

»»» Current Topics

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 leapfrogging.

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 with the assistance of digital technologies. 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 one third of the population in low-income countries still does not have access to a stable and affordable internet connection. Around 50% of the world's population still cannot use mobile internet because they lack the financial resources or digital skills to do so. These people thus also lack access to the benefits of digital progress. Inequalities are evident both between countries and within countries, and are characterised

by disparities between urban and rural areas and between rich and poor populations.

Not only individuals are affected by unevenly distributed participation in digital progress. Government and administrative apparatuses in developing countries also make insufficient use of the potential of IT applications in public institutions such as universities, hospitals, public administrative entities, energy and water utilities and also institutions in the finance sector. They often lack the financial resources and expertise to implement complex IT projects.

Furthermore, the spread of digital technologies also entails new risks regarding cybersecurity and data protection. These risks must be mitigated at least in step with digitalisation.

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



Digitalisation is a pivotal game-changer for developing countries.
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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 for 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 Pakistan 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.

When promoting digital technologies in development cooperation, KfW follows the Principles for Digital Development and ensures that digital technologies are handled responsibly.



KfW is helping municipalities in Rwanda to digitalize administration.
Source: KfW Photo Archive, Copyright: 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 – also with the active participation of citizens. With KfW's support, the Local Administrative Entities Development Agency (LODA) has introduced the digital application "MEIS" (Monitoring and Evaluation Information System). This program enables infrastructure projects such as hospitals, schools and traffic projects etc. to be comprehensively planned and implemented. The technology includes, among others, online databases and monitoring tools.

Everyday life in the administrative entities will fundamentally change thanks to MEIS. 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 are also changing: Through standardisation, they become simpler and faster. Overall, decentralisation in Rwanda is supposed to simplify and stabilize as a result.

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