Digital Impact Alliance

Accelerating National Digital Transformation

Leadership Series Brief #1

October 2020

Digital technologies are a transformative tool for countries and global development actors (GDAs) aiming to achieve sustainable and inclusive development outcomes at the country level, including the Sustainable Development Goals (SDGs).[1,2] A range of organizations, such as the OECD, UNU E-GOV, and UNCTAD, have also demonstrated that the real power of digitalization comes in the disruptive nature of new technologies on the national stage.[3]

The concept of national *digital transformation* has been gaining currency across the digital ecosystem and promoted by a diverse range of actors.[4] However, there is no agreement on what digital transformation looks like at the national level or how to harness its promise while mitigating potential harms. Nonetheless, global discussions on the topic should go beyond simply defining what it means and instead involve concrete policy proposals that could make such transformations more achievable.

About DIAL's Leadership Brief Series
This series synthesizes existing learning and presents digestible takeaways for senior digital development leaders investing and innovating at a systems level. They cover key topics from DIAL's issue portfolio and may be updated from time to time.

As we navigate a global health and economic crisis, we believe it is critical for national digital transformation agendas (defined in Box 1) to be explicit, mandated, and resourced appropriately so that countries can recover and build back better from the impacts of COVID-19 and prepare for and respond to other urgent challenges. This Leadership Brief sets out four key takeaways for global development actors working to support countries in fostering inclusive digital transformation in the coming decade, with the goal of achieving the SDGs.[5]

Takeaways

- National governments are the stewards of their digital agendas, leading cross-sectoral investment and coordination
- Whole-of-society approaches build ownership and can help support inclusive design, mitigate risks, and establish sustainable accountability
- Regional harmonization around shared policies, platforms, and peer learning accelerates country growth by strengthening negotiating power and economies of scale
- GDAs, specifically donors, should make cross-sector digital transformation investments aligned with national and regional strategies

BOX 1: Definitions and understanding

- **Digitization** is the conversion of analogue data and processes into a machine-readable format,[6] but that only transforms the physical analogue data itself into 1s and 0s.

- **Digitalization** is the process of transitioning existing businesses and services to using digital technologies,[7] as well as the use of digital technologies and data (and the interconnection that results) in new activities.[8]

- **Digital transformation** *as an outcome* refers to the economic and societal effects of digitization and digitalization.[9] As a process, it refers to the ways digital is disrupting and re-inventing traditional services, sectors, businesses, economies, and societies,[10] challenging ideas of how economic and social activities are organized and enacted.[11]

- **National digital transformation** *as an outcome* refers to the economic and societal effects of digitalization as it disrupts and reinvents innovative domains across the economy and society of a country, including government institutions.[12]

- **National digital transformation agenda** represents the documented and explicit vision, mandate, goals, agenda, priorities, strategies, and plans for how digital transformation will be realized at the national level, as well as the actors, process, and outcomes involved.[13]

Takeaway #1:

National governments are the stewards of their digital agendas, leading cross-sectoral investment and coordination

A national digital transformation agenda is central to a successful digital transformation journey. It allows governments to mandate agencies to develop digital expertise, invest in and deliver a whole-of-government approach (WGA) to digital services, and the opportunity to engage and convene actors from across society. As such, a WGA is a way for government to position itself to lead and drive national digital transformation, and not just redefine how technology is used within the government more narrowly.[14] A WGA also sets governments up to "… weigh the trade-offs and ensure coherence across a range of [digital transformation] policy objectives."[15]

While important and successful digital investments and initiatives are underway in many countries, governments' ability to coordinate actors, implement specific initiatives, and evaluate progress is limited unless resources and capacity are aligned with the national agenda.

Although WGAs are becoming more common, governments struggle to align national and global actors around a unified agenda.[16] As we learned in our recent Listening Study, countries continue to face challenges with sectoral silos, resource mobilization, gaps in skills, change management,[17] deficits in high level political will, and interoperability between systems. While important and successful digital investments and initiatives are underway in many countries, governments' ability to coordinate actors, implement specific initiatives, and evaluate progress is limited unless resources and capacity are aligned with the national agenda. Targeted capacity building and change management in this area should be a core element of GDAs' digital transformation investments, as investments in digital skills and literacy within government can help public servants manage and lead more effective digital transformation programs.

Takeaway #2:

Whole-of-society approaches build ownership and can help support inclusive design, mitigate risks, and establish sustainable accountability

A whole-of-society approach creates meaningful mechanisms for societal actors — including government, civil society, media, academia, the private sector, and citizens — to participate and engage with priority setting, stakeholder selection, and implementation strategy.[18] This approach incorporates viewpoints from a broader range of actors on how digital technologies (and the initiatives leveraging them) should be procured, implemented, and governed. The coordinating body (usually the government) can serve as a steward of the vision, strategy, and roadmap, while including and promoting voices from all parts of society, including marginalized groups. In addition to being more inclusive, this approach pays dividends for all actors in the form of improved risk analysis, adoption, sustainability, and accountability.[19]

Many governments are already taking important steps toward whole-of-society approaches in defining their national digital transformation agendas. For example, three countries are piloting the Digital Economy Kit developed by Digital Pathways at Oxford,[20] which takes a whole-of-society approach to developing national digital strategies to achieve the country's digital economy goals. This work is especially important in the COVID-19 landscape, as governments are weighing urgent investments in COVID-19 response[21] against the need for broader institutional capacity building. GDAs can and should support and invest in whole-of-society approaches, as well as capacity building to enable civil society to engage effectively with these processes, as part of their digital transformation investments.

