



Financing Digital Innovation Ecosystems in the Majority World

Challenges and Opportunities

15 December 2025 | 11.45 AM – 01.00 PM EST
Conference room 9 at the UN Headquarters,
New York

Event Report

Venue: Conference room 9 at the UN Headquarters New York

Date and Time: 15 December, 2025, 11:45 AM to 13:00 PM

Organizers:

Global Digital Justice Forum represented by members IT for Change and Association for Progressive Communications (APC); UNDP and Co-Develop

Speakers:

1. Nonkubela Thathakahle Jordan-Dyani, Director-General, Department of Communications and Digital Technologies, Republic of South Africa
2. Yu Ping Chan, Head, Digital Partnerships and Engagement, UNDP
3. Quintin Chou Lambert, Chief of Office/AI Lead, UN Office for Digital and Emerging Technologies
4. Matthew McNaughton, Director, Inclusion, Safety & Civil Society Engagement, Co-Develop
5. Alison Gillwald, Distinguished Fellow, Research ICT Africa
6. Nandini Chami, Deputy Director and Fellow – Research and Policy Engagement, IT for Change

Moderator:

Anriette Esterhuysen, Senior Advisor, Internet Governance, Policy Advocacy and Strategy, APC

Inputs:

Anriette Esterhuysen, Senior Advisor, Internet Governance, Policy Advocacy and Strategy, APC

- The assumption that the World Summit on Information Society (WSIS) ended with – that creating enabling policy environments, more open market conditions, and more ‘ease of business’ regulatory environments would actually encourage sufficient private sector investment to close the digital divide – has not worked.
- The innovation the private sector has produced has not necessarily changed the scales of digital equality versus digital inequality. We have also seen that, particularly in Global South countries, many governments are failing to effectively channel sufficient investment into the digital. That's for many different reasons. That has to do with huge debt burdens. It has to do with competing priorities.
- The panel will explore the following questions.
 - What are the primary financing frameworks that have guided the WSIS implementation process since 2005?
 - In what way have these frameworks succeeded or failed?

Nonkubela Thathakahle Jordan-Dyani, Director-General, Department of Communications and Digital Technologies, Republic of South Africa

- The mobile revolution's market dynamics superseded the use of Universal Service Obligation Fund (USOF) and licensing obligations but that does not mean the desired outcome of meaningful digital connectivity has been realised.
- We need impactful intervention to bring the benefits of the digital revolution to all. We have taken a number of initiatives (in South Africa) – removing the luxury duty on smart phones to address the use of the internet and towards digitalization of microenterprises.
- We are yet to achieve the desired outcomes through development assistance in the form of impactful interventions. There is a need to establish a structure, and for this, at the African Union (AU), we have the Digital Transformation Strategy.
- In relation to the WSIS financing mechanism, what's most important is – in the current section on financial mechanisms – we don't throw the baby out with the bathwater. We want to support the proposal for a task force, working with all stakeholders – development banks, private sector, global and regional mechanisms. Collectively, we can do more to realize an inclusive, development-oriented information society.

Yu Ping Chan, Head, Digital Partnerships and Engagement, UNDP

- There are certain areas where financial mechanisms have succeeded but others haven't. Notably, the Digital Solidarity Fund for public infrastructure development in the Tunis Agenda.
- The only way we catalyse transformative innovation ecosystems at the country and national level is through investment in digital public infrastructure, and investments in digital and AI that are connected to systemic transformation. We need real digital transformation at the country level – a lot of our work at UNDP is precisely centred on this idea of creating ecosystems in countries that will allow for local talent, local skills, local development of data that is locally owned, in order to actually ensure that it isn't just leading to an economy which is extractive, but something that is about co-creation at the national level. UNDP's Timbuktoo Initiative, focused on innovation in Africa and the AI Hub for sustainable development, announced under the Italian G7 Presidency, are initiatives that aim to further partnership for such transformative co-creation.
- For public accountability in financing mechanisms, it is not about private investment or the technology use. We need to align investments with government infrastructural capacity to further equity and inclusion.

