



*Side-event on the margins of the UN General Assembly  
28 September 2018 ~ 1:15–2:30 PM*

## **Cryptocurrencies & Blockchains – A New Boost For SDG-Financing?**

### **Organizers**

Leading Group on Innovative Financing for Development (FRA, GEO, GER)

### **Objectives**

Provide a better understanding of blockchain technologies and their potential impacts on development, especially in order to finance the 2030 Agenda and the Sustainable Development Goals (SDGs).

### **Abstract**

The Leading Group on Innovative Financing for Development – represented by its President country (Georgia), its Secretariat (France) and its member country (Germany) – invite you to discuss the main developments in the field of blockchain technologies and cryptocurrencies and participate in an open and inclusive debate on the credibility of their future use for financing sustainable development, with experts from governments, academics, the private sector and civil society.

### **Full description**

**The boom in distributed ledger technologies (DLT) in recent years has led to the emergence of a genuine “blockchain ecosystem”.** Used for storing and transmitting information in a transparent and secure way without the use of a central controlling body, this technology has been developed by several types of players offering new financial services. The most famous of these players came in 2009 with a large-scale monetary invention, Bitcoin, which offered a monetary and decentralized payment system through a peer-to-peer network and cryptographic protocols moving as far away as possible from the certificates provided by traditional intermediaries (banks).

The term blockchain comes from the fact that transactions between network users are grouped into blocks. Each block is validated by specific network users called the "miners", according to techniques that depend on the type of the blockchain. In the Bitcoin blockchain this technique is called "Proof-of-Work", which consists in solving algorithmic problems. Once the block is validated, it is time stamped and added to the blockchain so that the transaction can be visible by both the receiver and the rest of the network.

Following in the footsteps of Bitcoin a large range of altcoins, exchange platforms (such as Ethereum), and tokens began to emerge based on the same open source characteristics and using DLT protocols of varying specificities. These technologies are used in various ways but all have taken up a position alongside the traditional hierarchical payment and transfer systems that they wish to compete with or supplement. Investors, governments, and communities can therefore transfer funds or other assets directly at higher speeds and lower cost, but they can also verify an action or change made by another investor and carry out fundraising (especially through initial coin offerings or ICOs).

**However, this boom in DLT technology raises a certain number of questions,** particularly from a legal, tax and accounting perspective (due to the glaring lack of regulation), but also regarding the exposure to the risks of cybercrime and the environmental impact due to the considerable energy required to maintain the blockchains<sup>1</sup>. The quality of infrastructure could also be an issue because, in order to access the data of the blockchain and examine it, all users must have reliable Internet access and sufficient technological knowledge. Lastly, the transparent and unchangeable nature of DLT technology means that its value lies in

<sup>1</sup> The amount of electricity required to maintain Bitcoin's blockchain was estimated at 30.25 TWh in 2017 or the equivalent of four nuclear power plants. By means of comparison, Google's datacentres are thought to require 14 power plants per year.

the quality of the data which composes it or the conditions set for smart contracts, both of which are highly political issues. Blockchain technology could therefore further boost the trend towards uneven power between donors and beneficiaries.

**Despite these risks, the international and blockchain ecosystem communities are increasingly contemplating using this technology to work towards achieving the Sustainable Development Goals (SDGs).** For example, the United Nations recently published a white paper entitled “[The future is decentralized – Block chains, distributed ledgers, & the future of sustainable development](#)” in order to study the impact of adopting this technology on the effectiveness of aid, migrant remittances and energy. Furthermore, an increasing number of startups, non-governmental organizations, cryptocurrency philanthropy funds, and even international organizations (such as [Global Goals blockchain foundation](#), the [Pineapple Fund](#)<sup>2</sup>, [Impact Coin](#), [SDG Coin](#), [Moeda](#)<sup>3</sup>, [Dapact](#)<sup>4</sup>, [Gainforest](#)<sup>5</sup>, [SolarCoin](#) and UNICEF<sup>6</sup>) are working to find concrete applications for this technology in order to achieve the SDGs.

It is therefore legitimate to ask whether – despite the environmental impact of blockchain technology and its lack of regulation – fundraising via initial coin offerings or the emission of new cryptocurrencies could become part of the financial toolbox for supporting the SDGs, ensuring environmental protection and promoting social impact?

**This side-event will bring together political leaders, donors, investors and innovators from the blockchain ecosystem to explore its potential use to catalyse new private sector investments and deliver better impact for sustainable development.** The event will also provide an opportunity to recap on the emergence of the ICO phenomenon thus enabling certain projects outside any legal framework to finance themselves by raising millions of dollars in a matter of minutes. This will lead us to the issue of using ICOs to finance the SDGs. Lastly, the event will be an opportunity to study the usefulness of these new platforms to ensure that official development assistance is better allocated.

**Time: September 28<sup>th</sup> – CR7 – 1:15 PM**

### **Program**

*Opening remarks*      **Dr. Mariam Jashi**, President of the Leading Group

*Panel discussion*      *Moderator :* **Mr. Franz von Weizsäcker**, Head of GIZ Blockchain Lab, Deutsche Gesellschaft für Internationale Zusammenarbeit

- **Mr Peng Zuo**, CEO of Gingkoo
- **Ms. Elisabeth Fosseli Olsen**, Head of Humanitarian Innovation at Innovation Norway
- **Dr. Jon M. Truby**, Director of Centre for Law & Development, Qatar University

*Closing remarks*      **Mr. Cyrille Pierre**, Director for Sustainable development, French Ministry of Europe and Foreign Affairs

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<sup>2</sup> This fund was started in December 2017 by an anonymous donor who claims to be among the 250 largest holders of Bitcoin in the world. The fund aims to give away \$86 million worth of Bitcoin, and has already given close to \$56 million worth of the currency to 60 organizations.

<sup>3</sup> This startup aims to combine blockchain technology with digital identification to improve financial access for individuals excluded from traditional financial systems. Moeda raised \$20 million during its ICO in August 2017.

<sup>4</sup> Social start-up (SAS established in France), Dapact uses blockchain technology to make micro-credits with very advantageous interest rates. They finalized their first pilot program in Cambodia and are in contact with the African Development Bank to test their system in Ivory Coast.

<sup>5</sup> This startup uses smart contracts to encourage small-scale farmers in the Amazon to protect the rainforest. The farmers receive rewards for protecting plots of rainforest for a period of 3 to 6 months financed by individuals or institutional donors and provided based on a satellite study of forest plots.

<sup>6</sup> UNICEF France launched the Game Changers campaign earlier this and managed to involve the gaming community to contribute to mining cryptocurrencies to help Syrian children. After 59 days of operation, the campaign managed to raise 85 ETH (more or less 30 000 euros).