BOX 2: What does a whole-of-society approach look like in practice?

Mongolia piloted the Digital Economy Kit, which articulates an engagement process for actors across society to help set and prioritize plans for establishing a digital economy. The process "led to a robust shared vision of digitally enabled growth."[22] Subsequently, the strategy primer developed was supported by "actors across the society and economy and was presented at a conference that was opened by the Prime Minister of Mongolia."[23]

Whole-of-society approaches have also been used beyond digital transformation initiatives as a way to achieve the 2030 Agenda.[24] One approach is The Citizen's Platform for SDGs, Bangladesh, a civil society platform in Bangladesh that generates knowledge to support implementation of the SDGs. This platform has been useful for engaging the government and private sector on sustainable development issues, which has led to collaborative efforts.[25]

Takeaway #3:

Regional harmonization around shared policies, platforms, and peer learning accelerates country growth by strengthening negotiating power and economies of scale

Regional bodies play an important role in supporting national digital agendas. Actors representing a region or group of states can be powerful negotiating voices in advancing joint objectives and initiatives.[26] This can be particularly important in setting shared standards, promoting common policies and regulations, and strengthening regional physical and digital infrastructure, including legal and data standards agreements, all of which can reduce investment costs for individual countries and facilitate cross-border data exchange.

While these bodies can operate more traditionally on the basis of national membership, such as the Economic Community of West African States (ECOWAS), they can also represent peer learning partnerships around specific areas of technology policy and digital platforms. In Latin America, the Red GEALC network promotes cooperation around emerging technologies, innovation, and digital government services, helping countries in the region develop inclusive electronic government policies with a strong foundation in peer learning and applied research.[27] The West Africa Unique Identification for Regional Integration and Inclusion (WURI) Program,[28] funded by the World Bank, is a more policy-specific platform that looks to integrate countries in the region by promoting shared foundational elements for digital identification and facilitating cross-border data exchange.

Ultimately, country governments are aligning to regional bodies, strategies, and approaches (e.g., Smart Africa's Single Market Economy in Africa)[29] because they provide opportunities to access additional resources, build regional platforms, amplify messaging, and join existing alliances in support of national agendas. GDAs can and should provide political and financial support to regional bodies created by countries themselves because promoting local ownership extends to institutions created by countries they support. By aligning with these regional strategies and platforms to leverage initiatives with impacts in multiple countries, GDAs can increase the value of their investments while respecting the digital sovereignty of their country partners.

BOX 3: How can regional actors support alignment and convening?

Regional support and partnerships help establish a foundation for continued progress toward a digital agenda, providing countries the critical alignment and buy-in they need to begin and sustain their digital transformation journeys. For example, the African Union played a central role in building upon existing initiatives and convening its members (along with relevant global actors) to define a shared strategy for the continent's digital transformation.[30] If it had not built upon existing efforts and included diverse actors, the strategy would likely have failed to leverage current investments or reflect a diverse set of agendas and priorities already underway.

Takeaway #4:

GDAs, specifically donors, should make cross-sector digital transformation investments aligned with national and regional strategies

Digital transformation is high on the agenda for many GDAs, but this has led to an over-emphasis on definitions, frameworks, and enabling paradigms, leading to a multiplicity of initiatives and investments that are sometimes duplicative and contradictory.[31] At the country level, conceptual misalignment (for example, around the term "inclusion")[32] can complicate the use of GDA investments by governments (see Box 4). GDAs also often invest in projects or platforms with specific implementation plans rather than investing in and promoting capacity building for government teams empowered to work iteratively towards specific outcomes, such as digital government services. Even where donors invest in the same priority areas, timelines and funding may differ, making it hard for governments to stitch together multiple sources of digital investment into a coherent strategy.[33]

Furthermore, GDAs continue to invest in sector silos, often because they themselves are organized that way.[34] While there is much to celebrate in terms of donor cooperation in key sectors such as education (e.g., the Giga Connect project),[35] it is difficult to cleanly leverage sector-specific resources for cross-sector digital transformation. In this regard, initiatives like the World Bank's Global Procurement Partnership Multi-Donor Trust Fund[36] represent important moves towards coordinating funding at the global level across donors.

GDAs would help improve accountability and learning, but GDAs must also be willing to cede some of their power and align to existing national and regional frameworks and platforms.