Matthew McNaughton, Director, Inclusion, Safety & Civil Society Engagement,
Co-Develop

- Investments in the foundational infrastructure for transformative digitalization are concentrated in a few contexts. If you took all of the government ID spending across the world, it was about \$693 billion. But the majority of that money was spent by North America, Western Europe, China, and mature Asia, 612 billion of that total. What you had left for the rest of us, for Africa, for Latin America, for the Caribbean, for the rest of Asia, is only about \$81 billion. And if you were to try to scale up the digitization model that the dominant countries have used to try to bring it to the rest of the world, we would probably need about \$1.3 trillion. That doesn't exist. This exceeds the total amount of Official Development Assistance (ODA) funding that exists.
- The fundamental issue is that just as in an earlier era, we used to tell Micro, Small and Medium Enterprises (MSMEs): run their own pipes, run their own electricity to get to their store fronts, pay off the road, do all those things effectively.
- For public accountability, building digital trust in the systems and architecture is critical. Ultimately, such systems are intended to facilitate participation of the whole of society – we need new ways of governance. It is not just about that. Stakeholders will be affected – mechanisms of accountability are really important. Connecting back to the financing conversation – what's much more difficult to get

– social architecture is critical for governance reforms at the national level – what are the different ways the existing societal architecture can contribute to this? Financing must meet a rights-based approach. What to do if public accountability is missing? We should talk about rights.

Alison Gillwald, Distinguished Fellow, Research ICT Africa

- The issue is that we continue to use the same existing assumptions around addressing the digital divide. It is not enough to address supply-side factors when the challenge is to address structural inequality. The focus needs to be on addressing essential human development conditions. If we need just and equitable AI systems, we need financing to address the human development and structural challenges we face.
- An important aspect of this year's G20 was to look at where the data on the factors of digital equality is. We need to think of these public statistics as a data public good. Can we use the license fee on 5G operators to support our foundational public statistics development?
- The public value of financing is about realizing that investments in the digital are not just geared to short-term efficiency gains but also about social value. The digital economy working group for the G20 had an equitable digital inclusion framework that balanced some of the supply-side frameworks with demand-side challenges. Also, for the Brazilian G20, we expanded the concept of meaningful connectivity as including, not just about, digital transactions but also the production of digital goods and services.

Nandini Chami, Deputy Director and Fellow – Research and Policy Engagement, IT for Change

- 20 years after the WSIS, the more things change, the more they seem to remain the same in the financing landscape. The proposals of the WSIS Geneva Plan of Action on developed countries meeting their ODA targets, on debt cancellation for developing countries, and as already mentioned, the Digital Solidarity Fund – have not taken off. There is a huge ODA shortfall and developing countries' debt burdens are at an all-time high: \$31 trillion in 2024.
- Against this backdrop of the difficulty of raising public financing, the turn to private finance and blended financing seems inevitable. But as research by the ITU on financing for connectivity and the UN SG's report on innovative financing mechanisms for AI demonstrate, evidence demonstrates that the private sector does not invest in high-risk, low-return projects (which is the case when it comes to financing digital infrastructure development for the most vulnerable and their human development needs).

- The so-called multiplier effect of public investment attracting private investment in blended financing models has not really played out. As Mariana Mazzucato highlights in her brief for the United Nations Department of Economic and Social Affairs (UNDESA), the evidence suggests that, “in practice, concessional public finance is leveraging non-concessional public finance to support private initiatives, with limited participation from de-risked private capital”. The obligations on governments to protect private investors from losses create huge risks for low-income countries, while increasing their debt vulnerabilities.
- I end with 2 questions. Are we rational in putting our weight behind private investment and blended finance for the core infrastructures of our future societies, when they have fallen woefully short? Do we have the political vision and will – given that building the minimum irreducible AI capacity is a herculean task – to give alternative, decentralised approaches a fair chance?

