

## Digital World

### Digitalisation for sustainable development

Digital transformation is a pivotal game changer for developing countries: digital technologies are changing the way people live, work and communicate with one another today. These technologies create an opportunity to improve the efficiency and speed of social and economic development processes and to steer them onto an environmentally advantageous course. This gives developing countries especially great opportunities to overcome barriers to development and to catch up quickly in terms of technology by leap frogging. KfW supports its partners in the realization of this potential in various sectors with the aim of achieving sustainable development. At the same time, we ensure that the new risks – in terms of data privacy and cybersecurity – associated with the use of digital technologies are handled responsibly.

### Context

Digitalisation is a global megatrend. Digital technologies enable development goals to be achieved faster and more efficiently. In some cases, they have an even higher potential in developing countries than in industrialised ones. They can help to:

- improve basic services provided for the population (e.g. e-health, e-learning, digital finance, intelligent transport systems, water and power supply).
- promote economic development. Companies can become more efficient and reach global markets. Moreover, new business models, jobs and innovations are created.
- improve the governance and transparency of public institutions and create new possibilities for public participation and combating corruption, for example, via online portals.

However, it has become clear that the advantages of digitalisation do not fall into place but need to be promoted. More than 40% of the world's population still has no access to the internet. This inequality is found between and within countries (especially rural areas versus urban areas, poor versus rich). And it concerns access to broadband internet in particular. Also, the prices for broadband internet – where there is access – are many times higher in some developing countries than in industrial countries. As a result, large sections of the global population are unable to use this technology.

However, inequality is not restricted to internet access. In developing countries, furthermore also the potential of IT applications is only being realized to a small extent, especially in public institutions such as universities, hospitals, public administrative entities, energy and water utilities and also institutions in the finance sector. The reason is often, that there are not sufficient resources or expertise for complex IT projects. Furthermore, the spread of digital technologies also entails new risks regarding cybersecurity and data protection.

All told, it can be seen that not all countries and population groups benefit to the same extent from this "blessing" in the shape of digital technology. In conjunction with new risks, digitalisation can even exacerbate prevailing inequalities regarding income, education and



Digitalisation is a pivotal game-changer for developing countries.  
Source: KfW photo archive / photothek.net

political participation.

### The KfW development approach

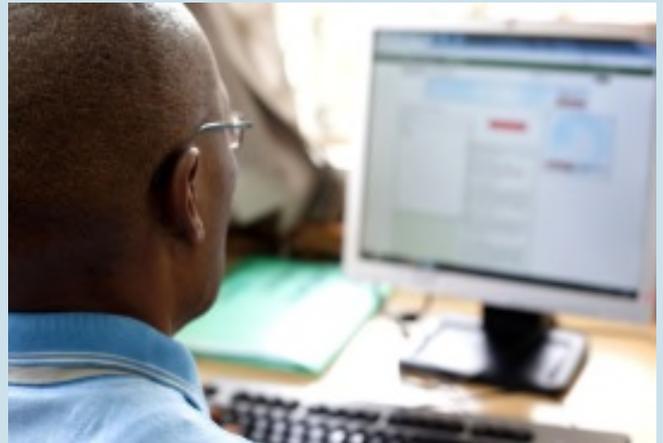
On behalf of the Federal Government, KfW Development Bank helps its partners leveraging this potential of digital technologies for sustainable development in various sectors. The spectrum of KfW's engagement in that area is as multi-faceted as digital applications themselves. It ranges from smartphone apps to HIV prevention, the digitalisation of public administrative entities, the use of digital solutions in hospitals, schools or financial institutions as well as drones or satellites that monitor natural resources. Also, parts of KfW's repertoire are the setting up of intelligent networks for energy and water supply or intelligent traffic control in cities. KfW also makes use of innovative digital technologies such as blockchain to make its projects more efficient and transparent. In particular in fragile contexts such as Afghanistan or Mali, drones and satellite technology in combination with mobile phone and internet applications often form the basis for monitoring and managing Financial Cooperation projects.

We are also aware of risks – regarding data privacy and cybersecurity, for example – and ensure that digital technologies are handled responsibly.



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KfW is helping municipalities in Rwanda to digitalize administration.  
Source: KfW photo archive / photothek.net

### Rwanda – e-governance in the municipalities

Digitalisation seldom begins in rural areas. But Rwanda is different: digital solutions will help decentralised administrative entities to work more effectively with the active participation of citizens. With KfW's support, the Local Administrative Entities Development Agency (LODA) has introduced the digital Monitoring and Evaluation Information System (MEIS). This program enables infrastructure projects such as hospitals, schools and traffic projects etc. to be comprehensively planned and implemented. The technology ranges from digital procurement systems, online databases and monitoring tools to an app with which feedback on public hearings can be obtained.

Everyday life in the administrative entities has fundamentally changed thanks to MEIS. Now it is possible to call up real-time data from all 30 districts nationwide quickly and easily. Districts obtain rapid feedback, they can manage infrastructure projects better and also take social aspects into account. Work processes in the townhalls have also changed. Through standardisation, they have become simpler and faster. Since MEIS was introduced, more than 4,000 concerns submitted by citizens were collected and dealt with, 640 projects realised and more than 200,000 temporary jobs created. Overall, decentralisation in Rwanda has been simplified and stabilised as a result.