risk management. Big data and access to alternative information facilitate analysis of risk and determination of creditworthiness, improving access to credit for “thin-file” clients—individuals for whom there is insufficient information for a traditional credit score—and for MSMEs, which have previously been hindered by lack of credit history, insufficient collateral, low revenues per client, and high levels of informality. Some institutions, like microfinance, also provide non-financial services and support for MSMEs, such as training and networking, encouraging growth and entrepreneurship.

As part of an integrated national financing framework, financial sector development strategies can be a key tool of governments to increase financial inclusion and enhance the contributions of financial systems to sustainable development objectives. These strategies bring together a wide variety of players, including traditional and non-traditional institutions, such as microfinance, development banks, cooperatives, mobile operators, and fintech, to promote inclusive finance and align activities with development goals.

There is a need for enhanced dialogue among governments, the private sector, investors and other stakeholders to realize the benefits and manage challenges of changes in technology and innovation and a growing financial sector. Investment in infrastructure and an enabling regulatory environment are prerequisites to realizing the benefits from technologies and to increased financial inclusion. Innovations in the financial system must be balanced with appropriate regulation and oversight provisions that protect consumer rights and privacy, while also ensuring financial sector stability and financial integrity.

Financial inclusion enables achievement of the SDGs by increasing equality and encouraging entrepreneurship; a well-functioning and diversified financial sector is an important component of a strategy to mobilize resources to finance the SDGs. This VNR Lab will bring to the forefront country experiences and generate dialogue on opportunities and challenges in inclusive finance.

Purpose

This VNR Lab will build on the deliberations of the High-level Political Forum and country presentations of Voluntary National Reviews (VNRs) with a more in-depth evaluation of progress and challenges related to inclusive finance. Through informal discussions, this event will provide the opportunity for peer learning from countries who are developing and implementing inclusive finance strategies, as well as engagement with the private sector.

Format

The event will convene speakers from several countries that have or are in the process of implementing inclusive finance strategies, as well as a small number of relevant stakeholders from the private sector and multilateral system, among others. It will last 1.5 hours and will have a moderator, who will ensure an informal, interactive and frank discussion among participants. Interactivity will be encouraged, including from attendees posing questions to speakers. Each speaker will give a brief, informal presentation of 4-5 minutes on solutions they have implemented or are pursuing in support of financial inclusion and the SDGs, which will then be followed by the moderated, interactive discussion. Multimedia capabilities, such as a projector and screen, will not be available. The event is open to all attendees at the High-level Political Forum, and capacity in the room is ~100.

Guiding questions for speakers

- How has your country sought to create an enabling environment for financial inclusion? How are these efforts linked to overall strategies for resource mobilization and achievement of the sustainable development goals?
- What governance and coordination mechanisms have proven to be most effective in support of these efforts?
- What are the critical policies and regulations that facilitate financial inclusion while developing and maintaining consumer protections and financial system stability?
- What is required in terms of related public and private investment for the development of inclusive financial systems?

- What have been the biggest impediments to reaching marginalized populations with traditional financial products? What are the benefits and risks of employing new technologies and innovations to promote inclusive financial markets? What impediments to financial inclusion remain?

Speakers

- **Mr. Elliot Harris**, Assistant Secretary-General for Economic Development and Chief Economist in the Department of Economic and Social Affairs (short introduction and moderator)
- **Mr. Noel González Segura**, Director-General of Planning and International Cooperation for Development, Mexican Agency for International Development Cooperation (AMEXCID)
- **Ms. Doljinsuren Jambal**, Head, Development Policy and Planning Department, National Development Agency of Mongolia
- **Ms. Isabelle van Tol**, Strategic Policy Adviser, Sustainable Economic Development, Ministry of Foreign Affairs of the Netherlands
- **Mr. Zaheer Fakir**, Chief Policy Advisor, International Governance and Resource Mobilization (Environmental Affairs), South Africa
- **Mr. Augustin Degroote**, Finance and Risk Manager, Blue Like an Orange Sustainable Capital
- **Mr. Lubin Wang**, Chief Representative Officer of ICBC Africa and Non-Executive Director of Standard Bank Group