Quintin Chou Lambert, Chief of Office/AI Lead, UN Office for Digital and Emerging Technologies

- When we examine the question of what kind of financing architectures are needed for equitable and inclusive innovation futures, and looking at what has not worked, we should also factor in – what may be different now from 20 years ago.
- We, of course, see differences in the speed and scale of adoption, and the stakes now for countries are very high. Maybe even back then, the stakes in the digital were high but it was probably not clear how much money would flow into network development, and the data economy was not clear.
- Now the political stakes are much higher. It is understood that the questions of data governance are not just about privacy, but the added value that data-based profiling brings; the economics of this are partially understood.
- The United Nations Secretary-General (UN SG) report on innovative financing (referred to in the discussion) is trying to foreground investments in the capacity for public infrastructure and development in this context. Also, in an environment that has become much more constrained geopolitically and geo-economically, in this newly constrained environment, where can this political will exist for financing? What can we tap into? The voluntary transaction contribution proposed [Note: “A voluntary digital infrastructure transaction contribution could be offered by a consortium of major technology platforms, with a minimal percentage (e.g., 0.01 – 0.05%)”] is banking on the idea that even a fraction of the 1% would bring a tremendous amount of resources, and it would be imperceptible to the hyperscaler platforms.

Alex Wong, International Telecommunication Union, Office of the Secretary General

- The International Telecommunication Union (ITU) has identified that there is a 1.6 billion dollar infrastructural gap in addressing the connectivity divide and with a multistakeholder approach involving Multilateral Development Banks (MDBs), Civil Society, private sector, and a strategy spanning public and private contributions, we are addressing this.
- There is one data gathering effort that the Global Digital Compact (GDC) has put in place, which, if we operationalize, we can raise a lot of resources. There is the idea of universalising Internet access in schools – if we make that school data available, many might be interested in identifying locations where they would support (MDBs and the private sector).
- A question from the floor, which the moderator built on for the final round: When we are designing strategies of digital development, like the Global Gateway attempts to do, oftentimes we are preparing countries to import services. But there is another road – develop your own digital solutions. What is the choice we are making? Are we actively regulating to build digital capacity? Is AI a buzzword now?

Quintin Chou Lambert, Chief of Office/AI Lead, UN Office for Digital and Emerging Technologies

- The UN SG Report puts forth many scenarios based on where countries are at the level of AI development. [Note from report: Capacity-building efforts and their financing should be tailored to countries' differing levels of AI maturity.]
- The approach is not just about tech but also about accountability. [Note from report: Strategies should include targeted assessments of key domains such as public services, agriculture, healthcare, education, energy, manufacturing and financial services, in order to identify in which aspects AI can deliver immediate and measurable benefits and which safeguards are required.]

Yu Ping Chan, Head, Digital Partnerships and Engagement, UNDP

- It is about a whole-of-society capacity, not just governmental capacity. As we recognize at UNDP (Digital Transformation Strategy)

Nandini Chami, Deputy Director and Fellow – Research and Policy Engagement, IT for Change

- Countries lack the policy space to pursue their autonomous pathways to digitally-enabled development in the current international financing architecture that systematically reproduces digital inequality. Without the full implementation of a UN Model Tax Convention without carveouts for the digital economy – and the resultant lack of space for effective digital taxation, and with digital trade

agreements where countries are forced to acquiesce to data outflows in addition to debt outflows, they will be forced to interpellate into low-value segments of the digital economy – importers of services.

- From Information and Communication Technologies for Development (ICTD), we have moved to an AI for D (AID) buzzword. We need to ask what kinds of AI and how contextually grounded they are. Are we talking about decentralized public compute, small, task-specific models, and digital commons ecosystems around them?

Alison Gillwald, Distinguished Fellow, Research ICT Africa

- From resource mineral extraction through to data labeling and data extraction, in terms of energy and the whole lot of things, this foundational contribution to AI systems and AI development is happening from the African continent without any benefits in return. When we talk about solidarity-based funds, it is about development capacity – how can we raise these resources for digital equity and inclusion? We need to also talk about human capabilities and addressing development needs through data – can domain name registrations fund the public data stats that the African continent urgently needs?

Matthew McNaughton, Director, Inclusion, Safety & Civil Society Engagement,
Co-Develop

- Over the last 20 – 30 years, we've probably experienced maybe the golden age of development assistance. But the reality is that that world does not exist anymore. And there's very little appetite amongst member states, particularly amongst donor countries, to significantly expand financing. And so I do think we have to be much more targeted and much more critical in thinking about where we are innovative and to think about where the capital, where the resourcing for some of the ideas that we have are going to come from. And what and where there are shared interests.