Aligning funds in terms of timing, objectives, and approaches is a complicated and challenging process.[37] Nonetheless, we believe that this type of alignment will simplify resourcing and investments for countries as they work towards their national agenda. An illustrative example in this regard is the Smart Rwanda Master Plan 2030, which sets out opportunities for each sector to provide their own resources and investments with support from global actors.[38] This approach helped simplify resourcing for a national digital transformation in Rwanda, leading to considerable success in its implementation.[39]

We believe GDAs can usefully and productively coordinate their investments by being more demand driven in responding to country requests for support, as well as engaging with and aligning to national digital transformation agendas. Mechanisms and fora for consolidated global feedback to GDAs would help improve accountability and learning, but GDAs must also be willing to cede some of their power and align to existing national and regional frameworks and platforms. GDAs can also help build capacity among the informal networks of practitioners and experts that are critical in enabling governments to pursue whole-of-society national digital transformation agendas. If the national agenda does not include an area of strategic interest, or if it is still in development, we suggest GDAs offer engagement and support to strategy development or evolution initiatives in areas consistent with those interests, subject to the agreement of the country government. GDAs can also still invest in discrete projects in areas where clear direction is emerging.

Endnotes

1 For more on the role of sustainable and inclusive digitalization in achieving the SDGs and promoting a global agenda, see: United Nations Conference on Trade and Development (UNCTAD), "UNGIS Dialogue on the Role of Digitalization in the Decade of Action," *UNCTAD* (accessed on September 28, 2020). Retrieved from: https://unctad.org/topic/ecommerce-and-digital-economy/ungis-dialogue#:~:text=In%20 this%20context%2C%20the%20United,UNGIS%20presents%20for%20more%20effective.

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4 Vial, Gregory, "Understanding Digital Transformation: A Review and a Research Agenda," *The Journal of Strategic Information Systems* 28, no. 2 (2019): 133-137. Retrieved from: https://www.sciencedirect.com/science/article/pii/S0963868717302196?casa_token=WUVAlgsDek0AAAAA:jDUest9BGuKHGZh1breIMTlcxFMed_Ao90JxYjqzLAq4WJ4-583688mlyyBIC-iK73Umc_OxSnc. For more information on the relationship between digital transformation and the e-government paradigm on public sector administration, see: Mergel, Ines; Edelmann, Noella; and Haug, Nathalie, "Defining Digital Transformation: Results From Expert Interviews," *Government Information Quarterly* 36, no. 4 (2019): 3. Retrieved from: https://www.sciencedirect.com/science/article/pii/S0740624X18304131; OECD, *Measuring the Digital Transformation: A Roadmap for the Future*, 20-21.

5 This brief draws on DIAL's review of 30 digital transformation frameworks from global, regional, and country development actors and previous research papers, as well as its forthcoming Listening Study conducted with Smart Africa and 10 of its member countries. See: Digital Impact Alliance (DIAL) and Smart Africa, "Unlocking the Digital Economy in Africa: Benchmarking the Digital Transformation Journey," *DIAL*, October 8, 2020 (accessed on October 14, 2020). Retrieved from: https://digitalimpactalliance.org/wp-content/uploads/2020/10/SmartAfrica-DIAL_DigitalEconomyInAfrica2020-v7_ENG.pdf.

6 OECD, "Going Digital: Shaping Policies, Improving Lives," *OECD Publishing, Paris*, March 11, 2019 (accessed on September 10, 2020): 18. Retrieved from: https://www.oecd-ilibrary.org/docserver/9789264312012-en.pdf?expires=1599740543&id=id&accname=guest&checksum=00408989946A7ACD3372F35379503409.

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8 OECD, *Going Digital: Shaping Policies, Improving Lives*.

9 Ibid.

10 This understanding has been synthesized based on DIAL's review of related materials from the OECD, UNCTAD, and UNU-EGOV. See again: OECD, *Going Digital: Shaping Policies, Improving Lives*.

11 OECD, "Vectors of Digital Transformation," *OECD Publishing, Paris*, January 22, 2019 (accessed on September 10, 2020): 29. Retrieved from: https://www.oecd-ilibrary.org/science-and-technology/vectors-of-digital-transformation_5ade2bba-en.

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23 Ibid., 54.

24 See again: BCCIC and CCIC, *A Whole-of-Society Approach: Partnerships to Realize the 2030 Agenda*.

25 Ibid., 6.

26 A good example is the Digital Nations group formed by Estonia, Republic of Korea, Israel, New Zealand, and the United Kingdom to share best practices for digital government and economy. For more information, see: Flier, Tanya and Weiss, Antonio, "Digital Minilateralism: How Governments Cooperate on Digital Governance," *University of Cambridge Bennet Institute for Public Policy* (accessed on September 28, 2020): 7. Retrieved from: https://www.bennettinstitute.cam.ac.uk/media/uploads/files/Digital_minilateralism_Digital.pdf.

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33 This is a challenge DIAL has seen expressed frequently through our work with the Digital Donors Anonymous (DDA) community.

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